



Date: February 1, 2017
To: Members of the Operations Committee
From: Elizabeth Rogers, Chair
Subject: Summary of the February 1, 2017, Operations Committee Meeting

Operations Committee Chair Elizabeth Rogers called the February 1, 2017, Operations Committee Meeting to order at 9:32 a.m. Committee members present were: Tarrell Gamble and Annette Cain-Darnes. The other Board members present were: Dale Amaral; Ophelia Basgal; and Keith Carson; and alternate members were Nancy Reilly and Darryl Walker. Staff present were: David Nelsen, Chief Executive Officer; Margo Allen, Fiscal Services Officer; Kathy Foster, Assistant Chief Executive Officer; Harsh Jadhav, Chief of Internal Audit; Victoria Arruda, Human Resource Officer; and, Vijay Jagar, PRISM Manager.

ACTION ITEMS

1. Discussion and possible motion for the discharge of benefits overpayments.

Staff presented a summary of the first Annual Discharge of Uncollectable Receivables. The Discharge of Benefit Overpayments Receivable Policy was adopted at the November 2016 Board Meeting. This policy improves the accuracy of ACERA's financial statements by removing the uncollectable balance that overstates the assets of the system. Staff requested to discharge uncollectable receivables that have accrued from December 1996 through December 2012, totaling \$182,693.28.

It was moved by Ophelia Basgal, and seconded by Tarrell Gamble, that the Operations Committee recommend to the Board of Retirement that the Board approve the Discharge of Benefits Overpayments.

The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Carson, Gamble, Reilly, Rogers, Walker*), 0 no, 0 abstentions.

2. Discussion and possible motion to recommend to the Board of Retirement a service provider for Medical Advisor and Claims Management Services for the review of disability applications.

Staff reviewed the history of this agenda item, originally brought to the Operations Committee at the November 2, 2016, meeting. At the committee's request, staff has discussed the Medical Advisor and Disability Claims Management Services RFP with employers and received their support.

After discussion, it was moved by Ophelia Basgal, and seconded by Tarrell Gamble, that the Operations Committee recommend to the Board of Retirement that the Board approve a contract for Medical Advisor and Disability Claims Management Services to the highest scoring proposal response as a result of the Request for Proposal process, and which will meet the business needs of the organization.

The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Carson, Gamble, Reilly, Rogers, Walker*), 0 no, 0 abstentions.

INFORMATION ITEMS

1. Operating Expenses

Staff presented the year-to-date operating expenses – budget vs. actual. As of December 31, 2016, actual expenses were \$1,914,260 under budget.

2. Quarterly Financial Statements

Staff presented the unaudited financial statements for the twelve months ending December 31, 2016. The unaudited net assets held in trust for pension benefits total \$6,966,623,029. From January 1, 2016, to December 31, 2016, the change in fiduciary net position increased by about \$473 million.

3. Quarterly Cash Forecast Report

Staff presented a report on the 12-month cash forecast model for the period January 1, 2016 through December 31, 2016. The projected average monthly negative cash position for the period was (\$14,379,604), excluding the two months that have three pay periods.

4. Quarterly Board Member Conference Expense Report

Staff presented the 2016 annual Board Member Conference Expense Report. As of December 31, 2016, the year-to-date reported expenses were \$71,387.

5. Quarterly Senior Manager Conference and Training Expense Report

Staff presented the 2016 year-end Senior Manager Conference and Training Expense Report. As of December 31, 2016, the year-to-date reported expenses were \$98,283.

6. Proposed 2017 Operations Committee Work Plan

Staff presented the proposed 2017 Operations Committee work plan.

7. Human Resources Quarterly Staffing Report

Staff presented the report on position vacancies for the period ending December 31, 2016.

8. Call Center Report

Staff presented the Quarterly report on the Call Center.

9. 2016 Business Continuity Exercise Results

Staff reported the results of the business continuity exercise held in October 2016

RECOMMENDATIONS

1. The committee recommends, and I move, that the Board approve the Discharge of Benefits Overpayments.
2. The committee recommends, and I move, that the Board approve a contract for Medical Advisor and Disability Claims Management Services to the highest scoring proposal response as a result of the Request for Proposal process, and which will meet the business needs of the organization.

TRUSTEE/PUBLIC INPUT

None

ESTABLISHMENT OF NEXT MEETING DATE

March 1, 2017

MEETING ADJOURNED

The meeting adjourned at 10:57 a.m.