



April 5, 2017

To: Members of the Operations Committee
From: Dale Amaral, Acting Chair
Subject: Summary of the April 5, 2017, Operations Committee Meeting

Acting Operations Committee Chair Dale Amaral called the April 5, 2017, Operations Committee Meeting to order at 9:34 a.m. Committee members present were: Annette Cain-Darnes and George Wood. The other Board members present were: Ophelia Basgal; 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; Sandra Dueñas-Cuevas, Benefits Manager; and Vijay Jagar, PRISM Manager.

ACTION ITEMS

None.

INFORMATION ITEMS

1. Operating Expenses

Staff reported ACERA's operating expenses as of February 28, 2017, are \$487, 800 under budget. In explaining the staffing surplus, it was mainly attributed to staff vacancies as well as an anticipated COLA budgeted for management staff that was not enacted. The staffing development surplus was also mainly attributed to staff vacancies. Other budget categories with surplus included systems and professional fees.

2. Statement of Reserves

Staff reported that interest posting for the period ending December 31, 2016, was completed on February 22, 2017. An interest crediting rate of 3.65%, slightly less than the targeted 3.8%, was used to credit \$259.0 million to the valuation reserves and the SRBR. There were no surplus earnings.

3. Quarterly Report on Member Underpayments and Overpayments

Staff discussed the quarterly report on active members' underpayments and overpayments. Staff reported that the underpayments and overpayments may be due to necessary additional training for new staff at Superior Court.

4. Report on Non-member Benefit Correction Notices

Staff provided an explanation for the benefit correction notice for erroneous information provided to a beneficiary at the time of benefit initiation. Staff acknowledged the need for more managerial overview of the process to prevent future occurrences of this nature.

5. Report on Retired Death Benefit and Overpayment Offsets

Staff reported on a number of retired lump sum death benefits paid to beneficiaries of payees wherein overpayments due to death were discharged. In addition, ACERA's outside legal counsel provided legal opinion regarding as to whether a death benefit may be offset by an overpayment. The Committee suggested that there should be an additional checklist to members and non-members before death benefits are paid to prevent overpayment.

RECOMMENDATIONS

None.

TRUSTEE/PUBLIC INPUT

None

ESTABLISHMENT OF NEXT MEETING DATE

May 3, 2017

MEETING ADJOURNED

The meeting adjourned at 10:31 a.m.