

MINUTES

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

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

April 28, 2010 - 11:00 A.M.

CALL TO ORDER Chair Bolger called the meeting to order at 11:04 A.M.

ROLL CALL PRESENT: Bolger, Brenk, Given, Phillips, Richardson, Sweet

ABSENT: None

MINUTES February 11, 2010 Finance and Risk Management Committee Meeting

It was M/S Richardson/Sweet to approve the February 11, 2010, Finance and Risk Management Committee Meeting Minutes as amended. The motion was approved by unanimous vote.

A. OPEN TIME FOR PUBLIC EXPRESSION

No public comment.

B. NEW BUSINESS

1. Administrative Budget FY 2010-11 (Action)

- a. Consider and make recommendations to Board regarding adoption of Administrative Budget for FY 2010-11

Retirement Administrator Tom Ford provided the Committee with a projected cash flow for Fiscal Year 2010/11. He said that based on preliminary calculations the net cash inflow will be \$750,000. There was discussion regarding the timing of the County's contributions and the timing of retiree payroll. Mr. Ford explained that cash management includes daily investments to mirror the portfolio. According to Mr. Ford, as the system matures, retiree payroll is supported by a portion of the income of the fund.

Mr. Ford provided an overview of the proposed \$2,997,669 administrative budget. Trustee Brenk inquired as to the effect of variations in asset value on the budget, and Mr. Ford stated that the budget would be affected in proportion with such variations. The Retirement Administrator referred to pending legislative action to link the budget ceiling to liabilities instead of assets. Trustee Bolger requested insight into the method of realizing the goals stated in the Board Memo. Mr. Ford responded that funds would be carefully managed to allow for staff training, and that expenses will be contained by effecting purchases in a timely manner to take advantage of discounts.

The discussion turned to provision in the budget for sufficient Information Technology (IT) support personnel for CPAS. According to the Retirement Administrator, current consulting contracts provide for contingencies, and another option is to transfer IT staff

to the payroll to assure continuity. Trustee Brenk inquired as to whether the budget could accommodate outside consultants in the event they were required. Mr. Ford explained that unanticipated consulting expenses would require Board approval. Trustee Given confirmed that any budget changes should be itemized as such on a new budget. Trustee Brenk recommended providing for contingencies in the budget for the CPAS system, and there was general agreement to do so. Other staffing matters include three authorized but vacant positions which will remain unfilled, according to Mr. Ford. The Committee reviewed the projected salaries. Mr. Ford stated that overtime is predominately used for benefits calculations.

A discussion regarding depreciation followed, with Mr. Ford explaining that the CPAS depreciation period was extended to twelve years. Trustee Brenk sought clarification of the depreciation method, and Senior Accountant Lisa Jackson responded that the County's depreciation policy is followed. Mr. Ford stated that he is examining the rent and depreciation for the office.

Turning to legal expenses, Mr. Ford advised that special situations which generated high legal expenses in the past will abate. Upon her review of legal expenses over the past six months, Committee Chair Bolger reported that she found no issues. Mr. Ford stated that legal counsel should be engaged only after Committee discussion. The Retirement Administrator emphasized the need for guidelines in order to define who may initiate contact with counsel and under what circumstances. Trustee Bolger recommended to general agreement that the Board Chair or the Retirement Administrator control contact with legal counsel. Additionally, the Committee agreed that the Board Chair should determine the information disseminated to the Board once legal advice has been provided.

The Committee discussed additional budget details, with Trustee Given recommending close examination of the county's inter-fund charge of \$150,000. He stated that the amount of the charge depends on the service provided, and that currently the majority of services are for IST. It was noted that once CPAS is implemented, the overhead charge for the County will be reduced. Trustee Bolger recommended a change in wording for undefined professional services.

Committee Chair Bolger expressed the Committee's appreciation to Mr. Ford and Senior Accountant Lisa Jackson for the preparation of the proposed budget. Mr. Ford stated that the final budget policy will be presented in May.

It was M/S Phillips/Richardson to recommend that the Board adopt the proposed Administrative Budget for FY 2010-11 as amended. The motion was approved by unanimous vote.

There being no further business, the Chair adjourned the meeting at 12:15 P.M.

Bernadette Bolger, Chair

Attest: Tom Ford, Retirement Administrator