

## **MINUTES**

### **FINANCE AND RISK MANAGEMENT COMMITTEE MEETING MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)**

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

**May 22, 2019 – 10:00 a.m.**

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The Board of Retirement for the Marin County Employees' Retirement Association encourages a respectful presentation of public views to the Board. The Board, staff and public are expected to be polite and courteous, and refrain from questioning the character or motives of others. Please help create an atmosphere of respect during Board and Committee meetings. If members of the public wish to speak on any agenda items, please alert the Retirement Administrator to that request prior to the matter being called.

#### **CALL TO ORDER**

Chair Werby called the meeting to order at 10:00 a.m.

#### **ROLL CALL**

PRESENT: Block, Given, Klein, Werby

ABSENT: Murphy

#### **MINUTES**

It was M/S Given/Klein to approve the February 27, 2019 Finance and Risk Management Committee Meeting Minutes as submitted.

AYES: Block, Given, Klein, Werby

NOES: None

ABSTAIN: None

ABSENT: Murphy

#### **A. OPEN TIME FOR PUBLIC EXPRESSION**

Note: The public may also address the Committee regarding any agenda item when the Committee considers the item.

Open time for public expression, from three to five minutes per speaker, on items not on the Committee Agenda. While members of the public are welcome to address the Committee during this time on matters within the Committee's jurisdiction, except as otherwise permitted by the Ralph M. Brown Act (Government Code Sections 54950 et seq.), no deliberation or action may be taken by the Committee concerning a non-agenda item. Members of the

## **C. NEW BUSINESS**

### **1. Administrative Budget for Fiscal Year 2019/20 (Action)**

Consider and possibly recommend adoption of Administrative Budget for the next fiscal year

Mr. Wickman presented the proposed Administrative Budget for Fiscal Year 2019/20. The proposal outlines major budget categories with yearly comparisons, and presents the complete budget with annual comparisons. Supporting documents include an organizational chart and list of budgeted positions, which are required to be presented to the Board. The Administrator explained that expenditures for legal, investment management, and retiree health care administration are outside of the administrative budget, in accordance with the County Employees' Retirement Law of 1937 (CERL).

The biggest category in the administrative budget is Salaries and Benefits. All employees are budgeted at the top step of their positions. Salaries include the County's negotiated 3% salary increase effective July 1, 2019. The cost of all benefits is projected at 59% of salary, which is slightly lower than last year's percentage. Reclassifying the Department Technology & Support Specialist position to a Business Systems Analyst position resulted in a net cost increase for Salaries and Benefits of just over \$30,000. It is possible that the vacant Administrative Assistant II could be reclassified to a Retirement Benefits Technician in the new fiscal year, so this reclassification was reflected in the budget which results in a net cost increase of about \$990.

There were significant changes in the Services and Supplies category for disability costs. MCERA's costs for the services of National Disability Evaluations (NDE) are higher than projected. MCERA is paying more for both the initial medical examiner evaluation and for the independent medical examiner evaluation, when that step is recommended. The Administrator said counterbalancing these increases is that MCERA is experiencing fewer cases going to appeal, which decreases costs. Mr. Wickman discussed ways of reducing costs with NDE by improving the delivery of only the necessary medical documents.

Trustee Block asked for clarification on the cost of medical advisor expenditures and independent medical examiner (IME) expenditures. Mr. Wickman explained that IME costs are included in NDE costs and are more expensive than the medical advisor evaluation. The Administrator stated our experience working with NDE has been positive, and MCERA is receiving greater clarity on the medical conditions from NDE which results in better rationale for why to grant or deny a disability application. The net increase from the prior fiscal year for the Services and Supplies category is projected to be about 5%.

The last category of Interdepartmental Charges includes County of Marin human resources, financial and information technology services. Trustee Block inquired about formalizing in a memo the process for assessing interdepartmental costs to create an audit trail. Mr. Wickman replied that this has come up before and is something he can discuss with the County, noting MCERA is treated the same as any other County departments using Information Technology, Human Resource and Financial Services provided by the County. Trustee Given said the County approves the Cost Allocation Plan, which



budgeted amount for the quarter due to the vacancy at One McInnis. Conference and training expenditures almost doubled due to one-time service payment to Cortex Applied Research for an onsite educational session on governance. Disability-related expenditures were 21% over the budgeted amount for the quarter due to higher transcribing, medical record review and hearing services. Inter-departmental charges were within the budgeted amount for the quarter, and telephone charges were tried up for accrual.

In summary, Ms. Marshall stated as of March 31, 2019, total administrative expenditures are 64.3% of the budgeted amount for the fiscal year. Insurance premiums and memberships have been paid for the fiscal year. Board fees are trending 2.6% over the budgeted amount, and electronic supplies are over budget due to new iPads.

Interdepartmental charges are 8% lower than the budgeted amount. Mr. Wickman said the administrative expenditures are impacted by salary and benefit savings from vacancies. If Services and Supplies go over budget for the fiscal year, there may be a need to request an increase in this category for the next fiscal year.

### 3. Non-budgeted Expenses

Consider and review non-budgeted expenses for the quarter

Ms. Marshall presented expenditures for non-budgeted expenses that include retiree payroll, CPAS and related expenses, investment, actuarial and legal expenses. The report provides detail for Nossaman legal expenses that include general counsel, investment, and disability-related litigation. These expenditures are approximately \$40 million per quarter.

### 4. Quarterly Checklist

Consider, review and updates on the following:

#### a. MCERA educational and event-related expenses

Mr. Wickman said staff has worked hard to include all educational and event-related expenses in the report. As of March 31, 2019, educational events for trustees total over \$18,000 for the fiscal year to date. Staff events total close to \$8,700 for the fiscal year to date, and outside consulting services come to about \$9,400. These expenditures are similar to prior years.

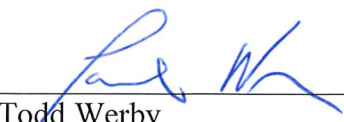
#### b. Continuing Trustee Education Log

The Trustee Continuing Education Log is updated to highlight training hours for each new quarter and shows trustees are meeting the education requirement of 24 hours every two years.

#### c. Other expenses per Checklist Guidelines

A summary of credit card charges was presented that include Accounting Unit Manager La Valda Marshall's Government Financial Officer (GFO) training and training for other staff. The Administrator authorized an ergonomic assessment of workspace that resulted in a sit-stand station purchase.

There being no further business, Chair Werby adjourned the meeting at 11:32 a.m.

  
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Todd Werby  
Chairperson

  
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Jeff Wickman  
Retirement Administrator