



November 7, 2012

To: Members of the Operations Committee
From: Elizabeth Rogers, Chair
Subject: Summary of the November 7, 2012 Operations Committee Meeting

Operations Committee Chair Elizabeth Rogers called the November 7, 2012 Operations Committee Meeting to order at 9:03 a.m. Committee members present were Elizabeth Rogers, Chair, Ophelia Basgal, Keith Carson and David Safer. The other Board members present were Dale Amaral, Annette Cain-Darnes, and George Dewey. Staff present were Vince Brown, Chief Executive Officer; Robert Gaumer, Chief Counsel; Betty Tse, Chief Investment Officer; Latrena Walker, Project and Information Services Manager; Victoria Arruda, Human Resources Director; and Rose Kwong, Benefits Manager.

ACTION ITEM

1. Discussion and possible motion to adopt the 2013 Operating Expense Budget

Vince Brown, Chief Executive Officer presented the draft 2013 Operating Expense Budget.

Ms. Ophelia Basgal moved, and Mr. George Dewey seconded that the Operations Committee recommend to the Board of Retirement that the Board approve the 2013 Operating Expense Budget of \$18,436,000 and the Pension Reform Implementation Contingency Fund of \$148,000. The motion passed unanimously.

2. Discussion and possible motion to adopt Government Code 31621.11 and 31639.26 to establish a single rate of contribution for new members

Robert Gaumer, Chief Counsel discussed the current approach to calculating member contribution rates and Staff's recommendation to use a single rate for new tiers that are effective January 1, 2013 for New Members, as a result of the Public Employees' Pension Reform Act (PEPRA – AB 340). Staff's recommendation is based on the advice of ACERA's actuary, as well as the efficiency and clarity that a flat rate approach provides for the calculation of contribution rates for New Members.

Ms. Ophelia Basgal moved, and Supervisor Keith Carson seconded that the Operations Committee recommend to the Board of Retirement that the Board adopt CERL code § 31621.11 (for non-safety members) and § 31639.26 (for safety members) for calculation of single rate of contributions for New Members. The motion passed unanimously.

3. Voluntary Elected Member Employer Reimbursement

A) Discussion and possible motion to adopt the amendments, if any, to the Voluntary Elected Member Employer Reimbursement Policy

Chief Counsel Robert Gaumer recommended that elected active member ACERA Trustees Elizabeth Rogers and Dale Amaral recite the attached disclosure statements and recuse themselves from discussions and Board actions related to the Voluntary Elected Member Employer Reimbursement Policy. After Ms. Rogers and Captain Amaral read and signed their disclosure statements, they left the Board Room. Mr. Gaumer then discussed the annual review and Staff's recommendation regarding the Voluntary Elected Member Employer Reimbursement Policy.

Mr. George Dewey moved, and Mr. David Safer seconded that the Operations Committee recommend to the Board of Retirement that the Board renew the Voluntary Elected Member Employer Reimbursement Policy, without revisions. The motion passed unanimously.

B) Discussion and possible motion to recommend the continuation of the voluntary elected member employer reimbursement for 2013

Mr. David Safer moved, and Mr. George Dewey seconded that the Operations Committee recommend to the Board of Retirement that the Board continue the voluntary elected member employer reimbursement for 2013. The motion passed unanimously.

4. Discussion and possible motion to adopt the amendments, if any, to the Travel Policy

Robert Gaumer, Chief Counsel discussed the annual review and Staff's recommendation regarding the Travel Policy. In addition, the Chair directed Staff to follow-up on Staff's travel reporting, additional changes to the Board Travel Policy and Education Policy, and the Chair's signature for the CEO's travel reimbursement documents.

Mr. David Safer moved, and Mr. George Dewey seconded that the Operations Committee recommend to the Board of Retirement that the Board renew the Travel Policy with the amendments recommended by Staff and the changes suggested by the Committee during the discussions. The motion passed unanimously.

INFORMATION ITEMS

1. Quarterly Financial Statements as of 9/30/2012

Vince Brown, CEO presented the quarterly financial statements as of September 30, 2012. For the period ending September 30, 2012 net assets held in trust for pension benefits total \$5,565,656,539.

2. Operating Expenses – Budget vs Actual as of September 30, 2012

Vince Brown, CEO presented the year-to-date operating expenses – budget vs actual. As of September 30, 2012 actual expenses are under budget \$511,515.

3. Board Member Conference Attendance Report

Vince Brown, CEO presented the Board Member Conference Attendance Report ending September 30, 2012.

4. 2012 Business Continuity Exercise

Latrena Walker, Project and Information Services Manager reported that the September 28, 2012 Business Continuity exercise was successful.

5. Pension Reform Update

Robert Gaumer, Chief Counsel gave the Committee an oral update regarding the implementation of pension reform.

6. Legislative Update

Robert Gaumer, Chief Counsel provided the Committee with an update on the legislation of interest to ACERA.

7. Call Center Report

Sharen Stanek-Lowe presented the 3rd Qtr. Call Center report.

RECOMMENDATIONS

1. The Committee recommends, and I move that the Board of Retirement approve the 2013 Operating Expense Budget of \$18,436,000 and the Pension Reform Implementation Contingency Fund of \$148,000.
2. The Committee recommends, and I move that the Board of Retirement adopt CERL code § 31621.11 (for non-safety members) and § 31639.26 (for safety members) for calculation of single rate of contributions for New Members.
3. The Committee recommends, and I move that the Board of Retirement renew the Voluntary Elected Member Employer Reimbursement Policy, without revisions.
4. The Committee recommends, and I move that the Board of Retirement continue the voluntary elected member employer reimbursement for 2013.
5. The Committee recommends, and I move that the Board of Retirement renew the Travel Policy, with revisions.

TRUSTEE/PUBLIC INPUT

Pete Albert announced that ACRE will have its Holiday luncheon on November 29th.

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for December 5, 2012 at 9:00 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:10 a.m.