



July 3, 2013

To: Members of the Operations Committee

From: Elizabeth Rogers, Chair

Subject: Summary of the July 3, 2013 Operations Committee Meeting

Operations Committee Chair Elizabeth Rogers called the July 3, 2013 Operations Committee Meeting to order at 10:02 a.m. Committee members present were Elizabeth Rogers, Chair, Ophelia Basgal and Liz Koppenhaver. The other Board members present were Keith Carson and George Wood, and alternate member David Safer. Staff present were Vince Brown, Chief Executive Officer; Robert Gaumer, Chief Counsel; Kathy Foster, Assistant Chief Executive Officer; Betty Tse, Chief Investment Officer; Margo Allen, Fiscal Services Officer; Latrena Walker, Project and Information Services Manager; Rose Kwong, Benefits Manager; Victoria Arruda, Human Resources Director; and Harsh Jadhav, Internal Auditor.

ACTION ITEM

- 1. Discussion and possible motion to approve a New Pay Item – Pay Code 40S for County of Alameda**
Kathy Foster, Assistant CEO, presented a request from the County of Alameda for the Board of Retirement to review a new pay code – Medical Director BHCSA, Pay Code 40S to determine if it meets the criteria of compensation earnable and pensionable compensation.

It was moved by Ophelia Basgal, and seconded by George Wood that the Operations Committee recommends to the Board of Retirement that the Board approves the non-inclusion of the newly created pay item Medical Director BHCSA, Code 40S in pensionable compensation for a member with an entry date on or after January 1, 2013.

It was moved by Ophelia Basgal, and seconded by George Wood that the Operations Committee recommends to the Board of Retirement that the Board approves the inclusion of the newly created pay item Medical Director BHCSA, Code 40S in compensation earnable for a member with an entry date prior to January 1, 2013.

- 2. Discussion and possible motion to approve a New Pay Item – Pay Code 40T for County of Alameda**
Kathy Foster, Assistant CEO, presented a request from the County of Alameda for the Board of Retirement to review a new pay code – CalHEERS Leader, Pay Code 40T to determine if it meets the criteria of compensation earnable and pensionable compensation.

It was moved by Ophelia Basgal, and seconded by Keith Carson that the Operations Committee recommends to the Board of Retirement that the Board approves the non-inclusion of the newly created pay item CalHEERS Leader, Code 40T in pensionable compensation for a member with an entry date on or after January 1, 2013.

It was moved by Ophelia Basgal, and seconded by Keith Carson that the Operations Committee recommends to the Board of Retirement that the Board approves the inclusion of the newly created pay item, CalHEERS Leader, Code 40T in compensation earnable for a member with an entry date prior to January 1, 2013.

3. Review, discussion and possible motion to adopt the amendments, if any, to the Travel Policy

Robert Gaumer, Chief Counsel, reminded the Committee that the Travel Policy (Policy) is scheduled for periodic review in November 2013. At the request of the Committee, the Policy was brought back for an early review and possible amendment related to the annual expense limit and/or list of conferences excluded from the annual Trustee travel limit. Mr. Gaumer proposed potential options regarding the Trustee expense limit for the Committee's consideration.

After a discussion, the Committee requested that the Travel Policy and Education Policy be reviewed at the same time during a joint meeting of the Operations Committee and Governance Committee. No action was taken.

4. Discussion and possible motion to approve the one-time reallocation of \$43,000 from the contingency fund to the Legal Department's pension reform line item to defray costs directly related to defending the DSA lawsuit

Margo Allen, Fiscal Services Officer, and Vince Brown, CEO, discussed staff's recommendation to allow a one-time reallocation of \$43,000 from the contingency fund to the Legal Department to fund ongoing pension reform litigation expenditures.

It was moved by Liz Koppenhaver, and seconded by Ophelia Basgal that the Operations Committee recommends to the Board of Retirement that the Board approves a one-time reallocation of \$43,000 from the pension reform contingency fund to the Legal Department to defray costs directly related to defending the DSA lawsuit.

INFORMATION ITEMS

1. Board Approval Process for New Pay Codes

Kathy Foster, Assistant CEO, acknowledged the Trustees' concern expressed at the June Board meeting about approving new pay codes by means of the Board consent calendar. For that reason the most recent request by the County of Alameda to approve two new pay codes was placed on the July Operations Committee agenda as action items. Ms. Foster briefly reviewed the approval process. The Committee affirmed that the new pay codes should continue to be brought to the Operations Committee for review and approval prior to seeking the full Board's approval.

2. Operating Expenses – Budget vs Actual as of May 31, 2013

Margo Allen, Fiscal Services Officer, presented the year-to-date operating expenses – budget vs. actual. As of May 31, 2013 actual expenses are under budget \$371,438.

3. Cost of Living Adjustment (COLA)

Margo Allen, Fiscal Services Officer, informed the Committee that effective July 1, 2013 the County is giving a 2% COLA to represented and unrepresented management employees. It is forecasted that ACERA will continue to remain under budget even after absorbing the estimated \$72,300 cost of the COLA.

4. 2013 Board of Retirement Election

Margo Allen, Fiscal Services Officer, announced that a Board of Retirement election will be held in 2013 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. Ms. Allen reviewed the highlights of the election schedule and noted that the Registrar of Voters will be conducting the vote by mail election. The notice of election begins on July 29th and the election will be held on November 20th through December 18th.

5. Strategic Communications Plan

Michael Fara, Communications Manager, explained that he is creating an interim communications plan that will be presented at the August Operations Committee meeting. Mr. Fara said that after an assessment of ACERA's strategic planning capacity is completed, a comprehensive communications plan will be developed to align with the organization-wide strategic planning process.

6. 2013 Board Offsite Agenda

Vince Brown, CEO, presented the draft October 18, 2013 Board off-site agenda and requested feedback from the Trustees by the end of July. Mr. Brown stated that the agenda needs to be finalized in August.

7. Legislative Update

Robert Gaumer, Chief Counsel, presented a legislative update to the Committee noting proposed statutory amendments that impact ACERA.

8. Human Resources Staffing Report

Victoria Arruda, Human Resources Director, reported on the 2nd quarter position vacancies that are approved in the 2013 budget.

RECOMMENDATIONS

1. The Committee recommends, and I move that the Board of Retirement approve the non-inclusion of the newly created pay item Medical Director BHCSA, Code 40S in pensionable compensation for a member with an entry date on or after January 1, 2013.
2. The Committee recommends, and I move that the Board of Retirement approve the inclusion of the newly created pay item Medical Director BHCSA, Code 40S in compensation earnable for a member with an entry date prior to January 1, 2013.
3. The Committee recommends, and I move that the Board of Retirement approve the non-inclusion of the newly created pay item CalHEERS Leader, Code 40T in pensionable compensation for a member with an entry date on or after January 1, 2013.
4. The Committee recommends, and I move that the Board of Retirement approve the inclusion of the newly created pay item, CalHEERS Leader, Code 40T in compensation earnable for a member with an entry date prior to January 1, 2013.
5. The Committee recommends, and I move that the Board of Retirement approve a one-time reallocation of \$43,000 from the pension reform contingency fund to the Legal Department to defray costs directly related to defending the DSA lawsuit.

ADJOURNMENT INTO CLOSED EXECUTIVE SESSION

1. Conference with Legal Counsel – Existing Litigation

Pursuant to Government Code §54956.9(a) the meeting adjourned at 10:53 a.m. into Closed Executive Session to confer with legal counsel regarding pending litigation in the matter of:

- 1) Lehman Brothers Holdings In, Case No. 08 Civ. 5523; and
- 2) Alameda County Employees' Retirement Association v. BP PLC, Case No. 4:12-CV-1256

2. Pursuant to Government Code Sections 54957.1 and 54956.9 to discuss and make recommendations regarding disability applications:

- A) Discussion and possible motion regarding administrative withdrawal of application for Service Connected Disability Retirement: Yulonda Price

RETURN TO OPEN SESSION

The Committee reconvened into open session at 11:27 a.m. and it was announced that the following action was taken:

Liz Koppenhaver moved and George Wood seconded that the Operations Committee recommends to the Board of Retirement that the Board adopt staff's recommendation to administratively withdraw a member's application for Disability Retirement. The motion passed unanimously.

Counsel also advised the Committee on securities litigation.

TRUSTEE/PUBLIC INPUT

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for August 7, 2013 at 9:00 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:34 a.m.