

MINUTES

FINANCE AND RISK MANAGEMENT COMMITTEE MEETING MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Retirement Board Conference Room
One McInnis Parkway, 1st Floor
San Rafael, CA

February 11, 2010 - 9:00 A.M.

CALL TO ORDER

Chair Arrigoni called the meeting to order at 9:04 A.M.

ROLL CALL

PRESENT: Arrigoni, Bolger, Given, Phillips, Richardson, Sweet

ABSENT: None

MINUTES

January 6, 2009 Finance and Risk Management Committee meeting

It was M/S Richardson/Sweet to approve the January 6, 2009, Finance and Risk Management Committee Minutes as submitted. The motion passed by unanimous vote.

A. OPEN TIME FOR PUBLIC EXPRESSION

B. OLD BUSINESS

1. Budget Policy and Reporting

Consider and discuss development of Budget Policy and Reporting

Acting Retirement Administrator Ford explained that the draft Budget Policy, which he has successfully implemented in other 1937 Act systems, provides a blueprint for the budget process. Cash flow estimates and an estimate of plan assets will be presented in May of each fiscal year, with final adjustments aligning with the year-end asset value occurring in July or August. Possible edits to the policy were discussed, including wording regarding the legislative \$1 million increase in the budget cap as it relates to the 18 basis point calculation. Trustee Given recommended a monthly Board agenda item to allow for adjustments to the budget. The Administrator said that there will be an item for a budget update on a monthly basis. The Committee decided the draft Budget Policy should be submitted to the Governance Committee for review and recommendations.

2. Other

Board member Gladstern, in attendance as member of the public, asked the Committee whether there would be a continuing need for technical expertise at MCERA beyond maintenance for CPAS, once implemented, and noted that this topic impacts MCERA's budget. In response, Committee members discussed briefly whether the Principal Systems Analyst position should reside permanently with MCERA, as opposed to being an interim assignment from County staff. Acting Retirement Administrator Ford stated that there is no

one else on staff who is working on CPAS as a dedicated function. Trustee Richardson recalled that there was an understanding that the need for technical expertise would be reduced after implementation. Mr. Ford cautioned that MCERA will continue to need the technical expertise when the Linea contract expires, and if the County were to eliminate the position, then MCERA risks losing the expertise in the middle of the implementation. Gladstern expressed concern about losing budget flexibility if MCERA staffs the position permanently. Trustee Bolger recalled that the prior Retirement Administrator had an agreement to staff the IST expertise and that when MCERA's implementation was completed, IST would then be able to shoulder the expense as they would need the expertise. Various permutations of staffing the position were discussed. Trustee Given noted that there is sufficient time to make recommendations as to retirement system needs in this area.

C. NEW BUSINESS

1. Review of Form 700 Summary

Counsel stated that she developed the Form 700 Summary, pursuant to the direction of the Committee, to provide meaningful information regarding sources of income of MCERA's Form 700 filers so that potential conflicts may be identified. The complexities of disclosure rules were discussed.

There was discussion as to the Committee's quarterly checklist, of which the Form 700 Summary was part, and review of those items. Senior Accountant Lisa Jackson stated that providing information for the quarterly checklist requires substantial work, adding that the data is always available for review. In response to Trustee Bolger's request for assurances that internal control procedures are followed, Ms. Jackson explained that expenses follow a formal approval procedure that requires cross-approvals and does not permit a person to approve his or her own expenses. Trustee Bolger agreed that all of the backup data need not be reviewed by the Committee, so long as approved procedures are followed.

Acting Retirement Administrator Ford proposed a reduction in the number of Committees, in order to minimize overlap and also to ease the burden on staff. Trustee Phillips allowed that the Committee structure was an evolving process, and reducing the number of Committees may be possible. Chair Arrigoni argued that the Committee system allows for the Board to engage more directly with the system. Trustee Sweet agreed that Committee involvement enhances decision-making. The discussion included the sentiment that the Committee charters were developed with purpose.

It was M/S Bolger/Richardson with unanimous approval to adjourn the meeting at 10:02 A.M.

Peter Arrigoni, Chair
By Bernadette Bolger, Chair-appointee

Attest: Tom Ford, Acting Retirement Administrator