



October 2, 2013

To: Members of the Operations Committee

From: Elizabeth Rogers, Chair

Subject: Summary of the October 2, 2013 Operations Committee Meeting

Operations Committee Chair Elizabeth Rogers called the October 2, 2013 Operations Committee Meeting to order at 9:05 a.m. Committee members present were Elizabeth Rogers, Chair, Annette Cain-Darnes, Vice-Chair, and Liz Koppenhaver. The other Board members present were Dale Amaral, Keith Carson and George Wood, and alternate members David Safer and Darryl Walker. Staff present were Vince Brown, Chief Executive Officer; Marguerite Malloy, Associate 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. Voluntary Elected Member Employer Reimbursement

There were two action items for discussion and possible motion regarding the voluntary elected member employer reimbursement. In the first action item, Staff recommended that the Voluntary Elected Member Employer Reimbursement Policy (Policy) be adopted without any changes. In the second action item, Staff recommended that the voluntary elected member employer reimbursement be continued for 2014. Prior to any discussion, Dale Amaral, Elizabeth Rogers, George Wood, and Darryl Walker recused themselves from the discussion and vote, and left the room.

Lori Schnall, Associate Counsel, introduced the Voluntary Elected Member Employer Reimbursement Policy. After Ms. Cain-Darnes explained the purpose of the Policy, Ms. Schnall announced that there was not a quorum to take a vote. Consequently, it was decided that both recommendations will be presented at the October Board meeting under New Business. There was no further discussion and no action was taken.

2. Discussion and possible motion to adopt the amendments, if any, to the Trustee Education Policy

Lori Schnall, Associate Counsel, presented Staff's suggested changes to the Trustee Education Policy. During the discussion, the Committee proposed a few additional changes to the policy.

Annette Cain-Darnes moved and Liz Koppenhaver seconded that the Operation Committee recommend to the Board of Retirement that the Board adopt the Trustee Education Policy with the changes recommended by the Committee and Staff.

The motion passed unanimously as follows:

Captain Amaral, yea; Ms. Cain-Darnes, yea; Supervisor Carson, yea; Ms. Koppenhaver, yea; Ms. Rogers, yea; Mr. Wood, yea.

3. Discussion and possible motion to adopt signatory criteria for contract execution

Lori Schnall, Associate Counsel, presented Staff's proposal that the Board consider adopting a delineation of signatory authority for contracts that will provide guidance on who can sign a contract after it has been approved, negotiated and finalized.

Annette Cain-Darnes moved and Dale Amaral seconded that the Operations Committee recommend to the Board of Retirement that the Board adopt the annual signatory authority for contract execution as recommended by Staff.

The motion passed as follows:

Captain Amaral, yea; Ms. Cain-Darnes, yea; Supervisor Carson, yea; Mr. Wood, yea; Ms. Koppenhaver, nay; Ms. Rogers, nay.

The approved delineation of signing authority is as follows:

Contracts with annual expenditures greater than \$100,000:

- CEO – Vincent P. Brown
- FSO – Margo Allen

If the CEO or FSO are unavailable, the CEO can delegate the authority to the Assistant CEO.

Contracts with annual expenditure equal to or less than \$100,000:

- CEO – Vincent P. Brown
- FSO – Margo Allen
- Assistant CEO – Kathy Foster

Contracts with annual expenditures of equal to or less than \$50,000:

- CEO – Vincent P. Brown
- FSO – Margo Allen
- Assistant CEO – Kathy Foster
- Senior Manager for the contract/agreement within that Senior Manager's Department

4. Discussion and possible motion to approve the New Pay Item – Pay Code 40U for Alameda County

Kathy Foster, Assistant CEO, presented a request from Alameda County to review a new pay code – PHR Certification (Zone 7), Pay Code 40U. After Staff's evaluation, it was determined that Pay Code 40U is compensation earnable for members with entry dates prior to January 1, 2013 based on Government Code Section 31461 and pensionable compensation for members with entry dates on or after January 1, 2013 in accordance with Government Code Section 7522.34.

It was moved by Annette Cain-Darnes and seconded by Liz Koppenhaver that the Operations Committee recommends to the Board of Retirement that the Board approve the inclusion of the newly created pay item PHR Certification (Zone 7), Pay Code 40U in compensation earnable and pensionable compensation for members with entry dates before and on or after January 1, 2013.

The motion passed unanimously as follows:

Captain Amaral, yea; Ms. Cain-Darnes, yea; Supervisor Carson, yea; Ms. Koppenhaver, yea; Ms. Rogers, yea; Mr. Wood, yea.

5. Discussion and possible motion to approve the format of the Participating Employer Audit RFP

Harsh Jadhav, Chief of Internal Audit presented the proposed Participating Employer Audit RFP for possible motion to approve the format. Following a discussion, Staff determined to defer the motion until such time as Mr. Jadhav speaks with the participating employers, including the County of Alameda, further and ACERA conducts an educational meeting regarding the audit for the Participating Employers on October 21, 2013. No action was taken.

INFORMATION ITEMS

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

Margo Allen, Fiscal Services Officer, presented the year-to-date operating expenses – budget vs. actual. As of August 31, 2013 actual expenses are under budget \$901,727.

2. Statement of Reserves as of June 30, 2013

Margo Allen, Fiscal Services Officer, presented the Statement of Reserves as of June 30, 2013. The semi-annual interest crediting rate used was 2.9037%. In accordance with Board policy, \$4.6 million of actuarial earnings were credited to the Contingency Reserve Account to adjust the ending balance to 1.4% of total assets or \$88.3 million. The ending balance of the Market Stabilization Reserve was \$341.1 million. This balance represents the accumulated gains that have yet to be recognized.

3. 2013 Board Election Update

Margo Allen, Fiscal Services Officer, reported that two (2) candidates were certified for the election of the Third Member to represent the general members, and that four (4) candidates were certified for the election of the Seventh Member to represent the safety members on the Board of Retirement.

Ms. Liz Koppenhaver, the incumbent Eighth Member, was the only person to submit nomination papers and be certified as a candidate for the Eighth Member to represent the retired members. Mr. David Safer, the incumbent Alternate Eighth Member, was the only person to submit nomination papers and be certified as a candidate for the Alternate Eighth Member to represent the retired members. Pursuant to Government Code Section 31523 and ACERA's Board Election Policy, ACERA has requested the Board of Supervisors to direct the Clerk of the Board to cast a unanimous ballot in favor of Ms. Koppenhaver and Mr. Safer.

4. Communications Group Efficiencies / Performance Measures

Michael Fara, Communications Manager, presented a report describing the efficiencies, cost savings, and performance measures of the communication unit from late 2008 to present. Following the transition of the communications production in-house, an \$891,000 savings was realized through technology improvements and automation.

5. Human Resources Staffing Report

Victoria Arruda, Human Resources Director, reported on the 3rd quarter position vacancies that are approved in the 2013 budget and explained that many of the vacant positions are being eliminated in the 2014 budget.

RECOMMENDATIONS

1. The Committee recommends, and I move that the Board of Retirement adopt the Trustee Education Policy with the changes recommended by the Committee and Staff.
2. The Committee recommends, and I move that the Board of Retirement adopt the annual signatory authority for contract execution as recommended by Staff.
3. The Committee recommends, and I move that the Board of Retirement approve the inclusion of the newly created pay item PHR Certification (Zone 7), Pay Code 40U in compensation earnable and pensionable compensation for members with entry dates before and on or after January 1, 2013.

TRUSTEE/PUBLIC INPUT

None

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for November 6, 2013 at 9:00 a.m.

MEETING ADJOURNED

The meeting adjourned at 10:23 a.m.