

March 2, 2011

To: Members of the Operations Committee

From: Elizabeth Rogers, Chair

Subject: Summary of the March 2, 2011 Operations Committee Meeting

Operations Committee Chair Elizabeth Rogers called the March 2, 2011 Operations Committee Meeting to order at 9:03 a.m. Committee members present were Elizabeth Rogers, Chair, Ophelia Basgal, Keith Carson, George Dewey and Liz Koppenhaver. Other Board members present were Annette Cain-Darnes, Dale Amaral, George Wood, and alternate members David Safer and Darryl Walker. Staff present were Catherine Walker, Acting Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Robert Gaumer, Chief Counsel; Betty Tse, Chief Investment Officer; Latrena Walker, Project and Information Services Manager; JP Singh, Chief Financial Officer; Rose Kwong, Benefits Manager; and Harsh Jadhav, Internal Auditor.

### **ACTION ITEMS**

#### **1. File Room Remodel Contract**

As a result of the EDMS initiative, the file room no longer contains member files and the associated shelving. To better utilize this space, Staff proposes to remodel and divide the room into two separate spaces. One space will be occupied by the centralized Scan Unit and the other space will be used for additional operating needs.

Staff recommended hiring AD Architects of Oakland for project management services because they have 10 years of experience on previous ACERA remodeling projects. The approved 2011 budget for the leasehold improvement of this room is \$123,000. Staff proposed to the Committee to seek a contract not to exceed \$150,000 to allow for contingencies. After discussion, it was determined that AD Architects' proposal was for \$133,314 which already included a 15% contingency.

Ms. Ophelia Basgal moved and Ms. Liz Koppenhaver seconded that the Committee recommend to the Board that the Board approve a contract with AD Architects to remodel the file room, with the contract not to exceed \$135,000.

**2. Voluntary Elected Member Employer Reimbursement for 2011**

Annually the Committee must decide whether it intends to continue with the Voluntary Elected Member Employer Reimbursement Policy for the upcoming year, and for that purpose it was brought to the Committee for action.

**DISCLOSURE/RECUSAL STATEMENTS**

ACERA's Chief Counsel recommended that elected active member ACERA Trustee Elizabeth Rogers recite the following disclosure statement and recuse herself from discussions and Board actions related to the voluntary elected member employer reimbursement policy.

**DISCLOSE AND RECUSE**

I, Elizabeth Rogers, am an elected ACERA Board Trustee. I have determined that I have a potential conflict of interest with respect to the Board's consideration of the Voluntary Elected Members Reimbursement Policy in that it has a financial impact on the Alameda County Public Defender's Office, which is my employing department. I have been advised that this interest can be classified as a "remote interest" under Government Code § 1091(b) (13) which allows me to remove myself from the process and enables the Committee to take action. As such I have decided to make this public disclosure and recuse myself from all Board discussions, negotiations and voting activities related to the Voluntary Elected Member Reimbursement Policy.

Furthermore, ACERA's Chief Counsel recommended that elected active member ACERA Trustees Dale Amaral, George Wood and Darryl Walker recite the following disclosure statement and recuse themselves from discussions and Board actions related to the voluntary elected member employer reimbursement policy.

**DISCLOSE AND RECUSE**

I, [Dale Amaral], [George Wood], [Darryl Walker], am an elected ACERA Board Trustee. I have determined that I have a potential conflict of interest with respect to the Operations Committee's consideration of the Voluntary Elected Member Reimbursement Policy in that it has a financial impact on the [Alameda County Sheriff's Department], [District Attorney's Office], [Alameda County Probation Department]. For the reasons just stated by Ms. Rogers, I have decided to make this public disclosure and recuse myself from all Committee discussions, negotiations and voting activities related to the Voluntary Elected Member Reimbursement Policy.

After each Trustee read and signed their disclosure statement, each one left the Board Room.

After discussion the Committee requested that in addition to tracking the Trustees' attendance at each Board and Committee meeting, which is already being done, the length of each meeting is recorded. There was also discussion around some of the

language used in the policy. The Committee requested that the Chief Counsel consult with outside counsel, and bring the policy and any recommendation to the Committee next month. No action was taken.

## **INFORMATION ITEMS**

### **1. Legislative Update**

ACERA's Chief Counsel gave an oral report on the SACRS Legislative Committee which he recently attended. He noted that there were 60 bills which touched on pensions. Of particular interest to ACERA were tax compliance and AB 340 which is a rerun of last year's AB 1937. Also discussed were the recommendations from the Little Hoover Commission.

### **2. Monthly Financial Statements**

The January year-to-date net income from investments was \$65,365,176. The total additions were \$85,499,475. Total deductions were \$27,940,403. As of January 31, 2011 net assets held in trust for pension benefits total \$5,282,053,952. This is an increase of \$57,559,072 over December 31, 2010.

### **3. Total Operating Expenses – Budget vs Actual as of January 31, 2011**

As of January 31, 2011 actual expenditures were under budget by \$127,298. The under spending was mainly in the Payroll and Staff Training Accounts, General Accounts and Consultant Fees - Legal.

### **4. Enterprise Document Management System (EDMS)**

Staff reported that the remaining paper documents for the Administration, Human Resources and Legal Departments are currently being scanned. The initial three pilot workflows for the Benefits Department are in production. The remaining nine workflows are in the planning stage. All twelve Benefit workflows are scheduled to be completed and in production by the end of June. It is anticipated that the backfile portion of the EDMS project will be completed in April. DocuTech is creating a post Backfile Plan which will outline the activities associated with completing their assignment as specified in our statement of work.

### **5. Participating Employer Exceptions**

Staff reported progress made on the exception backlog which spans 2003 through 2009. The exceptions for 2009 have been reviewed and partially resolved. One temporary staff person has been working two days per week on the 2009 exception backlog and is slowly making progress. The result is 5,823 exceptions are complete and 3,116 exceptions are in need of verification. Due to the lack of staff resources, a completion date for the exception backlog project had not been determined.

It was noted that current exceptions are reviewed and cleared on a bi-weekly basis, so there is no backlog for 2010 through January 2011.

The Committee directed Staff to complete the exceptions backlog project by the end of 2011 and to bring a plan for meeting this objective back to the Committee in May.

**6. Board Member Conference Attendance Annual Report for 2010**

The December 31, 2010 Year-to-Date Board Conference Attendance Report was presented. According to the report there was \$85,782.57 spent for calendar year 2010 in this category. It was noted that this number includes all charges for 2010 that were reported to staff.

**TRUSTEE/PUBLIC INPUT**

Trustee Dale Amaral announced that there is a closed session meeting of the CEO Succession Committee scheduled for March 16, 2011 at 2:00 p.m. At that meeting there will be a discussion with ACERA's consultant regarding the top tier candidates for the CEO position and that a date for interviewing the top tier candidates will be recommended to the Board at the Board Meeting.

ACERA's Assistant CEO announced that based on an approved MOU all new incoming Safety members, including Probation Officers, will be enrolled in the 2% at 50 benefit formula with the option to make an election to choose 3% at 55 by paying an additional 5% contribution.

**RECOMMENDATIONS**

1. The Committee recommends, and I move that the Board authorizes Staff to enter into service provider contract with AD Architects to remodel the File Room with a contract not to exceed \$135,000.

**ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for April 6, 2011 at 9:00 a.m.

**MEETING ADJOURNED**

The meeting adjourned at 10:27 a.m.