

September 7, 2011

To: Members of the Operations Committee

From: Elizabeth Rogers, Chair

Subject: Summary of the September 7, 2011 Operations Committee Meeting

Operations Committee Chair Elizabeth Rogers called the September 7, 2011 Operations Committee Meeting to order at 9:10 a.m. Committee members present were Elizabeth Rogers, Chair, Keith Carson, George Dewey, and Liz Koppenhaver. The other Board members present were Dale Amaral, Annette Cain-Darnes, George Wood, and alternate member David Safer. Staff present were 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 ITEM

1. Mitel Telephone System Upgrade

ACERA received proposals from three firms for the Mitel telephone system and network switch upgrades and proposals from four firms for the cabling requirements. After a review of the proposals, firm experience, and resources available for the project, staff recommended that ACERA enter into a contract with AdvanTel Networks for the Mitel and switch upgrades and with MTL for the cabling requirements for a cost not to exceed \$170,000.

Ms. Liz Koppenhaver moved and Mr. George Dewey seconded that the Operations Committee recommend to the Board of Retirement that the Board approve a contract with AdvanTel Network for the implementation of the telephone system upgrade, not to exceed \$157,540 and with MTL Systems for the Patch Panel and Cabling upgrade, not to exceed \$11,875.

2. 2011 Board Offsite Agenda

The 2011 Board offsite is scheduled for Thursday, October 27th at the Wentz Center in Livermore. A draft agenda was presented for the Committee's comments and approval.

For the first agenda item there will be a presentation about the market volatility and it's affect on our investment portfolio. Staff explained that this discussion will be expanded to include a discussion about inflation, and the global financial and European debt markets. It was just confirmed that a macroeconomic strategist and a global economic strategist are being added to the panel. Mr. Dewey requested that the presentation about AB 340 be moved to the 1:00 time slot.

Mr. George Dewey moved and Ms. Liz Koppenhaver seconded that the Operations Committee recommend to the Board of Retirement that the Board approve the agenda for the 2011 Board Offsite with the proposed changes recommended by the Committee.

INFORMATION ITEMS

1. Monthly Financial Statement

The July year-to-date net income from investments was \$232,205,694. As of July 31, 2011 net assets held in trust for pension benefits total \$5,392,472,209.

2. Operating Expenses – Budget vs Actual as of July 31, 2011

As of July 31, 2011 actual expenditures were under budget by \$959,495. For the period ending July 31, 2011, the actual year-to-date expenditures are 51.4% of the 2011 annual budget.

3. Statement of Reserves

The semi-annual interest crediting as of June 30, 2011 was completed on August 26, 2011. The interest crediting rate was 2.1328%. As a result, the Contingency Reserve Account was adjusted to 1.4% of total assets. The Market Stabilization Reserve was reduced to a negative \$108.4 million as of June 30, 2011. This ending balance represents accumulated losses that have yet to be recognized.

4. Enterprise Document Management System Project (EDMS)

Staff reported that they are making preparations to test the EDMS software during the annual Business Continuity exercise which will take place in October.

5. Alameda County Housing Authority Adoption of Tier 2 and Early Retirement Option

The Alameda County Housing Authority is offering a two year early retirement benefit to 17 employees in certain job classifications who apply for retirement that would become effective between September 1, 2011 and November 1, 2011. Effective September 30, 2011, any new member will be enrolled in a new Tier II retirement plan.

6. BOS/BOR Joint Meeting

A Board of Supervisors and Board of Retirement joint meeting is scheduled for September 27th. Staff is working with the County Administrator's Office to establish an agenda.

RECOMMENDATION

1. The Committee recommends, and I move that the Board of Retirement approve a contract with AdvanTel Network for the implementation of the telephone system upgrade, not to exceed \$157,540 and with MTL Systems for the Patch Panel and Cabling upgrade, not to exceed \$11,875.
2. The Committee recommends, and I move that the Board of Retirement approve the agenda for the 2011 Board Offsite with the proposed changes recommended by the Committee.

TRUSTEE/PUBLIC INPUT

None

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for October 5, 2011 at 9:00 a.m.

MEETING ADJOURNED

The meeting adjourned at 9:45 a.m.