DISCUSSION SHEET

Employees' Retirement Fund
Board of Trustees Meeting

February 12, 2019

Issue: Fiscal Year 2018-2019 Budget Amendments

Attachment: 2018-2019 Expenditure Budget Report

Discussion: The fiscal year budget is from 10/1/18 to 9/30/19. The Dallas ERF Board approved the Fiscal Year 2018-2019 (FY 2018-2019) Budget of $23,069,600 at the August 2018 Board meeting which includes recurring expenditures and special projects. The original budget was increased by $30,000 to $23,099,600 at the December 2018 Board meeting to provide funds for cyber security coverage.

The proposed budget amendments will increase the total budget by $501,500 to $23,601,100. This increase is primarily due to hiring additional staff, additional legal fees, higher election costs, and the payment to the City for payroll accruals. These increases are partially offset with a projected decrease in manager fees due to lower assets under management.

The recurring expenditures include operating costs and investment fees of the Fund. The amendment will decrease the total budget for recurring expenditures by $426,500, from $20,165,600 to $19,739,100.

The non-recurring category, which includes the upgrade of the pension accounting system (special projects) and the additional payment to the City for prior year accruals, increases the overall budget by $928,000.

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

Recommendation: Approve the proposed budget amendments for FY 2018-2019. Suggested motion for the approval is as follows: Move approval of the proposed FY 2018-2019 budget amendments totaling $501,500 which are 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 thousand 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, Investment Management, Capital, Special Projects, or Prior Year Accruals) 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 pensions and member refunds which are authorized by law but are not specifically included in this budget. The Executive Director is authorized to move money from asset managers to cash to pay benefits and expenses. The Executive Director is authorized to rebalance the portfolio in accordance with the approved General Investment Policy.