MCERA RETIREMENT BOARD
MEETING MINUTES
Thursday June 10, 2010

Roll Call: 8:20 AM

Board Members Present:
Sandy Teague, Mark Bodley, Al Peterson, Michael Rhodes, Karen Adams, Deidre Kelsey, Ron Kinchloe, Karen Rodriguez, and David Ness. ***Counsel***: Michael Calabrese ***Staff:*** Maria L. Arevalo, Gale Garcia and David Liu.

Absent: Tom Mackenzie-excused
Dwayne McCoy-excused

Approval of Minutes: Motion to approve the minutes of May 27, 2010 with correction as noted below.
Mr. Teague noted to change Mr. Arevalo to Ms. Arevalo and the word Cod to Code in BOARD ACTION/DISCUSSION item 5
Rodriguez/Teague. U/A

PUBLIC COMMENT: NA

CLOSED SESSION—CONFERENCE WITH LEGAL COUNSEL—SIGNIFICANT EXPOSURE TO LITIGATION: Government Code section 54956.9

It is the intention of the Retirement Board to meet in Closed Session pursuant to Government Code Section 31532 regarding the confidentiality of member records. Update on the status of or deliberation and action on the application of disability retirement for:

1. Frances Miller
2. Anna Partida
3. Leroy Alford
4. Doug Jensen
5. Rosie Robles
6. Susan Cummings
7. Elizabeth Arroyo
   Informal Hearing: None
   Formal Hearing: None

RETURN TO OPEN SESSION

- **REPORT ON CLOSED SESSION-NONE**

BOARD ACTION/DISCUSSION

1. **Discussion and adoption of final MCERA Budget for FY 2010/2011**
   Ms. Arevalo presented a revised budget and BAI to the board for final approval. The revised budget reflects updated salary and IS statement of costs. The increase in the total budget for FY

10/11 compared to FY 09/10 is due to the cost of the new Pension Administration System. Staff submitted a revised budget after allocating expenses as permitted for capital assets and in compliance with the administrative limit for expenses as reflected in Government Code Section 35180.3. Counsel concurred that the budget was in compliance with the requirements of Section 35180.3. There was discussion on what the total asset number should be used to measure against the limit on the administrative expenses. It was decided to use the asset value as of March 31, 2010 and it was proposed that future budgets would also use this asset measure as it was a known and verified number. Trustee Adams noted that projected returns and numbers should not be used to calculate total assets and it was agreed to further look at these issues when the Board finalizes a budget approval policy. The Board discussed the difficulty in meeting the administrative limit in future years and acknowledged the legislative efforts being made to address this issue. There was consensus that every effort must be made to meet the administrative limit while taking into account the Board's fiduciary duty to provide benefits and services to members.

Motion to approve budget based on total assets as of March 31, 2010.
Adams/Rodriguez. Discussion

Trustee Rhodes noted that budget line item 22515, in state travel had been reduced and he proposed increasing this amount in view of the many new trustees on the Board that still need to attend educational conferences. There was agreement among the Board that training was important to fulfill their fiduciary duties and that it was important to adequately fund this category. Trustees decided to restore the original amount in budget line item 22515 to $38,556.

Motion to amend previous motion to approve budget based on March 31, 2010 asset value and increase budget line item 22515
Adams/Rodriguez. U/A

2. **Discussion and consideration of budget policy**
   Ms. Arevalo presented a preliminary budget approval policy for Board consideration. Ms. Arevalo noted the purpose of the Budget Approval Policy is to establish a process in approving the annual budget the policy provided dates for adoption of and for periodic review of the budget. It would also establish what total asset amount to use and would state that the goal of the budget would be to meet any applicable statutory requirements with regards to administrative expenses. Staff will present a proposed updated policy to the audit committee for presentation to the full Board. Ms. Arevalo asked Board members to provide input for the committee's review.

3. **Request to transfer $262,000 from 21834 Legal Services to 80129 Capital Assets ($250,000) and to 21802 Actuarial Services ($12,000)**
   Staff presented a budget transfer request (AC400) for $262,000
   Motion to approve the request to transfer $262,000 from 21834 (Legal Services) to 80129 (Capital Assets) in the amount of $250,000 and to 21802 (Actuarial Services) $12,000.
   Bodley/Rodriguez U/A. U/A

INFORMATION ONLY

Ms. Arevalo reported that MCERA had been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for the 2009 CAFR. She thanked staff especially Gale Garcia and David Liu for their work on the CAFR.

REFUND OF SERVICE PURCHASE: NONE

DEATH BENEFIT: NONE

CORRESPONDENCE: NONE

OTHER BUSINESS: Future Meetings, Conferences, Direction for Future Agenda Items

NONE

ADJOURNMENT 10:10 AM

Respectfully Submitted,

_____
David Ness, Chairman

_____
Al Peterson, Secretary

_____
Date