

July 7, 2010

To: Members of the Operations Committee

From: Elizabeth Rogers, Chair

Subject: Summary of the July 7, 2010 Operations Committee Meeting

Operations Committee Chair Elizabeth Rogers called the July 7, 2010 Operations Committee Meeting to order at 9:09 a.m. Committee members present were Elizabeth Rogers, Chair; Dale Amaral, Vice-Chair; Ophelia Basgal, and Liz Koppenhaver. Other Board members present were Annette Cain-Darnes, George Dewey, George Wood, and alternate members Dave Safer and Darryl Walker. Staff present were Catherine Walker, Acting Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Robert Gaumer, Chief Counsel; Betty Tse, Chief Investment Officer; Victoria Arruda, Human Resources Officer; Latrena Walker, Project and Information Services Manager; and Rose Kwong, Benefits Manager.

ACTION ITEMS

There were no action items.

INFORMATION ITEMS

1. Service Provider Contract Review

At the request of the Board Chair and Operations Committee Chair, Staff made a presentation concerning:

- Service Provider contracts entered into and paid in 2010 with an estimated annual cost over \$50,000
- Service Provider contracts with an estimated annual cost between \$50,000 and \$100,000 – requiring Board Chair approval
- Service Provider contracts with an estimated annual cost over \$100,000 – requiring Board approval.

The following was requested by the Committee:

- Substantive inquiry into the existence of any oral contracts
- Internal Auditor complete the Compliance Review of the Service Provider contracts by October 2010, and in the interim submit periodic updates on the progress and findings

- Review the Service Provider Policy at the Governance Committee in the fall of 2010 to clarify intent and resolve ambiguities
- Present all contracts over \$50,000 to the Board of Retirement for consideration until the Board approves the final version of the Service Provider Policy.

2. 2010 Board of Retirement Election

In 2010 a Board of Retirement election will be conducted for the Third Member to represent the General Membership, the Seventh and Alternate Seventh Members to represent the Safety Membership, and the Eighth and Alternate Eighth Members to represent the Retired Membership. Staff reviewed highlights of the election scheduled and noted that the Registrar of Voters will be conducting the vote by mail election this year. The Notice of Election begins on July 26th. The election will be held on November 19th through December 15th.

3. 2010 Board Retreat

The 2010 Board retreat is scheduled for October 28, 2010. Due to the use of the 11th Floor Training Room for the EDMS project, we must find another venue for the retreat. The Committee suggested that Staff inquire about the availability of the County Conference Center since it is centrally located. Staff will send an e-mail to the Board regarding proposed sites and requesting feedback before a selection is made. Likewise, Staff will send an e-mail to the Board requesting agenda items and provide a draft agenda in August for discussion. A suggestion was made that the Board consider a one and one-half or two-day Board retreat. A request was made to Staff to provide agendas from previous two-day retreats to assist in determining if, in the future, the Board retreat should be expanded to a longer format.

4. Distribution of Agendas, Minutes and Other Information

There was a discussion of the distribution of agendas, minutes and supporting documentation. The Committee suggested that Staff review the Board of Supervisor's and City of Oakland's agendas for guidance. Regarding supporting documentation, the Committee said that the important elements were a summary of the issues, a Staff recommendation and the possible motion for discussion, if applicable.

5. Monthly Financial Statements

For the month of May, there was a net investment loss of \$60.4 million. All major indices were significantly down for the month. On a year-to-date basis the investment performance was a negative 1.17%, outperforming the policy index by 46 basis points. The total additions are a \$30.9 million. Total deductions are \$132.9 million, which includes \$127.5 million for benefit payments. As of May 31, 2010, net assets held in trust for pension benefits total \$4.6 billion, down from \$4.9 billion in April.

6. Total Operating Expenses – Budget vs Actual as of May 31, 2010

As of May 31, 2010 actual expenditures were under budget by \$252,600, appearing mainly in Consultant Fees – Legal and in General Accounts. Year-to-date the Payroll and Staff Training Accounts are \$32,500 over budget due to the temporary staffing costs related to the EDMS project.

7. Enterprise Document Management System Project (EDMS)

The initial pilot of converting 10% of the member file documents was completed on June 30th. DocuTech, the backfile conversion vendor, has now begun work on the remaining 90% of the documents. Staff reported that DocuTech underestimated the complexity of the benefit documents backfile conversion. As a result, the backfile conversion completion date has been revised to February 2011 (from August 2010). Since our contract with this vendor is at a fixed cost, ACERA will not incur any additional expenses due to the changes in the schedule. The vendor assured us they will continue to deliver a quality work product.

8. Human Resources Staffing Report

Staff reported on the status of ACERA's position vacancies. Alameda County Human Resources received over 300 applications for the position of Retirement Specialist I. The examination is being conducted the week of July 4th.

TRUSTEE/PUBLIC INPUT

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for August 4, 2010 at 9:00 a.m.

MEETING ADJOURNED

The meeting adjourned at 10:12 a.m.