



May 6, 2015

To: Members of the Operations Committee
From: Dale Amaral, Chair
Subject: Summary of the May 6, 2015 Operations Committee Meeting

Operations Committee Chair Dale Amaral called the May 6, 2015 Operations Committee Meeting to order at 9:33 a.m. Committee members present were Dale Amaral, Chair, and Keith Carson. The other Board members present were Annette Cain-Darnes, Elizabeth Rogers and George Wood; and alternate members David Safer and Darryl Walker. Staff present were Kathy Foster, Interim Chief Executive Officer; Joseph Fletcher, Chief Counsel; Margo Allen, Fiscal Services Officer; Betty Tse, Chief Investment Officer; Latrena Walker, Project and Information Services Manager; Victoria Arruda, Human Resources Director; and Sandra Duenas-Cuevas, Benefits Manager.

ACTION ITEM

1. Discussion and possible motion to approve a New Pay Item – Pay Code 41E for Alameda County

Staff presented a request from Alameda County to review new pay item Mgnt of Two Branch Libraries – code 41E.

After staff's evaluation, it was determined since Pay Code 41E is for one member in this classification, it will not be considered pensionable compensation according to Government Code Section 7522.34, which applies to new members (PEPRA members) as of January 1, 2013. However, it will be considered compensation earnable for members (legacy members) with entry dates prior to January 1, 2013 based on Government Code Section 31461.

It was moved by Keith Carson and seconded by David Safer that the Operations Committee recommends to the Board of Retirement that the Board approve that pay item Mgnt of Two Branch Libraries, code 41E, is not pensionable compensation for a member (PEPRA member) with an entry date on or after January 1, 2013.

The motion carried 3 yes (*Amaral, Carson, Safer*), 0 no, 0 abstentions.

It was moved by Keith Carson and seconded by David Safer that the Operations Committee recommends to the Board of Retirement that the Board approve that pay item Mgnt of Two Branch Libraries, code 41E, is compensation earnable for a member (legacy member) with an entry date prior to January 1, 2013.

The motion carried 3 yes (*Amaral, Carson, Safer*), 0 no, 0 abstentions.

INFORMATION ITEMS

1. Quarterly Financial Statements as of March 31, 2015

Staff presented the quarterly financial statements. For the period ending March 31, 2015 the net assets held in trust for pension benefits total \$6,881,606,099. Trustee Safer requested that a

footnote be added to the Statement of Changes in Fiduciary Net Position for the Death Benefits line item.

2. Operating Expenses – Budget vs Actual as of March 31, 2015

Staff presented the year-to-date operating expenses – budget vs. actual. As of March 31, 2015 actual expenses are \$656,852 under budget. Trustee Carson requested additional information about why Member Services is over budget by \$1,470 year-to-date.

3. Quarterly Cash Forecast Report

Staff presented the cash forecast report for the 1st quarter. The trustees remarked that the report was useful and want to continue receiving it on a quarterly basis. Trustee Cain-Darnes directed staff to produce a semi-annual report that provides the transactional costs associated with the liquidation of assets for payment of the monthly retiree payroll.

4. Board Member Conference Attendance Report for the 1st Quarter 2015

Staff presented the Board Member Conference Attendance Report for the 1st quarter 2015.

5. Senior Manager Travel Expense Report for the 1st Quarter 2015

Staff presented the Senior Manager Travel Expense Report for the 1st quarter 2015.

6. Agenda for the 2015 Board Offsite

Staff presented a draft agenda for the 2015 Board off-site scheduled for October 23, 2015 and asked the trustees for feedback. Trustee Cain-Darnes replied that she wants more interface with the staff at the off-site rather than listen to an outside presenter. Trustee Wood stated that the agenda should contain topics that are not normally addressed at the committee and board meetings. The topics that staff will add to the agenda include discussions of the benefits workflow analysis, enterprise-wide technology plan, and three year business plan.

7. Update on Error Correction Policy

Committee Chair Amaral asked why a report on overpayments to members has not been given to the trustees as directed by the committee. Staff replied that they have been working on the errors and omissions policy and the write-off policy. Staff has also been working on reconciling the Benefits Department overpayment due to death report with the Fiscal Services receivables report.

Trustee Cain-Darnes stated that the trustees have a fiduciary obligation to review and approve all write-offs. Staff replied that there has not been any discharge of receivables and that Fiscal Services has been accruing for receivables as far back as 1996. There is \$301,000 in receivables as of March 31, 2015 in the financial statements. Trustee Cain-Darnes directed staff to report on the checks and balances to mitigate overpayments when benefit calculations are made and when a member dies. Chair Amaral stated that ACERA's Chief Internal Auditor should be auditing these process and procedures and report on best practices.

In July, staff will bring a detailed report on the overpayments, the process for the overpayments, the error correction policy and write-off policy, and staff's recommendation.

8. Human Resources Staffing Report

Staff reported on the 1st quarter position vacancies that were approved in the 2015 budget.

9. Call Center Report

Staff reported on the call center service levels during the 1st quarter.

RECOMMENDATIONS

1. The Committee recommends, and I move that the Board of Retirement approve that pay item Mgnt of Two Branch Libraries, code 41E, is not pensionable compensation for a member (PEPRA member) with an entry date on or after January 1, 2013.
2. The Committee recommends, and I move that the Board of Retirement approve that pay item Mgnt of Two Branch Libraries, code 41E, is compensation earnable for a member (legacy member) with an entry date prior to January 1, 2013.

TRUSTEE/PUBLIC INPUT

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for July 1, 2015 at 9:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 10:28 a.m.