DISCUSSION SHEET

Employees' Retirement Fund
Board of Trustees Meeting

August 18, 2020

Issue: Fiscal Year 2020-21 Budget

Attachment: Proposed ERF FY 2020-21 Budget

Discussion: The fiscal year budget is from 10/1/20 to 9/30/21. The proposed FY 2020-21 budget is $22,272,500 which includes recurring expenditures and special projects. This represents a decrease of $1,143,200 compared to the FY 2019-20 budget. The recurring expenditures are the operating costs and investment fees of the Fund. The recurring costs for FY 20-21 are $20,972,500 which is an increase of $156,800 over the prior year. This increase is primarily due to management fees resulting from an increase in assets under management.

The special projects category includes technology upgrades and replacements. The cost for the Special Projects in the 2020-21 budget is $1,300,000.

Highlights include:

- Investment management fees increased due to higher assets under management.
- Supplies and Food Supplies are projected to decrease due to the use of online work and meetings.
- Professional Development and Travel is projected to decrease due to continued travel restrictions during the pandemic.
- Election costs are projected to increase to allow for 2 elections and 2 possible runoffs.
- Personnel costs are projected to increase due to filling vacant positions and to fund a full year of merits.
- Other Administrative Expenses are projected to increase due to a proposed analysis of fees.
- The Special Projects category includes projects with a defined time period and cost. The decrease is due to the implementation of the pension management system (V3). For FY 2020-21, this category includes technological improvements and updates, including document and workflow management.

In summary, the net decrease to the budget is $1,143,200, or 4.9% below the amended FY 2019-20 budget.

Recommendation: Approve the proposed budget for FY 2020-21. Suggested motion for the approval is as follows: Move approval of the proposed FY 2020-21 budget totaling $22,272,500 which is attached to this discussion sheet and authorize the Executive Director to administer the budget as noted below.

The Executive Director is authorized to expend, as required, up to 110% of each line item or $50,000 whichever is less of the funds appropriated herein, but in no instance, is the authorization given to exceed the total budgeted for each category (Administrative, Benefits Management, Investments Management, Capital, or Special Projects) without Board approval.

The Executive Director is authorized to negotiate and sign contracts which are required in the conduct of Fund business and funds have been approved in this budget. This authorization is limited to $50,000 per contract.

The Executive Director is authorized to pay budgeted expenses, and to further pay pensions and member refunds which are authorized by law but are not specifically included in this budget.