

Executive Team

Dominic D. Brown, CPA, CFE
Chief Executive Officer

Daryn Miller, CFA
Chief Investment Officer

Jennifer Zahry, JD
Chief Legal Officer

Matthew Henry, CFE
Chief Operations Officer



Board of Retirement

Juan Gonzalez, Chair
Tyler Whitezell, Vice-Chair
Jeanine Adams
David Couch
Phil Franey
Joseph D. Hughes
Jordan Kaufman
Rick Kratt
Traco Matthews
Dustin Contreras, Alternate
Chase Nunneley, Alternate
Robb Seibly, Alternate

May 20, 2022

Members, Board of Retirement
Employee Bargaining Units
Requesting News Media
Other Interested Parties

Subject: Meeting of the Kern County Employees' Retirement Association Finance Committee

Ladies and Gentlemen:

A meeting of the Kern County Employees' Retirement Association Finance Committee will be held on Thursday, May 26, 2022 at 1:00 p.m. via teleconference pursuant to California Government Code section 54953, subdivision (e).

How to Participate: Listen to or View the Board Meeting

To listen to the live audio of the Board meeting, please dial one of the following numbers and enter ID# 869-4965-0715:

- (669) 900-9128; U.S. Toll-free: (888) 788-0099 or (877) 853-5247

To access live audio and video of the Board meeting, please use the following:

- <https://us02web.zoom.us/j/86949650715?pwd=NjllMHBSbjhNUFdKQThFWmNZS08yZz09>
- Passcode: 542911

Items of business will be limited to the matters shown on the attached agenda. If you have any questions or require additional service, please contact KCERA at (661) 381-7700 or send an email to administration@kcera.org.

Sincerely,

Dominic D. Brown
Chief Executive Officer

Attachment

AGENDA:

All agenda item supporting documentation is available for public review on KCERA's website at www.kcera.org following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

**AMERICANS WITH DISABILITIES ACT
(Government Code §54953.2)**

Disabled individuals who need special assistance to listen to and/or participate in the teleconference meeting of the Board of Retirement may request assistance by calling (661) 381-7700 or sending an email to administration@kcera.org. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting materials and access available in alternative formats. Requests for assistance should be made at least two (2) days in advance of a meeting whenever possible.

ROLL CALL

1. [Presentation regarding KCERA Organizational Landscape and Budget Governance](#) presented by presented by Chief Executive Officer Dominic Brown – HEAR PRESENTATION
2. [Discussion and appropriate action on the proposed fiscal year 2022-2023 KCERA Operating Budget and Schedule of Authorized Positions](#) presented by Chief Executive Officer Dominic Brown, Chief Operations Officer Matthew Henry and Chief Financial Officer Angela Kruger – RECOMMEND APPROVAL TO BOARD OF RETIREMENT

PUBLIC COMMENTS

3. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Committee. This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation.

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

4. On their own initiative, Committee members may make a brief announcement, refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities.
5. Adjournment



KCERA Organizational Landscape and Budget Governance

DOMINIC D. BROWN, CHIEF EXECUTIVE OFFICER
MAY 26, 2022



Governance & Budget

- KCERA was established under the provisions of the County Employee Retirement Law of 1937 (CERL) by resolution of the Kern County Board of Supervisors. These provisions vest plenary authority of the management of the retirement system with the Board of Retirement.
- The complexity of benefits administration has increased significantly over the years, and the resource requirements to discharge those fiduciary duties are also increasing.
 - *Ventura* Decision, Tier I/Tier II, Service Purchases, PEPRA, Retiree Return to Work, Hospital Authority, Payroll Providers, Declining Employers, Affordable Care Act, Reciprocity, Portfolio Growth, *Alameda* Decision, etc.

Governance Landscape

- KCERA Board
 - 4-1-4 composition
- Government Code
 - An entire section of the government code is dedicated to the CERL and as the Plan Document, it governs the administration of KCERA's defined benefit system
- County Salary Schedule
- KCERA is responsible for delivering the pension promises made by our plan sponsors to their employees, to the extent allowed by our Plan and governing laws

THE FIVE FIDUCIARY PILLARS

Primary Loyalty to Members



- Avoid “two hat” conflicts of interest
- **Attract and retain capable staff**
- **Provide superior member service**
- Minimize risk of loss

Exclusive Benefit of Members



- Avoid diverting assets for other purposes
- Avoid impacting plan for others' goals
- **Pay only reasonable expenses to administer fund**

Prudent Care and Expertise



- Establish and follow good governance policies as a Board
- Be transparent
- **Engage and delegate to expert staff and consultants**
- Monitor and adjust as needed

Diversify the Assets



- **Establish collective risk tolerance**
- Seek risk-adjusted returns across all markets
- Weigh each investment for its contribution to whole program

Follow the Law



- Establish and comply with written plan documents
- **Be mindful of public official role**

DELEGATION AND OVERSIGHT

- A public fiduciary may (often must!) delegate, but only to others who are held to the same fiduciary standards
- You have specific authority to delegate to staff
CERL sec. 31522.1: “The board of retirement ... may appoint such administrative, technical, and clerical staff personnel as are required to accomplish the necessary work of the boards.”
- But don’t “set and forget” – prudent delegation requires vigilant oversight: Monitor, evaluate, adjust when appropriate
- Engage advisors (auditors, consultants, counsel) to help you exercise your oversight role

Cal. Gov. Code section 31522.1

Appointment of Staff Personnel

CERL – Cal. Gov. Code section 31522.1 –

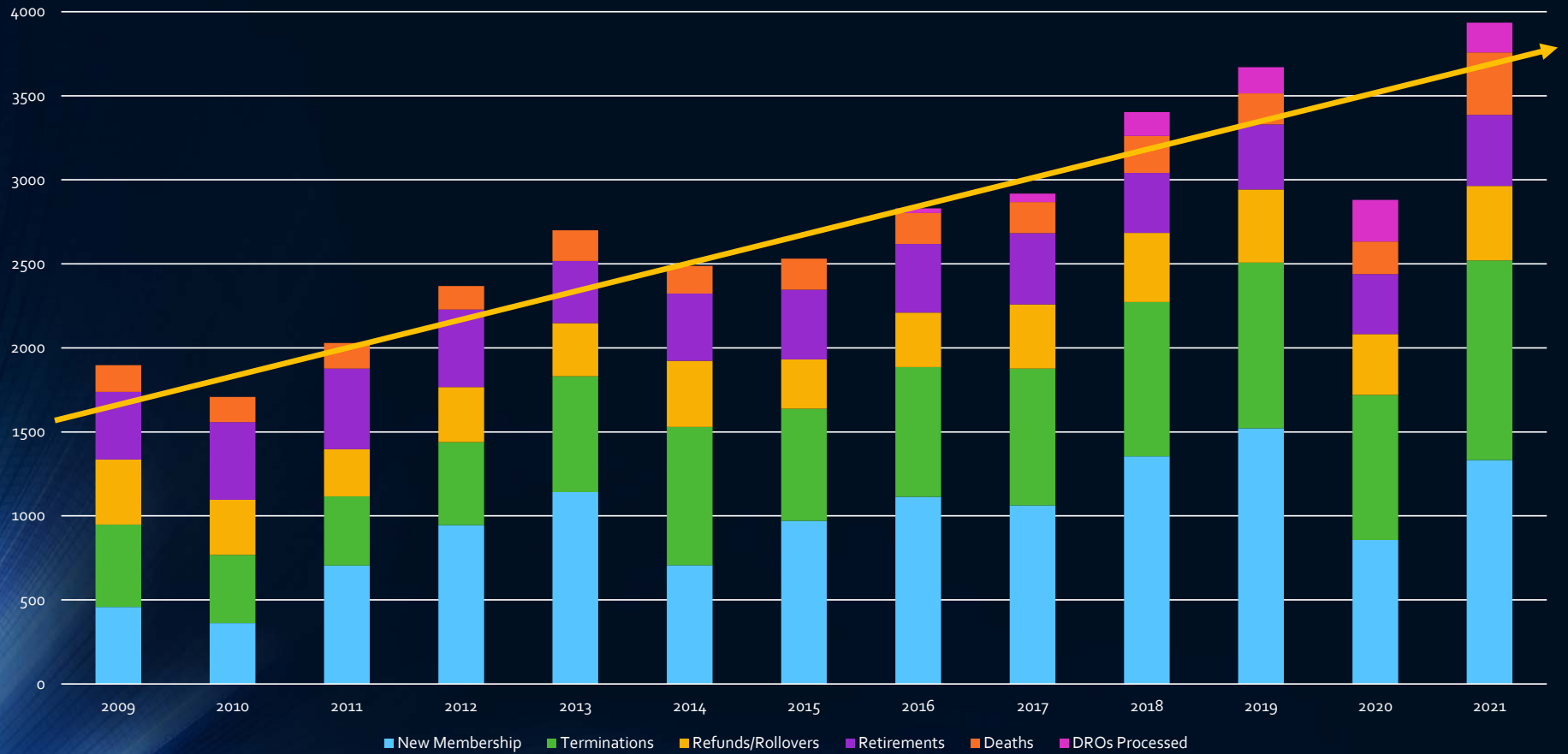
The **board of retirement** and both the board of retirement and board of investment **may appoint** such administrative, technical, and clerical staff **personnel** as are required **to accomplish the necessary work of the boards**. The appointments shall be made from eligible lists created in accordance with the civil service or merit system rules of the county in which the retirement system governed by the boards is situated. **The personnel shall be county employees and shall be subject to the county civil service or merit system rules and shall be included in the salary ordinance** or resolution adopted by the board of supervisors for the compensation of county officers and employees.

California Constitution

Art. XVI, section 17 (Prop 162) (1992)

- “Notwithstanding any other provisions of law or this Constitution to the contrary, the retirement board of a public pension or retirement system shall have **plenary authority** and fiduciary responsibility for **investment of moneys** and **administration of the system**, subject to all of the following:
- (a) The retirement board of a public pension or retirement system shall have the **sole and exclusive fiduciary responsibility** over the assets of the public pension or retirement system. **The retirement board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services** to the participants and their beneficiaries...”

Member Activity by Year



Benchmarking

- The KCERA Board of Retirement is charged with exercising its fiduciary duty to determine the resources required in order to fulfill the KCERA mission and has independent budgetary authority to administer the system
- Other California State Association of County Retirement Systems (SACRS) peers can be a very helpful benchmark to help determine reasonable resource requirements
 - Benchmarking analysis indicates that KCERA has less resources than peer systems

SACRS Systems – Total Liability & Administrative Expense Ratio



APPFA & COSO

- The Association of Public Pension Fund Auditors, Inc. has published a document entitled *Operational Risks of a Defined Benefit and Related Plans and Controls to Mitigate those Risks*. A review of this document has revealed many risks that require additional resources in order to be sufficiently mitigated

https://www.appfa.org/assets/docs/APPFA_OpRisk-Feb13-Final7.pdf

- COSO is an internal control framework that is used by accounting firms, the County, and other organizations for creating and evaluating business processes and internal controls

<https://www.coso.org/Documents/990025P-Executive-Summary-final-may20.pdf>

- Staff has analyzed business processes throughout the organization and identified risks and opportunities to mitigate risks and improve service to our members

Uncompensated Operational Risks

- Errors in benefits, including tier placement, rate determinations, reciprocity analysis, service purchase calculations, special pay designations, MOU terms, COLA application, salary history analysis, etc.
- Slow response times to members including inquiries regarding retirement planning, service purchases, disability, DROs, etc.
- Attract and retain competent staff to carry out organizational responsibilities
- Headline risk

Opportunities

- Mitigate identified risks
- Audit member data and enhance quality of member experience with KCERA by ensuring data is clean before member approaches retirement
- Member education enhancement, especially retirement planning for Tier II members that will have a much smaller pension in retirement
- Member communication regarding domestic relations orders, member checklists, interaction with defined contribution plan, social security, health benefits, etc.

Reorganization

- KCERA did complete a significant reorganization in the last few years, resulting in the addition of many positions, particularly in the investment section
- The next phase will focus on employee retention, cross-training, succession planning, and making sure that KCERA is strongly positioned to retain our high performing staff and be attractive in the talent marketplace

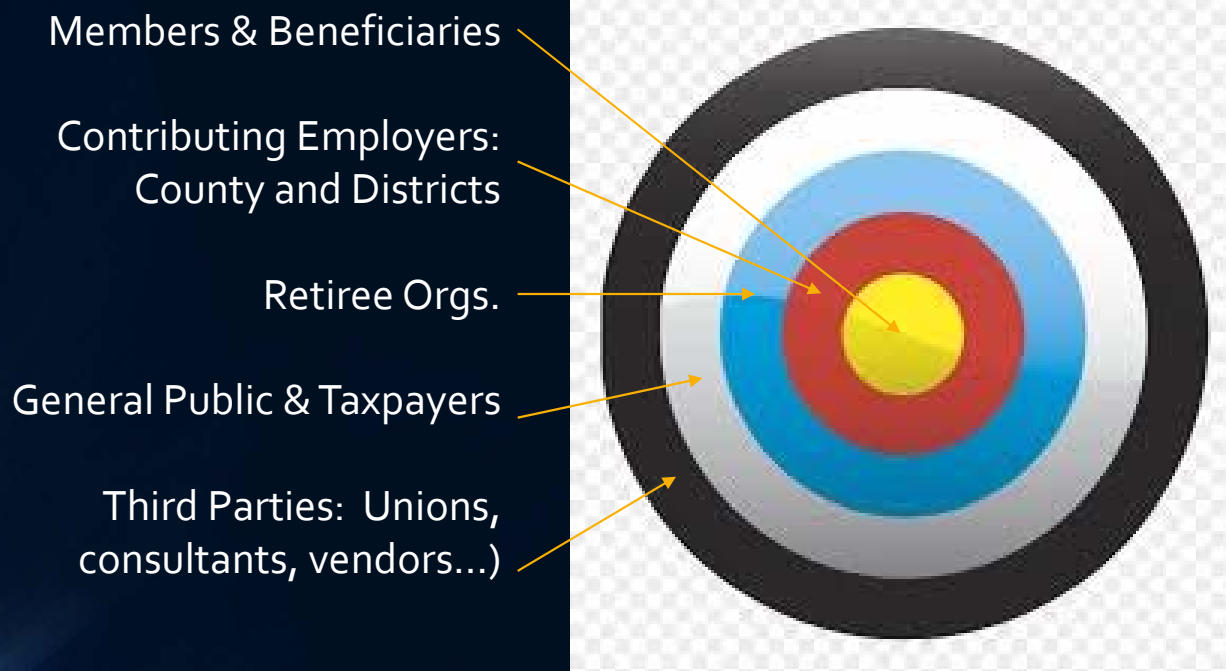
Expenses of Investing Money

CERL – Cal. Gov. Code section 31596.1 –

The expenses of investing its moneys shall be borne solely by the system. The following types of expenses shall not be considered a cost of administration of the retirement system, but shall be considered as a reduction in earnings from those investments or a charge against the assets of the retirement system as determined by the board:

- [California Code, Cal. Gov't Code § 31596.1, Expenses of investing](#)

KCERA'S "STAKEHOLDERS"



Conclusions

- KCERA must discharge its fiduciary duty to administer the plan prudently, including ensuring the Plan has adequate resources to administer benefits
- KCERA has less resources available than SACRS peers, and an increase is warranted
- Staff has put together a plan to help KCERA discharge all of its fiduciary duties, while still keeping administrative expenses as low as possible
- KCERA's Mission Statement:
 - *KCERA's mission is to administer the benefits with excellence, invest plan assets with prudence, and provide quality service to our members and their beneficiaries*



Budget Book

For Fiscal Year

2022-23

Presented by:

Chief Executive Officer Dominic D. Brown, CPA, CFE

Chief Operations Officer Matthew Henry, CFE

Chief Financial Officer Angela Kruger

May 26, 2022

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SECTION I

Letter from the Chief Executive Officer

Executive Team

Dominic D. Brown, CPA, CFE
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Board of Retirement

Juan Gonzalez, Chair
Tyler Whitezell, Vice-Chair
Jeanine Adams
David Couch
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Joseph D. Hughes
Jordan Kaufman
Rick Kratt
Traco Matthews
Dustin Contreras, Alternate
Chase Nunneley, Alternate
Robb Seibly, Alternate

May 26, 2022

Members of the Board of Retirement:

I am pleased to present to you the proposed Operating Expense Budget for fiscal year 2022-23. Highlights of the 2021-22 and 2022-23 budgets include:

- The largest budgetary category is staff, which comprises 71% of the total proposed budget. The 2021-22 projected actual expense for staffing is \$4.5 million, which is \$651,524 less than what was approved.
- The proposed 2022-23 Administrative Expense Budget of \$5.9 million (8 basis points) is \$9.7 million (13 basis points) under the statutory limit of 21 basis points of the actuarial accrued liability of the retirement system, pursuant to Government Code Section 31580.2. See *Section IV – Administrative Expenses*.
- For 2022-23, staff recommends a budget of \$8.6 million, which is \$1.0 million (14%) more than last year's approved budget of \$7.6 million. The increase is mainly due to higher expenses in salaries and benefits as staff continues to build-out the schedule of authorized positions that was approved by the Board last year.

Key Events for Fiscal Year 2021-22

The past year brought new challenges as your Board evaluated management's proposals to improve operations, and opportunities to enhance investment program and the services provided to KCERA members and stakeholders. This was all done while implementing the historic *Alameda* Decision and during the numerous challenges brought on by the COVID era and virtual Board meetings.

All KCERA staff have made a return to the office after the COVID era, although many staff have alternate, flexible, and/or hybrid schedules. Staffing is sufficient to provide members adequate customer service at the KCERA building. Staff are in the final steps of implementing the *Alameda* Decision, and almost all position changes approved by the Board last year have been fully implemented.

Future Expectations

In fiscal year 2022-23, I expect to see the strength of the organization continue to improve as management works to implement the strategic staffing plan that the Board approved last year, along with the next incremental improvements to continue to build for the future. Staff will seek to align duties and responsibilities with the appropriate level of personnel to improve the effectiveness and efficiency of each division. The initiatives included in the Strategic Plan are intended to further the Board goals and priorities to enhance stakeholder relations, strengthen the investment program, leverage available technology in our operations, build the effectiveness of KCERA staff, and ensure plan sustainability.

In this year's multi-year budget projection, many positions are being reclassified to KCERA specific positions and additional staff are being requested to assist your Board in continuing to meet challenges to maintain a culture of excellence, fiscal responsibility, transparency, and prudent management of risk. In doing so, your Board will set the future direction of the organization while ensuring that you meet your duties as fiduciaries of the plan.

Management is very grateful to the Board for the support it has received over the last year and I am pleased to present you with KCERA's budget for 2022-23.

Sincerely,

A handwritten signature in blue ink that reads "Dominic D. Brown". The signature is written in a cursive style with a large initial "D".

Dominic D. Brown
Chief Executive Officer

SECTION II

Budget Policies and Process

Budget Policies and Process

Budget Policies

KCERA's budgeting policies and guidelines are based on the County Employees Retirement Law of 1937 ("CERL"), and the policies and charters of the Board of Retirement ("Board"). The California Government Code Section 31580.2 that governs the Kern County Employees' Retirement Association ("KCERA") specifies that the Board of Retirement "... shall annually adopt a budget covering the entire expense of administration of the retirement system, which expense shall be charged against the earnings of the retirement fund..."

The retirement system's administrative expenses are limited to 0.21% (21 basis points) of the Actuarial Accrued Liability. Government Code Sections 31522.6 and 31580.2(b) indicate that KCERA should exclude actuarial fees, investment-related expenses and technology from that portion of the operating expense budget subject to the statutory limit.

The Board annually adopts the operating budget for the administration of KCERA. Each line item is budgeted based on Board initiatives, past costs, vendor proposals, and estimates of anticipated expenses. The Board also reviews year-to-date actual expenses for budget compliance on a monthly basis. The budget may be amended throughout the fiscal year, if necessary. Budgeted amounts may be reallocated between categories at the discretion of the Chief Executive Officer. These reclassifications do not result in increases or decreases to the total approved budget. Increases or decreases to the total approved budget must be approved by the Board of Retirement. Action items to increase or decrease the approved budget are introduced by KCERA staff to the Finance Committee. If the Finance Committee deems the action item necessary, it will recommend approval to the Board of Retirement.

Budget Process

The Budget Team consists of the Chief Executive Officer, Chief Operations Officer, Chief Financial Officer, and the division managers of KCERA. The team members review the requirements of their respective divisions for the balance of the current fiscal year and the upcoming budget year. The Chief Financial Officer projects the current year-end actual expenses and the projected expenses for the budget year and finalizes the proposed budget.

The proposed budget is presented to the Finance Committee for review and feedback. Any revisions to the proposed budget recommended by the Finance Committee are incorporated to produce the final version the Committee recommends to the Board of Retirement for final adoption.

KCERA prepares the budget on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) and consistent with KCERA's audited financial statements.

SECTION III

Operating Expense Budget

Operating Expense Budget

KCERA's annual Operating Expense Budget is a detailed plan established to estimate the anticipated costs of carrying out the necessary level of services or activities as proposed by the KCERA Board of Retirement.

The Board annually adopts the operating budget for the administration of KCERA. Each month, the Board reviews year-to-date actual expenses to ensure budget compliance.

Important assumptions in the fiscal year 2022-23 budget include:

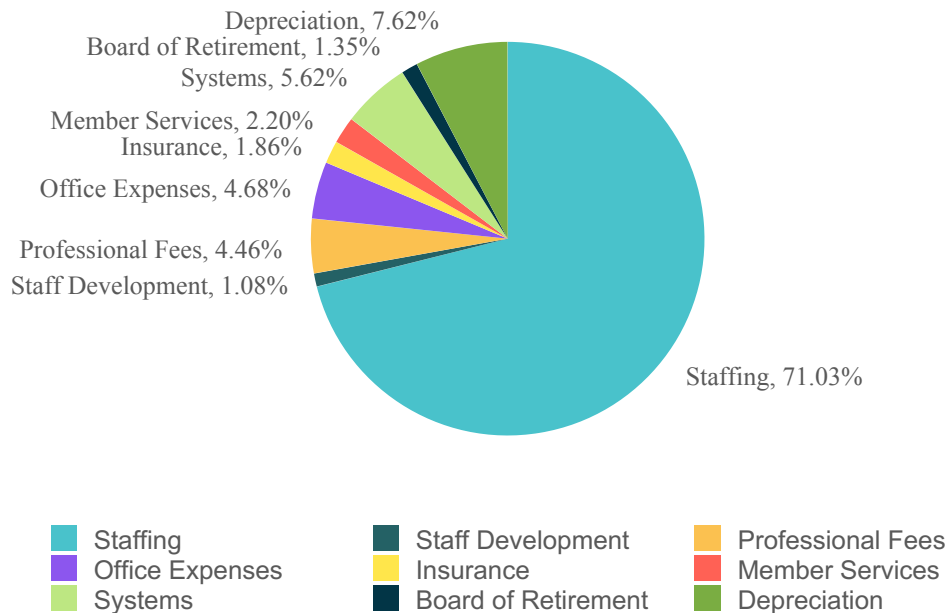
- Additional resources to complete the internal reorganization to effectively administer KCERA's service to plan sponsors.
 - o Continued growth of Investment Unit to enhance KCERA's ability to effectively increase investment returns and meet the mandates required in managing a complex and diverse portfolio.
 - o Addition of Member Services staff, and Legal staff focusing on investments.
 - o Staff development to increase skills to proficient levels for new staff and continuing education.
- KCERA's transition to MMRO Disability Claim Review Service is complete. Addition of service enhancements to process disability claims more effectively.
- Additional resources to fund elections of three trustee positions.

KCERA's requested fiscal year 2022-23 Operating Expense Budget may be viewed on the following pages.

Operating Expense Budget Summary

Expense Type	FYE 22 Approved Budget	FYE 23 Proposed Budget	Increase (Decrease)	FYE 23 % of Total Operating Expenses
Staffing	\$ 5,198,964	\$ 6,135,033	\$ 936,069	71.03 %
Staff Development	60,000	93,000	33,000	1.08 %
Professional Fees	444,000	385,500	(58,500)	4.46 %
Office Expenses	401,940	404,381	2,441	4.68 %
Insurance	138,385	160,595	22,210	1.86 %
Member Services	245,800	190,000	(55,800)	2.20 %
Systems	364,090	485,640	121,550	5.62 %
Board of Retirement	80,500	117,000	36,500	1.35 %
Depreciation	646,908	666,471	19,563	7.62 %
Total Operating Expenses	\$ 7,580,587	\$ 8,637,620	\$ 1,057,033	100 %

Proposed Budget



Operating Expense Budget

Expense Type	FYE 22	FYE 22	Over (Under)	FYE 23	Proposed vs.	% Change
	Approved Budget	Estimated Expenses		Proposed Budget	Approved Over (Under)	
Staffing						
Salaries	3,000,135	2,730,650	(269,485)	3,724,357	724,222	
Benefits	2,098,829	1,776,886	(321,943)	2,410,676	311,847	
Temporary staff	100,000	39,904	(60,096)	—	(100,000)	
Staffing Total	5,198,964	4,547,440	(651,524)	6,135,033	936,069	18.00 %
Less Investment Staffing	(772,168)	(681,231)	(90,937)	(1,560,610)	(788,442)	
	4,426,796	3,866,209	(742,461)	4,574,423	147,627	
Staff Development						
Education & Professional	57,500	40,585	(16,915)	90,000	32,500	
Staff Appreciation	2,500	2,371	(129)	3,000	500	
Staff Development Total	60,000	42,956	(17,044)	93,000	33,000	55.00 %
Professional Fees						
Actuarial fees	190,000	118,710	(71,290)	140,000	(50,000)	
Audit fees	49,000	47,000	(2,000)	50,500	1,500	
Consultant fees	125,000	82,174	(42,826)	115,000	(10,000)	
Legal fees	80,000	34,570	(45,430)	80,000	—	
Professional Fees Total	444,000	282,454	(161,546)	385,500	(58,500)	(13.18) %
Office Expenses						
Building expenses	72,000	115,405	43,405	115,000	43,000	
Communications	33,100	28,606	(4,494)	52,770	19,670	
Equipment lease	13,000	10,089	(2,911)	9,600	(3,400)	
Equipment maintenance	2,000	2,000	—	7,178	5,178	
Memberships	16,000	18,020	2,019	20,000	4,000	
Office supplies & misc. admin.	54,540	55,081	541	68,300	13,760	
Payroll & accounts payable fees	22,800	27,072	4,272	27,800	5,000	
Other Services - Kern County	100,000	27,282	(72,718)	40,000	(60,000)	
Postage	25,000	20,091	(4,909)	20,000	(5,000)	
Subscriptions	13,500	10,079	(3,421)	13,733	233	
Utilities	50,000	42,598	(7,402)	30,000	(20,000)	
Office Expense Total	401,940	356,323	(45,618)	404,381	2,441	0.61 %
Insurance	138,385	148,495	10,110	160,595	22,210	16.05 %
Member Services						
Disability – legal fees	50,000	5,396	(44,604)	10,000	(40,000)	
Disability – professional	45,000	10,457	(34,543)	20,000	(25,000)	
Disability – administration	130,800	106,250	(24,550)	140,000	9,200	
Member communications	20,000	13,656	(6,344)	20,000	—	
Member Services Total	245,800	135,759	(110,041)	190,000	(55,800)	(22.70) %
Systems						
Audit – security & vulnerability	15,000	5,000	(10,000)	15,000	—	
Business continuity expenses	14,700	11,040	(3,660)	23,850	9,150	
Hardware	35,775	51,279	15,504	48,453	12,678	
Licensing & support	138,415	159,639	21,224	148,413	9,998	
Software	95,500	91,797	(3,703)	164,229	68,729	
Website design & hosting	64,700	40,780	(23,920)	85,695	20,995	
Systems Total	364,090	359,535	(4,555)	485,640	121,550	33.38 %
Board of Retirement						
Board compensation	12,000	10,040	(1,960)	12,000	—	
Board conferences & training	30,000	16,140	(13,860)	50,000	20,000	
Board elections	35,000	40,974	5,974	50,000	15,000	
Board meetings	3,500	2,335	(1,165)	5,000	1,500	
Board of Retirement Total	80,500	69,489	(11,011)	117,000	36,500	45.34 %
Depreciation	646,908	648,531	1,623	666,471	19,563	3.02 %
Total Operating Expenses	7,580,587	6,590,982	(989,606)	8,637,620	1,057,033	13.94 %

Operating Expense Budget	Variance Over (Under)
2022-23 Proposed Budget vs. 2021-22 Approved Budget	

Staff Staffing	
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·	Increased cost for Investment, Legal, and Administrative staff	936,069
		Sub-Total
		936,069

Staff Development	
--------------------------	--

·	Increased cost due return to in-person career development and education for KCERA staff.	33,000
		Sub-Total
		33,000

Professional Fees	
--------------------------	--

·	Prior year special projects - Actuarial Triennial Experience Study	(50,000)
·	Contractual increase in audit fees	1,500
·	Consulting services for special projects - Governance consulting	(10,000)
		Sub-Total
		(58,500)

Office Expenses	
------------------------	--

·	Increase in property management and building expenses,	43,000
·	Increase in office expenses, equipment and communications	39,441
·	Anticipated decrease in utilities due to solar installation	(20,000)
·	Decrease anticipated in fees for services provided by Kern County	(60,000)
		Sub-Total
		2,441

Insurance	
------------------	--

·	Increased costs associated to Insurance premiums	22,210
		Sub-Total
		22,210

Member Services	
------------------------	--

·	Savings associated with transition to MMRO Disability Claim Review Service	(65,000)
·	Anticipated increase in MMRO service fees	9,200
		Sub-Total
		(55,800)

Systems	
----------------	--

·	Increase for business continuity expenses	9,150
·	Increased expenses related to hardware purchases	12,678
·	Increased cost due to cyclical charges for software licensing and support	78,727
·	Website hosting digital deployment	20,995
		Sub-Total
		121,550

Board of Retirement	
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·	Increased costs due to greater opportunities for in-person training and development	20,000
·	Elections for trustees	15,000
·	Increased costs due to return to in-person training and development	1,500
		Sub-Total
		36,500

Depreciation	
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·	Depreciation on servers	19,563
		Sub-Total
		19,563

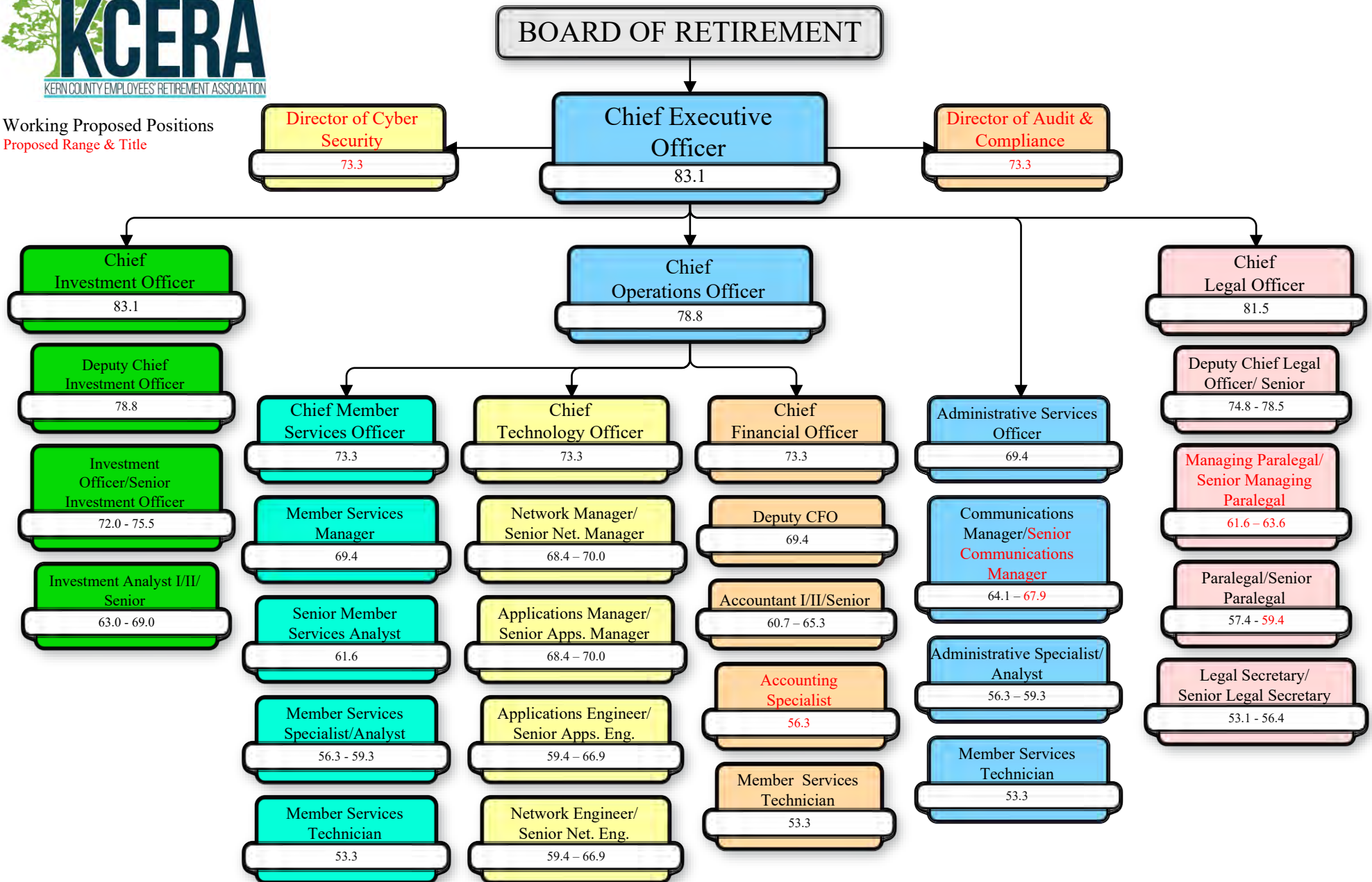
Total Over (Under)		1,057,033
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Operating Expense Budget	Variance Over (Under)
2021-22 Estimated Expenses vs. 2021-22 Approved Budget	

Staff Staffing	
· Savings in permanent positions not filled 100% of the time during the fiscal year	(651,524)
Sub-Total	(651,524)
Staff Development	
· Savings in staff's attendance at conferences/meetings/training	(17,044)
Sub-Total	(17,044)
Professional Fees	
· Savings in consulting services	(161,546)
Sub-Total	(161,546)
Office Expenses	
· Decreased office expense, including utilities	(16,305)
· Increase in building expenses due to expansion projects	43,405
· Decrease in anticipated expenses for services provided by Kern County	(72,718)
Sub-Total	(45,618)
Insurance	
· Net increase in insurance expenses	10,110
Sub-Total	10,110
Member Services	
· Expended less than estimated for disability professionals & services	(103,697)
· Savings in communications (newsletters, member portal letters)	(6,344)
Sub-Total	(110,041)
Systems	
· Applied savings from other IT expenses to purchase hardware and software	33,025
· Savings from security audit and other IT expenses	(37,580)
Sub-Total	(4,555)
Board of Retirement	
· Savings in Board meeting expenses	(3,125)
· Trustees' attendance at conferences/training	(13,860)
· Board Elections	5,974
Sub-Total	(11,011)
Depreciation	
· Depreciation on servers	1,623
Sub-Total	1,623
Total Over (Under) (989,606)	



Working Proposed Positions
Proposed Range & Title





Proposed Positions
FY 2022-23

Item Number	Position	Range	Position Limit	Section Limit
Administration				
0485	Chief Executive Officer	83.1	1	6
1228	Chief Operations Officer	78.8	1	
0012	Administrative Services Officer	69.4	1	
New	Senior Communications Manager	67.9	1	
New	Communications Manager	64.1	1	
New	Administrative Analyst	59.3	1	
New	Administrative Specialist	56.3	1	
2528	Member Services Technician	53.3	1	
Investments				
0584	Chief Investment Officer	83.1	1	5
0589	Deputy Chief Investment Officer	78.8	1	
0708	Senior Retirement Investment Officer	75.5	3	
0717	Retirement Investment Officer	72.0	1	
1641	Senior Retirement Investment Analyst	69.0	1	
3761	Retirement Investment Analyst II	66.0	3	
4747	Retirement Investment Analyst I	63.0	1	
Legal				
1234	Chief Legal Officer	81.5	1	5
1233	Senior Deputy Chief Legal Officer	78.5	1	
1232	Deputy Chief Legal Officer	74.8	1	
New	Senior Mangaing Paralegal	63.6	1	
New	Mangaing Paralegal	61.6	1	
New	Senior Paralegal	59.4	3	
New	Paralegal	57.4	1	
New	Senior Legal Secretary	56.4	1	
New	Legal Secretary	53.1	1	
Finance				
0592	Chief Financial Officer	73.3	1	5
New	Director of Audit & Compliance	73.3	1	
0593	Deputy Chief Financial Officer	69.4	1	
2357	Senior Accountant	65.3	1	
2358	Accountant II	63.4	2	
2359	Accountant I	60.7	1	
New	Accounting Specialist	56.3	1	
2528	Member Services Technician	53.3	1	
Technology				
1229	Chief Technology Officer	73.3	1	5
New	Director of Cyber Security	73.3	1	
1067	Senior Network Manager	70.0	1	
1068	Network Manager	68.4	2	
1061	Senior Applications Manager	70.0	1	
1062	Applications Manager	68.4	1	
1098	Senior Network Engineer	66.9	1	
1099	Network Engineer	59.4	2	
1096	Senior Applications Engineer	66.9	1	
1097	Applications Engineer	59.4	1	
Member Services				
0011	Chief of Member Services	73.3	1	15
0013	Member Services Manager	69.4	2	
2545	Senior Member Services Analyst	61.6	4	
2525	Member Services Analyst	59.3	1	
2527	Member Services Specialist	56.3	12	
2528	Member Services Technician	53.3	1	
			Total	<u>41</u>

SECTION IV

Administrative Expenses

Comparison of Administrative Expenses to Limits (Section 31580.2)	FY19 Budget	FY20 Budget	FY21 Budget	FY22 Budget*	FY23 Proposed Budget**
Total actuarial accrued liabilities	\$6,398,814,000	\$6,622,495,000	\$7,005,589,000	\$7,164,225,000	\$7,537,000,000
Limit on expenses in basis points	21.00	21.00	21.00	21.00	21.00
Maximum allowed	\$13,437,509	\$13,907,240	\$14,711,737	\$15,044,873	\$15,827,700
Operating expenses budget	\$6,238,611	\$6,494,595	\$6,754,287	\$7,580,588	\$8,637,620
Less information technology expenses	\$(1,130,585)	\$(965,354)	\$(961,006)	\$(1,010,998)	\$(1,152,111)
Less investment staff salaries	\$(532,000)	\$(682,500)	\$(797,332)	\$(772,168)	\$(1,560,610)
Administrative expenses	\$4,576,026	\$4,846,741	\$4,995,949	\$5,797,422	\$5,924,899
Over (Under) Maximum	\$(8,861,483)	\$(9,060,499)	\$(9,715,788)	\$(9,247,451)	\$(9,902,801)
Basis Points	7.15	7.32	7.13	8.09	7.86

* Based on total actuarial accrued liabilities for pension as of June 30, 2020 (latest available actuarial valuation).

** Based on projected valuation value of assets and actuarial accrued liabilities (ASOP 51 Risk Report September 4, 2019).

Comparison of Administrative Expenses

