



Date: October 3, 2018  
To: Members of the Operations Committee  
From: Dale Amaral, Vice-Chair  
Subject: Summary of the October 3, 2018, Operations Committee Meeting

Operations Committee Vice-Chair Dale Amaral called the October 3, 2018 Operations Committee Meeting to order at 9:32 a.m. Committee members present were Dale Amaral; Liz Koppenhaver; Elizabeth Rogers; and George Wood. Other Board members present were: Keith Carson; Tarrell Gamble; Jaime Godfrey; and Alternate Darryl Walker. Staff present were David Nelsen, Chief Executive Officer; Margo Allen, Fiscal Services Officer; Kathy Mount, Chief Counsel; Harsh Jadhav, Chief of Internal Audit; Betty Tse, Chief Investment Officer; Victoria Arruda, Human Resource Officer; and, Sandra Dueñas-Cuevas, Benefits Manager.

### **ACTION ITEMS**

#### **1. Review, Discussion and Possible Motion to Adopt the Declining Employer Payroll Policy**

The Declining Employer Payroll Policy is intended to establish guidelines by which ACERA intends to assure that such employer will continue to satisfy its obligation to timely pay all Unfunded Actuarial Accrued Liability (“UAAL”) attributable to the prior and future service of active, retired and deferred ACERA members who are or were the participating employer’s employees, and their beneficiaries.

It was moved by Koppenhaver and seconded by Wood, that the Operations Committee recommend to the Board of Retirement that the Board adopt the Declining Employer Payroll Policy.

The motion carried 6 yes (Amaral, Carson, Godfrey, Koppenhaver, Rogers, Wood), 0 no, 1 abstention (Gamble).

#### **2. Review, Discussion and Possible Motion to Adopt the Withdrawing Employer Policy**

The Withdrawing Employer Policy establishes guidelines to be applied when a participating ACERA employer ceases to provide ACERA membership for its active ACERA members. This policy contemplates that the withdrawing employer will continue to be financially able to satisfy its obligation to timely pay all Unfunded Actuarial Accrued Liability (“UAAL”) attributable to its active, retired and deferred employees by reason of their prior service as ACERA’s members. This Policy is not intended to apply to the County of Alameda as a participating employer.

It was moved by Wood and seconded by Koppenhaver, that the Operations Committee recommend to the Board of Retirement that the Board adopt the Withdrawing Employer Policy including the change recommended by staff.

The motion carried 7 yes (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood), 0 no, 0 abstention.

**3. Adoption of New Pay Item – Pay Code 42E for County**

Staff presented a proposal to the Operations Committee to recommend to the Board of Retirement that the Board adopt Pay Code 42E for Alameda County.

It was moved by Gamble and seconded by Rogers, that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42E – Creation/Revision – Job Code/Spec (Creation/Revision – Job Code Specification) as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The motion carried 7 yes (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood), 0 no, 0 abstention.

**4. Adoption of New Pay Item – Pay Code 42F for County**

Staff presented a proposal to the Operations Committee to recommend to the Board of Retirement that the Board adopt Pay Code 42F for Alameda County.

It was moved by Gamble and seconded by Koppenhaver, that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42F – Ovrsght/Resp-Dis. Svcs (PD Off) (Oversight Responsibility – Disability Services Public Defender’s Office) as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The motion carried 7 yes (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood), 0 no, 0 abstention.

**5. Adoption of New Pay Item – Pay Code 42G for County**

Staff presented a proposal to the Operations Committee to recommend to the Board of Retirement that the Board adopt Pay Code 42G for Alameda County.

It was moved by Gamble and seconded by Wood, that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42G – Lead/Off Mgr-Bus. Tax Lic Unit (Lead/Office Manager – Business Tax License Unit) as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The motion carried 7 yes (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood), 0 no, 0 abstention.

**6. Adoption of New Pay Item – Pay Code 42H for County**

Staff presented a proposal to the Operations Committee to recommend to the Board of Retirement that the Board adopt Pay Code 42H for Alameda County.

It was moved by Gamble and seconded by Wood, that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42H – PH Emergency Response Function

(Public Health Emergency Response Function) as not pensionable compensation for PEPRAs members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The motion carried 7 yes (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood), 0 no, 0 abstention.

#### **7. Adoption of New Pay Item – Pay Code 42I for County**

Staff presented a proposal to the Operations Committee to recommend to the Board of Retirement that the Board adopt Pay Code 42I for Alameda County.

It was moved by Gamble and seconded by Wood, that the Operations Committee recommend to the Board of Retirement that the Board approve the inclusion of Pay Item 42I – Childrn & Family Svcs Dept Asgn (Children And Family Services Department Assignment) as pensionable compensation and compensation earnable for a members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The motion carried 7 yes (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood), 0 no, 0 abstention.

### **INFORMATION ITEMS**

#### **1. Operating Expenses**

Staff presented the Total Operating Expense Budget Summary for August 31, 2018. As of August 31, 2018, actual expenses were \$24K under budget. Budget overages noted were Staffing (\$295K over budget) and Professional Fees (\$44K over budget). Budget surpluses noted were Staff Development (\$151K under budget), Office Expense (\$22K under budget), Member Services (\$23K under budget), Systems (\$68K under budget), Depreciation (\$4K under budget), and Board Expenses (\$93K under budget).

#### **2. Statement of Reserves**

Staff reported on the Statement of Reserves and the interest posted to member and employer accounts for the six months ending June 30, 2018. For the six-month period ending June 30, 2018, approximately \$314.7 million of total interest was credited to all the valuation reserve accounts and the 401(h) account, and the SRBR at rate of 3.9548% and 4.9832%, respectively.

#### **3. 2018 Board of Retirement Election Update**

Staff provided an update regarding the 2018 Board of Retirement election. Two candidates were certified for the second seat general member. The ballots will be mailed on November 5th, and the election period is between November 5th and December 19th. The end of the election and deadline for ballots to be returned to the Registrar of Voters office is December 19th at 5:00 p.m. Results of the election will be announced at the December 20, 2018, Board of Retirement meeting.

#### **4. Quarterly Report on Member Underpayments and Overpayments**

Staff presented and discussed the quarterly report on active and retiree members' underpayments and overpayments.

### **TRUSTEE/PUBLIC INPUT**

None.

### **RECOMMENDATIONS**

The Committee recommends, and I move, that the Board of Retirement adopt the Declining Employer Payroll Policy.

The Committee recommends, and I move, that the Board of Retirement adopt the Withdrawing Employer Policy including the change recommended by staff.

The Committee recommends, and I move, that the Board of Retirement designate Pay Item 42E – Creation/Revision – Job Code/Spec (Creation/Revision – Job Code Specification) as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The Committee recommends, and I move, that the Board of Retirement designate Pay Item 42F – Oversight/Resp-Dis. Svcs (PD Off) (Oversight Responsibility – Disability Services Public Defender’s Office) as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The Committee recommends, and I move, that the Board of Retirement designate Pay Item 42G – Lead/Off Mgr-Bus. Tax Lic Unit (Lead/Office Manager – Business Tax License Unit) as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The Committee recommends, and I move, that the Board of Retirement designate Pay Item 42H – PH Emergency Response Function (Public Health Emergency Response Function) as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The Committee recommends, and I move, that the Board of Retirement approve the inclusion of Pay Item 42I – Childrn & Family Svcs Dept Asgn (Children And Family Services Department Assignment) as pensionable compensation and compensation earnable for a members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

### **ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for December 5, 2018, at 9:30 a.m.

### **MEETING ADJOURNED**

The meeting adjourned at 10:13 a.m.