

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

August 12, 2010 - 10:30 A.M.

CALL TO ORDER Chair Bolger called the meeting to order at 10:35 A.M.

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

ABSENT: None

MINUTES April 28, 2010 Finance and Risk Management Committee meeting

It was M/S Richardson/Phillips to approve the April 28, 2010, Finance and Risk Management Committee meeting Minutes as submitted. The motion was approved by unanimous vote.

A. OPEN TIME FOR PUBLIC EXPRESSION

No public comment.

B. OLD BUSINESS

1. Administrative Budget FY 2009/10 Review

Senior Accountant Lisa Jackson presented the final FY 2009/10 Administrative Budget for the Committee's consideration. In reviewing impacts to the salary category, she and Retirement Administrator Jeff Wickman observed that the salary and extra hire categories were affected by factors such as: the Assistant Retirement Administrator position is filled with an extra hire employee; there were several months when MCERA had an Acting Retirement Administrator while the Retirement Administrator was on a paid leave of absence. Committee Chair Bolger inquired as to whether the regular budget would exceed the 18 basis point limit without the information technology-based exception of \$1 million to that limit. The Senior Accountant stated that it would have exceeded the limit absent the exception. The Committee discussed specific expenditures that could be reduced or removed within the administrative budget.

2. Administrative Budget FY 2010/11 (Action)

Retirement Administrator Wickman provided a summary overview of the proposed FY 2010/11 Administrative Budget. He reviewed goals for the fiscal year, including in brief form: staff and Board development in concert with enhanced member services; completion of the CPAS implementation; reduction of service backlog; diversification and monitoring of the investment portfolio; and keeping pace with new challenges.

Mr. Wickman reviewed staffing matters. Committee members sought to determine whether savings in staffing expense could be realized as a result of the CPAS implementation. The Retirement Administrator stated that the future staffing requirements of the system will

ultimately be determined after the system has been implemented and is in use by the staff to conduct daily business. Committee Chair Bolger advised that the current staffing level is likely necessary in order to maintain an appropriate service level for the system.

There was discussion regarding the impact to the budget should there be a delay in the CPAS implementation. Mr. Wickman explained that the CPAS contract is fixed price, but that Linea Solutions could incur additional cost. MCERA has a “not to exceed” contract with Linea. The Committee reviewed budget details with the Senior Accountant.

It was M/S Phillips/Brenk to recommend that the Board adopt the FY 2010/11 Administrative Budget as submitted. The motion was approved by unanimous vote.

C. NEW BUSINESS

1. Quarterly Checklist

a. Form 700 summary

Trustee Phillips stated that the purpose of reviewing items on the Quarterly Checklist was to provide an internal control to assist MCERA in its compliance initiatives. The Committee reviewed information regarding credit card statements and invoices presented by the Senior Accountant. As much of the Checklist material already goes through a stringent audit and compliance process, the Committee determined to review only those items that vary from budgeted amounts. The Committee determined that Retirement Administrator expenses would be approved by the Board Chair.

The Committee reviewed summaries of Form 700 information for Board members and staff presented by Counsel Dunning. She explained that the Forms include certain financial information that is required to be disclosed by law. The Committee determined that the summary it reviews should continue to include information of all Board members and designated employees, including specified consultants, except for investment managers, whose Form 700s would continue to be reviewed by the Retirement Administrator and counsel, and only brought to the Committee or Board’s attention if deemed warranted by the reviewers.

Trustee Brenk was excused from the meeting at 12:34 P.M.

Committee members discussed in detail the process of cash flow accounting for investment transactions. Chair Bolger emphasized risk management as regards to such transactions, including private equity distributions, margin calls, and portfolio rebalancing. Committee members agreed that private equity capital account activity and margin calls would be reviewed by the Investment Committee.

The Committee agreed to modify the Quarterly Checklist in accordance with its discussions.

There being no further business, Chair Bolger adjourned the meeting at 12:51 P.M.

Bernadette Bolger, Chair

Attest: Jeff Wickman, Retirement Administrator