May 4, 2011

To: Members of the Operations Committee

From: Elizabeth Rogers, Chair

Subject: Summary of the May 4, 2011 Operations Committee Meeting

Operations Committee Chair Elizabeth Rogers called the May 4, 2011 Operations Committee Meeting to order at 9:07 a.m. Committee members present Elizabeth Rogers, Chair, Ophelia Basgal, and Liz Koppenhaver. The other Board member present was alternate member 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 Victoria Arruda, Human Resources Officer.

ACTION ITEM
1. Member’s appeal of ACERA’s decision to deny reciprocity with the Public Employees’ Retirement System (PERS)
   Staff presented Mr. Daniel Mermelstein appeal of ACERA’s decision to deny his request for reciprocity with the Public Employees’ Retirement System (PERS). He was not present at the meeting.

   Ms. Ophelia Basgal moved and Ms. Liz Koppenhaver seconded that the Operations Committee recommend to the Board of Retirement that the Board affirm Staff’s decision to deny reciprocity with the Public Employees’ Retirement System (PERS) for member, Daniel Mermelstein, based on Government Code Sections 31830 & 31831 and ACERA’s Membership Policy. The motion carried.

2. Full monthly vehicle allowance of $318.94 bi-weekly for the Acting CEO retroactive to May 21, 2010
   Staff stated that the Acting CEO, Catherine Walker, recently provided a memorandum to the Board of Retirement requesting reconsideration of the vehicle allowance which was approved on September 16, 2011.
ACERA staff recommended that the Operations Committee consider granting Ms. Walker the full car allowance of $318.94 bi-weekly, retroactive to the initiation of the Senior Management Contingency Plan on May 21, 2010 when Ms. Walker assumed the full range of duties as the Acting CEO. It was noted that all appointed department heads in Alameda County were provided this same car allowance benefit for the 2010 calendar year.

Ms. Ophelia Basgal moved and Ms. Liz Koppenhaver seconded that the Operations Committee recommend to the Board of Retirement that the Board approve the full monthly vehicle allowance of $318.94 bi-weekly for the Acting CEO, as granted to all Alameda County department heads, retroactive to May 21, 2010. The motion carried.

3. Execute or renew six service provider contracts with Alameda County totaling $652,362

Staff requested authorization to execute or renew the following six contracts with Alameda County.

1) Alameda County Lakeside Group which will provide training services for an estimated annual cost not to exceed $50,000;
2) Alameda County Lakeside Group which will provide employment recruitment, testing and certification for an estimated annual cost not to exceed $77,000;
3) Alameda County Human Resources Services Department which will provide retiree health plan benefits administration for an estimated annual cost not to exceed $126,000;
4) Alameda County Risk Management which will provide workers’ compensation, liability insurance coverage and risk management administrative services for an estimated annual cost not to exceed $144,362 for the County fiscal year 2010-2011 and $155,000 for County fiscal year 2011-2012;
5) Alameda County Sheriff’s Office which will provide use and access to the ACERA safe located at the Sheriff’s office in Dublin for an estimated annual cost of $0;
6) Alameda County Counsel’s Office which will provide outside counsel personnel service for an estimated annual cost not to exceed $100,000.

Ms. Ophelia Basgal moved and Ms. Liz Koppenhaver seconded that the Operations Committee recommend to the Board of Retirement that the Board authorize Staff to execute or renew six service provider contracts with Alameda County totaling $652,362. The motion carried.
INFORMATION ITEMS
1. Quarterly Financial Statements
   The March year-to-date net income from investments was $229,989,226. This is a 4.6% year-to-date rate of return, outperforming the policy index by 53 basis points. The total additions were $287,591,916. Total deductions were $84,600,396. As of March 31, 2011 net assets held in trust for pension benefits total $5,427,486,400.

2. Operating Expenses – Budget vs Actual as of March 31, 2011
   As of March 31, 2011 actual expenditures were under budget by $393,760. The under spending was mainly in the Staffing, Professional Fees – Legal, Office Expense, Member Services and Depreciation accounts. For the first time, a detailed comparative department level budget versus actual expenditure was presented. This report for the 1st quarter of 2011 illustrates how the departments are managing their expenses to their approved department budgets. Ms. Basgal requested that beginning in July a column containing a year-to-date projection be added to the summary level page.

3. Enterprise Document Management System (EDMS)
   The Backfile Conversion was completed on April 13th. Approximately 4.2 million pages were scanned and reviewed for quality assurance. The project team is currently focusing on developing ACERA’s record management process and procedures, the fax server solution, and the conversion of microfiche. The remaining system functionalities and Benefit workflows are scheduled for completion in June. Ms. Basgal asked staff to be prepared to report during the 2012 budget process on what efficiencies have been gained as a result of the EDMS project.

4. Call Center Report
   The Call Center has exceeded its 90% service level goal for 36 consecutive months, with the 1st quarter of 2011 averaging 95.8%. The 90% service level goal is considered high by call center industry standards. Therefore, staff is looking into ways that will redeploy parts of the ACERA Call Center resources in order to bring its service levels closer to the 90% service level goal.

TRUSTEE/PUBLIC INPUT

RECOMMENDATIONS
1. The Committee recommends, and I move that the Board of Retirement affirm Staff’s decision to deny reciprocity with the Public Employees’ Retirement System (PERS) for member, Daniel Mermelstein, based on Government Code Sections 31830 & 31831 and ACERA’s Membership Policy.
2. The Committee recommends, and I move that the Board of Retirement approve the full monthly vehicle allowance of $318.94 bi-weekly for the Acting CEO, as granted to all Alameda County department heads, retroactive to May 21, 2010.

3. The Committee recommends, and I move that the Board of Retirement authorize Staff to execute or renew six service provider contracts with Alameda County totaling $652,362.

**ESTABLISHMENT OF NEXT MEETING DATE**
The next meeting is scheduled for June 1, 2011 at 9:00 a.m.

**MEETING ADJOURNED**
The meeting adjourned at 9:48 a.m.