



December 4, 2013

To: Members of the Operations Committee

From: Elizabeth Rogers, Chair

Subject: Summary of the December 4, 2013 Operations Committee Meeting

Operations Committee Chair Elizabeth Rogers called the December 4, 2013 Operations Committee Meeting to order at 9:01 a.m. Committee members present were Elizabeth Rogers, Chair, Annette Cain-Darnes, George Dewey, and Liz Koppenhaver. The other Board members present were Dale Amaral, Keith Carson, and alternate member David Safer. Staff present were Vince Brown, Chief Executive Officer; Marguerite Malloy, Associate Counsel; Kathy Foster, Assistant Chief Executive Officer; Betty Tse, Chief Investment Officer; Margo Allen, Fiscal Services Officer; Rose Kwong, Benefits Manager; Latrena Walker, Project and Information Services Manager; Victoria Arruda, Human Resources Director; and Harsh Jadhav, Chief of Internal Audit.

ACTION ITEM

1. Discussion and possible motion on an appeal of ACERA's decision to deny a member's request to waive employee contributions and interest, if applicable, on the cost of converting her membership from Tier 2 to Tier 1.

Rose Kwong, Assistant Benefits Manager, and Marguerite Malloy, Associate Counsel, reviewed the case history that led up to Rosalina Neeley's appeal of ACERA's decision to deny her request to waive employee contributions and interest on the cost of converting her membership from Tier 2 to Tier 1, and the cost of missed contributions and interest for the period of September 27, 1981 to November 16, 1985. Ms. Neeley and her attorney Mr. Darryl Stallworth, attended the meeting. Mr. Stallworth presented Ms. Neeley's appeal to the Committee. The Committee heard from Mr. Stallworth, Ms. Mary Ellyn Gormley, Assistant County Counsel, Pat O'Connell, Auditor-Controller, and Joe Wiley, attorney for Superior Court.

After discussion, it was moved by Annette Cain-Darnes and seconded by Dale Amaral that the Operations Committee recommend to the Board of Retirement that the Board affirm ACERA's decision to deny Rosalina Neeley her request to waive employee contributions and interest, if applicable, on the cost of converting her membership from Tier 2 to Tier 1.

The motion carried 6 yes (*Amaral, Cain-Darnes, Carson, Dewey, Koppenhaver, Rogers*), 0 no, 0 abstentions.

2. Discussion and possible motion to approve the addendum to Keenan & Associates', ACERA's benefits consultant, annual contract related to work on the Early Retiree Health Exchange Project

Kathy Foster, Assistant CEO, explained that Keenan & Associates will provide services for the Early Retiree Health Exchange Project and that these services are outside the scope of their current contract. Ms. Foster requested approval to execute an addendum to the Keenan contract for these additional services for a cost not to exceed \$50,000. The service fees are included in the approved 2014 budget. It is anticipated that Keenan's work on this project will be concluded in July 2014.

It was moved by Annette Cain-Darnes and seconded by Liz Koppenhaver that the Operations Committee recommend to the Board of Retirement that the Board approve an addendum to the Keenan & Associates' contract for services related to the Early Retiree Health Exchange Project, with a cost not to exceed \$50,000.

The motion carried 6 yes (*Amaral, Cain-Darnes, Carson, Dewey, Koppenhaver, Rogers*), 0 no, 0 abstentions.

3. Discussion and possible motion to approve a New Pay Item – Pay Code 40W for County of Alameda

Rose Kwong, Benefits Manager, presented a request from Alameda County to review new pay item – Mgmt. Deferred Comp. Prog. – Pay Code 40W.

After staff's evaluation, it was determined since Pay Code 40W 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 as of January 1, 2013. However, it will be considered compensation earnable for members with entry dates prior to January 1, 2013 based on Government Code Section 31461.

It was moved by Liz Koppenhaver and seconded by Dale Amaral that the Operations Committee recommend to the Board of Retirement that the Board approve the **non-inclusion** of the newly created pay item – Mgmt. Deferred Comp. Prog. – Pay Code 40W in pensionable compensation for a member with an entry date **on or after** January 1, 2013.

The motion carried 6 yes (*Amaral, Cain-Darnes, Carson, Dewey, Koppenhaver, Rogers*), 0 no, 0 abstentions.

It was moved by Dale Amaral and seconded by Keith Carson that the Operations Committee recommend to the Board of Retirement that the Board approve the **inclusion** of the newly created pay item – Mgmt. Deferred Comp. Prog. – Pay Code 40W in compensation earnable for a member with an entry date **prior** to January 1, 2013.

The motion carried 6 yes (*Amaral, Cain-Darnes, Carson, Dewey, Koppenhaver, Rogers*), 0 no, 0 abstentions.

4. Discussion and possible motion to approve extending the sunset date of Pay Code 40S for County of Alameda

Rose Kwong, Benefits Manager, presented a request from the County of Alameda to extend the sunset date for pay item – Medical Director BHCSA – Pay Code 40S from October 26, 2013 to April 26, 2014 for members with an entry date prior to January 1, 2013. The sunset date is the only change to Pay Code 40S.

It was moved by Liz Koppenhaver and seconded by Dale Amaral that the Operations Committee recommend to the Board of Retirement that the Board approves extending the sunset date for pay item – Medical Director BHCSA – Pay Code 40S from October 26, 2013 to April 26, 2014 for members with an entry date prior to January 1, 2013.

The motion carried 6 yes (*Amaral, Cain-Darnes, Carson, Dewey, Koppenhaver, Rogers*), 0 no, 0 abstentions.

INFORMATION ITEMS

1. Operating Expenses – Budget vs Actual as of October 31, 2013

Margo Allen, Fiscal Services Officer, presented the year-to-date operating expenses – budget vs. actual. As of October 31, 2013 actual expenses are under budget \$1,263,163.

2. Williams Adley & Co., LLP (WACO) Agreement Extension Request

Margo Allen, Fiscal Services Officer, reported that a fee structure to extend WACO's contract for two years has not been negotiated yet and that a comprehensive update will be provided to the Committee in January.

3. 2013 Five Year Business Plan

Vince Brown, CEO, provided an update on ACERA's 2013 Five Year Business Plan.

4. Implementation of State-wide Pension Reform

Marguerite Malloy, Associate Counsel, provided an update on pension reform.

5. GASB 67 & 68 Project

Margo Allen, Fiscal Services Officer, provided a project status update on the implementation of GASB 67 & 68.

6. Cash Management Project

Margo Allen, Fiscal Services Officer, provided a project status update on the cash management project. The draft cash management policy will be given to the Committee for review in February.

7. Website Redesign Project

Latrena Walker, Project and Information Services Manager, provided a project status update on the Website Redesign Project. Ms. Walker stated there will be a presentation of the new website to the Committee in January and that the redesigned website will go live on January 20, 2014.

8. Technology Improvement Project

Latrena Walker, Project and Information Services Manager, reported that the Technology Improvement Project: Access Database Assessment Project has transitioned into an operational database migration initiative. It is estimated that this effort will take approximately eighteen to twenty-four months to complete.

9. 2013 Business Continuity Exercise

Latrena Walker, Project and Information Services Manager reported that the October 4, 2013 Business Continuity exercise was successful. A separate test will be conducted in 2014 to ensure that the document imaging, archival and workflow application meets recovery objectives.

RECOMMENDATIONS

1. The Committee recommends, and I move that the Board of Retirement affirm ACERA's decision to deny Rosalina Neeley her request to waive employee contributions and interest, if applicable, on the cost of converting her membership from Tier 2 to Tier 1.
2. The Committee recommends, and I move that the Board of Retirement approve the addendum to the Keenan & Associates' contract for services related to the Early Retiree Health Exchange Project, with a cost not to exceed \$50,000.
3. The Committee recommends, and I move that the Board of Retirement approve the **non-inclusion** of the newly created pay item – Mgmt. Deferred Comp. Prog. – Pay Code 40W 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 – Mgmt. Deferred Comp. Prog. – Pay Code 40W 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 extending the sunset date for pay item – Medical Director BHCSA – Pay Code 40S from October 26, 2013 to April 26, 2014 for members with an entry date **prior** to January 1, 2013.

TRUSTEE/PUBLIC INPUT

None

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for January 16, 2014 at 9:00 a.m.

MEETING ADJOURNED

The meeting adjourned at 10:28 a.m.