



March 5, 2014

To: Members of the Operations Committee  
From: Dale Amaral, Chair  
Subject: Summary of the March 5, 2014 Operations Committee Meeting

Operations Committee Chair Dale Amaral called the March 5, 2014 Operations Committee Meeting to order at 9:30 a.m. Committee members present were Dale Amaral, Chair, Ophelia Basgal, George Dewey and Elizabeth Rogers. The other Board members present were Annette Cain-Darnes, Liz Koppenhaver, George Wood, 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 to approve a New Pay Item – Pay Code 40Y for County of Alameda**  
Rose Kwong, Benefits Manager, presented a request from Alameda County to review new pay item – Lead & Training Responsibility – SCADA System – Code 40Y.

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

It was moved by Liz Koppenhaver and seconded by Elizabeth Rogers that the Operations Committee recommend to the Board of Retirement that the Board approve the **non-inclusion** of the newly created pay item Lead & Training Responsibility – SCADA System – Pay Code 40Y in pensionable compensation for a member (PEPRA member) with an entry date **on or after** January 1, 2013.

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

It was moved by Liz Koppenhaver and seconded by Elizabeth Rogers that the Operations Committee recommend to the Board of Retirement that the Board approve the **inclusion** of the newly created pay item Lead & Training Responsibility – SCADA System – Pay Code 40Y in compensation earnable for a member (legacy member) with an entry date **prior to** January 1, 2013.

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

- 2. Discussion and possible motion to approve a New Pay Item – Pay Code 40Z for County of Alameda**  
Rose Kwong, Benefits Manager, presented a request from Alameda County to review new pay item Lead – Procurement & Contracts Unit – Code 40Z.

After staff's evaluation, it was determined since Pay Code 40Z is for more than one member in this classification, it will be considered compensation earnable for members (legacy members) with entry dates prior to January 1, 2013 based on Government Code Section 31461 and pensionable compensation for members (PEPRA members) with entry dates on or after January 1, 2013 in accordance with Government Code Section 7522.34.

It was moved by Liz Koppenhaver and seconded by Elizabeth Rogers that the Operations Committee recommend to the Board of Retirement that the Board approve the **inclusion** of the newly created pay item Lead – Procurement & Contracts Unit – Code 40Z in compensation earnable and pensionable compensation for members with entry dates **before and on or after** January 1, 2013.

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

#### **INFORMATION ITEMS**

- 1. Demonstration of Cash Management Tool and Policy Discussion**

Margo Allen, Fiscal Services Officer, discussed the draft Cash Management Policy and gave a demonstration of the Cash Forecasting Tool, which included a negative cash flow analysis and system stress test scenario.

- 2. Operating Expenses – Budget vs Actual as of January 31, 2014**

Margo Allen, Fiscal Services Officer, presented the year-to-date operating expenses – budget vs. actual. As of January 31, 2014 actual expenses are \$234,001 under budget.

- 3. IRS Requirement for Bona Fide Separation of Service before a Retiree Returns to Work**

Kathy Foster, Assistant CEO, explained that in order for ACERA to remain a qualified plan under the IRS rules, ACERA is required to implement a sufficient break in service rule that applies to both safety and general members. PEPRA requires that general members take a 180 day break in service before a retiree can return to work. Since PEPRA does not address safety members, ACERA is proposing a 90 day break in service before a safety retiree can return to work, effective April 1, 2014. The Membership Policy will be updated to include this requirement and then be brought to the Governance Committee for approval.

#### **RECOMMENDATIONS**

1. The Committee recommends, and I move that the Board of Retirement approve the **non-inclusion** of the newly created pay item Lead & Training Responsibility – SCADA System – Pay Code 40Y in pensionable compensation for a member (PEPRA 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 Lead & Training Responsibility – SCADA System – Pay Code 40Y in compensation earnable for a member (legacy member) with an entry date **prior to** January 1, 2013.

3. The Committee recommends, and I move that the Board of Retirement approve the **inclusion** of the newly created pay item Lead – Procurement & Contracts Unit – Code 40Z in compensation earnable and pensionable compensation for members with entry dates **before and on or after** January 1, 2013.

#### **ADJOURNMENT INTO CLOSED EXECUTIVE SESSION**

Pursuant to Government Code §54956.9(a) the meeting adjourned at 10:25 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;
- 2) Alameda County Employees' Retirement Association v. BP PLC, Case No. 4:12-CV-1256; and
- 3) Trustees of the Mineworkers' Pension Scheme Limited and Others v The Royal Bank of Scotland Group plc – HC12D01192.

#### **RETURN TO OPEN SESSION**

The Committee reconvened into open session at 10:37 a.m. and reported that no action was taken.

#### **TRUSTEE/PUBLIC INPUT**

#### **ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for April 2, 2014 at 9:30 a.m.

#### **MEETING ADJOURNED**

The meeting adjourned at 10:38 a.m.