



November 2, 2016

To: Members of the Operations Committee
From: Keith Carson, Chair
Subject: Summary of the November 2, 2016 Operations Committee Meeting

Operations Committee Chair Keith Carson called the November 2, 2016, Operations Committee Meeting to order at 9:35 a.m. Committee members present were Keith Carson, Chair, Dale Amaral, Annette Cain-Darnes, Liz Koppenhaver, and Elizabeth Rogers. The other Board members present were Ophelia Basgal, Tarrell Gamble, and George Wood, and alternate members David Safer and Darryl Walker. Staff present were David Nelsen, Chief Executive Officer; Margo Allen, Fiscal Services Officer; Sandra Dueñas-Cuevas, Benefits Manager; Kathy Foster, Assistant Chief Executive Officer; Harsh Jadhav, Chief of Internal Audit; and, Betty Tse, Chief Investment Officer.

ACTION ITEMS

1. Discussion and possible motion to approve a New Pay Item – Pay Code 4P for First 5 Alameda County.

Staff presented a new pay item – Pay Code 4P for First 5 of Alameda County to the committee for discussion and possible motion. Following a discussion, a motion was made.

It was moved by Ophelia Basgal and seconded by Elizabeth Rogers that the Operations Committee recommends to the Board of Retirement that the Board approve the inclusion of Pay Item 4P Paid Parental Leave as compensation earnable and pensionable compensation for members with entry dates before, on or after January 1, 2013, based on Government Code Sections 31461 and 7522.34.

The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Carson, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

2. Discussion and possible motion to approve multiple Amended Pay Items for Alameda County.

Staff presented multiple amended pay items for Alameda County to the committee for discussion and possible motion. Following a discussion, a motion was made.

It was moved by Ophelia Basgal and seconded by Liz Koppenhaver that the Operations Committee recommends to the Board of Retirement that the Board approve the changes for inclusion of the following Amended Pay Items as compensation earnable and pensionable compensation for members with entry dates before, on or after January 1, 2013, based on Government Code Sections 31461 and 7522.34.

1. 244 Supervisor-ET (1473)
2. 252 Quality Assurance
3. 260 Outreach Program
4. 311 Warehouse Coordinator
5. 455 Community Outreach Functions
6. 313 Supervise 10+(5%)
7. 314 Supervise 20+(10%)
8. 40V Oversee Multi-Year Projects

The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Carson, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

3. Discussion and possible motion to recommend to the Board of Retirement a service provider for Medical Advisor and Claims Management Services for the review of disability applications.

Staff presented the results of the Medical Advisor and Disability Claims Management Services RFP.

The Operations Committee requested that Staff return with additional information including: specific integration plans, performance measurements, staffing and real savings details, and specific contract terms. Trustees also stated that this is relevant for the County, and ACERA, to notify them of any upcoming changes. Staff will provide an update at the November Board meeting. No action was taken by the Committee.

4. Review, discussion and possible motion regarding the continuation of the Voluntary Elected Member Employer Reimbursement for 2017.

Prior to any discussion, Trustees Dale Amaral, Elizabeth Rogers, George Wood, and Darryl Walker recused themselves from the discussion and vote, and left the room. Legal Staff explained that there are two action items for discussion and possible motion regarding the voluntary elected member employer reimbursement. In the first action item, Legal Staff recommends that the voluntary elected member employer reimbursement be continued for 2016. In the second action item, Legal Staff recommends that the Voluntary Elected Member Employer Reimbursement Policy (Policy) be renewed, without revisions.

Staff presented the continuation of the Voluntary Elected Member Employer Reimbursement for 2017 to the committee for discussion and possible motion.

The trustees would like to revisit this policy and have a future discussion. Alameda County is the only county that reimburses employers of elected trustees. As salaries grow, this

incentive rises about 20 – 30 thousand dollars a year. Legal staff will return with a detailed analysis.

It was moved by Annette Cain-Darns and seconded by Liz Koppenhaver that the Operations Committee recommend to the Board of Retirement that the Board approve the continuation of the voluntary elected member employer reimbursement for 2017.

The motion carried 5 yes (*Basgal, Cain-Darnes, Carson, Gamble, Koppenhaver*), 0 no, 0 abstentions.

5. Review, discussion and possible motion to renew the Voluntary Elected Member Employer Reimbursement Policy, without revisions.

Staff presented the Voluntary Elected Member Employer Reimbursement Policy, without revisions for renewal to the committee for discussion and possible motion. After discussion, the following motion was made:

It was moved by Liz Koppenhaver and seconded by Annette Cain-Darnes that the Operations Committee recommends to the Board of Retirement that the Board affirm the Voluntary Elected Member Employer Reimbursement Policy, without revisions.

The motion carried 5 yes (*Basgal, Cain-Darnes, Carson, Gamble, Koppenhaver*), 0 no, 0 abstentions.

INFORMATION ITEMS

1. Operating Expenses

Staff presented the year-to-date operating expenses – budget vs. actual. As of September 30, 2016, actual expenses were \$1,151,495 under budget.

2. Quarterly Financial Statements

Staff presented the unaudited financial statements for the six months ending September 30, 2016. The unaudited net assets held in trust for pension benefits total \$6,940,599,175. This amount increased by \$473 million for the same time period in 2015.

3. Quarterly Cash Forecast Report

Staff presented a report on the 12-month cash forecast model for the period October 1, 2016 through September 1, 2017. The projected average monthly negative cash position for the period was (\$14,621,215), excluding the two months that have three pay periods.

4. Quarterly Board Member Conference Expense Report

Staff presented the quarterly Board Member Conference Expense Report. As of September 30, 2016, the year-to-date reported expenses were \$61,530.

5. Quarterly Senior Manager Conference and Training Expense Report

Staff presented the quarterly Senior Manager Conference and Training Expense Report. As of September 30, 2016, the year-to-date reported expenses were \$65,048.

6. Legislative Update

Staff presented an update on legislation of interest to ACERA. The Committee directed Staff to limit updates to legislation specific to the '37 Act plans, PEPRRA, and any other legislation that directly impacts ACERA.

7. Human Resources Quarterly Staffing Report

Staff presented the report on position vacancies for the period ending September 30, 2016.

8. Call Center Report

Staff presented the Quarterly report on the Call Center.

9. Discussion Regarding Approval of Collection of Overpayments

Staff proposed a process for the Board of Retirement to approve payment plans for collection of overpayments made due to errors. Trustees requested to not have this approved as part of the consent calendar. Staff will return with this as new item.

ADJOURNMENT INTO CLOSED EXECUTIVE SESSION

Pursuant to Government Code §54956.9(a) the meeting adjourned at 11:14 a.m. into Closed Executive Session to confer with legal counsel regarding pending litigation in the matter of:

- (1) Alameda County Employees' Retirement Association v. BP PLC, Case No. 4:12-CV-1256;
- (2) Trustees of the Mineworkers' Pension Scheme Limited and Others v The Royal Bank of Scotland Group plc – HC12D01192;
- (3) Hom v. Vale S.A., et al., US District Court Case No. 1:15-cv-09539 (S.D.N.Y.);
and
- (4) Alameda County Employees' Retirement Association v. Volkswagen AG et al.

RETURN TO OPEN SESSION

The Committee reconvened into open session at 11:27 a.m. and reported that no action was taken.

RECOMMENDATIONS

1. The Committee recommends, and I move, that the Board of Retirement approve the inclusion of pay item 4P Paid Parental Leave as compensation earnable and pensionable compensation for members with entry dates before, on or after January 1, 2013, based on Government Code Sections 31461 and 7522.34.
2. The Committee recommends, and I move, that the Board of Retirement approve the changes for inclusion of the following amended pay items as compensation earnable and pensionable compensation for members with entry dates before, on or after January 1, 2013, based on Government Code Sections 31461 and 7522.34.
 1. 244 Supervisor-ET (1473)
 2. 252 Quality Assurance
 3. 260 Outreach Program
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 8. 40V Oversee Multi-Year Projects
3. The Committee recommends, and I move, that the Board of Retirement approve the continuation of the voluntary elected member employer reimbursement for 2017.
4. The Committee recommends, and I move, that the Board of Retirement affirm the Voluntary Elected Member Employer Reimbursement Policy, without revisions.

TRUSTEE/PUBLIC INPUT

None

ESTABLISHMENT OF NEXT MEETING DATE

January 4, 2017

MEETING ADJOURNED

The meeting adjourned at 11:31 a.m.