



Date: August 1, 2018
To: Members of the Operations Committee
From: Ophelia Basgal, Chair
Subject: Summary of the August 1, 2018, Operations Committee Meeting

Operations Committee Chair Ophelia Basgal called the August 1, 2018 Operations Committee Meeting to order at 9:35 a.m. Committee members present were Ophelia Basgal, Chair; Dale Amaral, Vice-Chair; Liz Koppenhaver, Elizabeth Rogers, and George Wood. Other Board members present were: Keith Carson, Tarrell Gamble, Jaime Godfrey and Alternates Nancy Reilly and Darryl Walker. Staff present were David Nelsen, Chief Executive Officer; Margo Allen, Fiscal Services Officer; Kathy Foster, Assistant Chief Executive Officer; Kathy Mount, Chief Counsel; Harsh Jadhav, Chief of Internal Audit; Betty Tse, Chief Investment Officer; Victoria Arruda, Human Resource Officer; and Vijay Jagar, Chief Technology Officer.

ACTION ITEMS

1. Presentation and possible motion regarding procurement of a new pension administration system

Staff provided a review and analysis of possible new pension administration systems. A new system is needed to improve service and efficiency. Moving forward ACERA can engage with LRS directly to implement version 3 of Pension Gold, or conduct an RFP to select a new pension retirement system.

The trustees provided several items of consideration as we proceed in this initiative. First, we should ensure that since the new system provides additional self-service options on-line, it should also provide ample security to protect members from fraudulent activities. We should also ensure that the system provides or fully integrates with customer relations management software, so our customer interactions are streamlined. In the eventual contract, there should be assurances of vendor on-site support once the new system becomes operational, and there should be provisions to protect from cost overruns. Finally, if new upgrades are released shortly after the new system becomes operational, they should be included at no additional cost.

It was moved by Tarrell Gamble and seconded by Elizabeth Rogers, that the Operations Committee recommend to the Board of Retirement that the Board approve staff engaging directly with LRS for the procurement of the new pension administration system.

The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood*), 0 no, 0 abstention.

2. Adoption of New Pay Item – Pay Code 42B for County

Staff presented a proposal to the Operations Committee to recommend to the Board of Retirement that the Board adopt Pay Code 42B for Alameda County.

It was moved by Tarrell Gamble and seconded by Elizabeth Rogers, that the Operations Committee recommend to the Board of Retirement that the Board approve the inclusion of Pay Item 42B – Department HR & Supervision Assignment (Department Human Resource and Supervision Assignment) as pensionable compensation for PEPRA members and compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood*), 0 no, 0 abstention.

INFORMATION ITEMS

1. Unaudited Financial Statements as of June 30, 2018

Staff presented the Unaudited Financial Statement for the period ending June 30, 2018. Staff stated the net position held in trust for pension benefits totaled \$8.1 billion. The fiduciary net position held in trust compared to the same period in 2017 increased by \$568 million. The year-over-year change in net position decreased by \$578 million.

2. Operating Expenses

Staff presented the Total Operating Expense Budget Summary for June 30, 2018. As of June 30, 2018, actual expenses were \$340K under budget. Budget overages noted were Staffing (\$13K over budget). Budget surpluses noted were Staff Development (\$131K under budget), Professional Fees (\$69K under budget), Office Expense (\$18K under budget), Member Services (\$22K under budget), Systems (\$18K under budget), Depreciation (\$3K under budget), and Board Expenses (\$92K under budget).

3. Quarterly Cash Forecast Report

Staff presented the Cash Forecast Report for July 1, 2018 – June 2019. With the exception of the two three-pay-period months, the average monthly negative cash position for the period is -\$17,059,583.

4. Board Member Conference Expense Report

Staff presented the Board Member Conference and Training Report for the period January 1, 2018 to June 30, 2018. Reported expenses for the period were \$112,089.

5. Senior Manager Conference and Training Expense Report

Staff presented the Senior Manager Conference and Training Expense Report for the period January 1, 2018 to June 30, 2018. Reported expenses for the period were \$47,008.

6. Call Center Report

Staff reported on the call center service levels for the 2nd quarter of 2018.

TRUSTEE/PUBLIC INPUT

None.

RECOMMENDATIONS

The Committee recommends, and I move, that the Board of Retirement approve staff engaging directly with LRS for the procurement of the new pension administration system.

The Committee recommends, and I move, that the Board of Retirement approve the inclusion of Pay Item 42B – Department HR & Supervision Assignment (Department Human Resource and Supervision Assignment) as pensionable compensation for PEPRA members and compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for September 5, 2018, at 9:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 10:36 a.m.