DISCUSSION SHEET

Employees' Retirement Fund
Board of Trustees Meeting

August 18, 2020

Issue: Fiscal Year 2019-20 Budget Amendments

Attachment: 2019-20 Expenditure Budget Report

Discussion: The current fiscal year budget is from 10/1/19 to 9/30/20.

Overall, the proposed budget amendment will have no net effect to the budget. The budget amendment will only reallocate costs. Within Administrative, funds are being moved to provide for temporary help services due to vacancies. Liability Insurance is higher due to the cost of the cybersecurity policy. Printing and Communication costs are lower due to reduced use of copiers. Professional Development and Travel is lower as a result of the pandemic. Data and Telecommunications Services is projected to increase due to improved remote client services for retirees. Rent is lower due to adjustments for actual 2019 expenses. Legal fees are increasing due to litigation fees. Actuarial costs increased due to the experience study. Other consulting costs increased due to services provided by Milliman to review the Fund's investment practices and performance in accordance with SB 322. Manager Fees are lower due to less assets under management resulting from the market's response to the pandemic. Investment Consultant Services are higher due to services provided to add investment managers to the portfolio. Custodial fees are projected to be slightly lower than budgeted. Capital acquisitions are projected to be lower than anticipated.

Please refer to the attachment for additional details related to the proposed budget amendment.

Recommendation: Approve the proposed budget amendments for FY 2019-20. Suggested motion for the approval is as follows: Move approval of the proposed FY 2019-20 budget amendments reallocating line item budgets as attached to this discussion sheet and authorize the Executive Director to administer the budget.