



February 4, 2015

To: Members of the Operations Committee

From: Dale Amaral, Chair

Subject: Summary of the February 4, 2015 Operations Committee Meeting

Operations Committee Chair Dale Amaral called the February 4, 2015 Operations Committee Meeting to order at 9:32 a.m. Committee members present were Dale Amaral, Chair, Ophelia Basgal, Keith Carson, Tarrell Gamble and Liz Koppenhaver. 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 Vince Brown, Chief Executive Officer; Joseph Fletcher, Chief Counsel; Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; 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 to approve the addendum to the Keenan & Associates', ACERA's benefits consultant, annual contract related to work on the dental and vision Request for Proposal (RFP) project

Kathy Foster, Assistant CEO, requested approval for an addendum to Keenan's annual contract for benefit consulting services related to work on the dental and vision RFP project, not to exceed \$11,500.

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 addendum to the Keenan & Associates' annual contract, effective February 1, 2015, for work related to the dental and vision RFP project at a cost of up to \$11,500.

The motion carried 7 yes (*Amaral, Basgal, Cain-Darnes, Carson, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

INFORMATION ITEMS

1. Unaudited Financial Statements as of December 31, 2014

Margo Allen, Fiscal Services Officer, presented the unaudited financial statements.

For the period ending December 31, 2014, the unaudited net assets held in trust for pension benefits total \$6,787,050,401. This amount increased by \$147 million compared to the same time period in 2013.

In reference to Note 8, Other Receivables, Trustee Basgal asked Kathy Foster, Assistant CEO, what ACERA's process is for collecting funds from deceased retirees' estates for overpayment of benefits,

and if a collection agency is used. Ms. Foster explained the process which does not include using a collection agency. She further explained that the overpayments are maintained in a log.

Trustee Basgal asked how much was written off last year. Ms. Foster replied that she did not know that information and that there is currently not a write-off policy in place. Trustee Keith Carson asked Ms. Foster to provide the Board with how much has been written off in the past three to five years.

Trustee Cain-Darnes stated that these overpayments need to go to a collection agency and if that proves unsuccessful, it needs to be brought to the Board for authorization to be written off. Ms. Foster replied that an official write-off policy will be developed and brought to the Board for approval. Trustee Cain-Darnes also suggested that the policy include how to treat an overpayment to a member who is still living. Joe Fletcher, Chief Counsel, committed to bringing a draft policy and insurance recommendations to the committee in April.

Trustee Basgal explained that she requested Ms. Allen to provide a quarterly cash flow report at the Budget Committee meetings.

2. Unaudited Operating Expenses – Budget vs Actual as of December 31, 2014

Margo Allen, Fiscal Services Officer, presented the year-to-date operating expenses – budget vs. actual. As of December 31, 2014 actual expenses are \$1,562,964 under budget. Trustee Basgal stated that this variance was too large an amount to be under budget and that ACERA will need to improve its budget performance in the future.

3. Board Member Conference Expense Report for the 4th Quarter 2014

Margo Allen, Fiscal Services Officer, presented the Board Member Conference Expense Report for the 4th Quarter 2014.

4. Senior Manager Travel Expense Report for the 4th Quarter 2014

Margo Allen, Fiscal Services Officer, presented the Senior Manager Travel Expense Report for the 4th Quarter 2014. As requested by the committee, the report now incorporates all training attended by the senior managers including conferences, seminars and webinars.

5. Call Center Report

Kathy Foster, Assistant CEO, presented the 4th quarter Call Center report. As requested by Trustee Basgal, staff addressed the high number of calls reported in the “Other” category of calls by providing the Call Center staff with training. As a result, there were only 16 calls recorded in the “Other” category for the 4th quarter. After a brief discussion about the average hold time before a call is abandoned, Ms. Foster said she will check on the industry standard for the average hold time.

6. Discussion of Potential Change in Date and Time of Committee Meetings

Kathy Foster, Assistant CEO, stated that she had been asked by Trustee Rogers, Board Chair, to introduce a discussion of a potential change in the date and time of some committee meetings. The intent of the discussion is to determine if it is feasible to reduce the number of days that the trustees need to attend committee/board meetings each month by consolidating some committee meetings into one day. Trustee Rogers requested staff to send a list of concerns and options to the Board.

RECOMMENDATIONS

1. The Committee recommends, and I move that the Board of Retirement approve the addendum to the Keenan & Associates' annual contract, effective February 1, 2015, for work related to the dental and vision Request for Proposal project at a cost of up to \$11,500.

TRUSTEE/PUBLIC INPUT

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for March 4, 2015 at 9:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 10:21 a.m.