



Date: February 7, 2018
To: Members of the Operations Committee
From: Ophelia Basgal, Chair
Subject: Summary of the February 7, 2018, Operations Committee Meeting

Operations Committee Chair Ophelia Basgal called the February 7, 2018, Operations Committee Meeting to order at 9:33 a.m. Committee members present were Ophelia Basgal, Chair; Dale Amaral, Vice-Chair; and Elizabeth Rogers. Other Board members present were Keith Carson, Tarrell Gamble, Henry Levy, 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; Sandra Dueñas-Cuevas, Benefits Manager; Betty Tse, Chief Investment Officer; Victoria Arruda, Human Resource Officer; and Vijay Jagar, Chief Technology Officer.

ACTION ITEMS

1. Review, discussion and possible motion to renew the Board Business and Travel Policy with or without revisions

Staff presented a review of the Board Business and Travel Policy. After reviewing the policy, staff had two substantive changes; automatic fixed percentage increase to annual allocation, and review the policy on a three-year cycle. Trustees discussed the policy and recommended additional changes. The revised policy incorporating all Trustee comments is attached to these minutes.

It was moved by Elizabeth Rogers and seconded by Dale Amaral, that the Operations Committee recommend to the Board of Retirement that the Board Business and Travel Policy continues to be necessary and contains the required policy elements, and recommends that the Board approve the policy with the suggested revisions.

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

2. Review, discussion and possible motion to renew the Trustee Education Policy with or without revisions

Staff presented a review of the Trustee Education Policy. The only substantive change was to review the policy on a three-year cycle instead of every year. The revised policy is attached to these minutes.

It was moved by Tarrell Gamble and seconded by Amaral, that the Operations Committee recommend to the Board of Retirement that the Trustee Education Policy continues to be necessary and contains the required policy elements, and recommends that the Board approve the policy with the suggested revisions.

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

3. Discussion and possible motion for the discharge of benefits overpayments due to death

Staff presented a summary of the annual discharge of uncollectable receivables due to death for the 2017 financial reporting period. The sum of discharge for the 2017 financial reporting period is \$648.12.

It was moved by Darryl Walker, and seconded by Rogers, that the Operations Committee recommend to the Board of Retirement that the Board approve the discharge of benefits overpayments in the amount of \$648.12.

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

INFORMATION ITEMS

1. Unaudited Financial Statements as of December 31, 2017

Staff presented the Unaudited Financial Statement for the period ending December 31, 2017. 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 2016 increased by \$1.147 million. The year-over-year change in net position increased about \$822 million.

2. Operating Expenses as of December 31, 2017

Staff presented the year-to-date Budget vs. Actual Operating Expense Report. As of December 31, 2017, actual expenses were \$2,803,263 under budget. Budget surpluses noted were Staffing (\$1,583K under budget) with 13 unfilled positions, Staff Development (\$308K under budget), Professional Fees (\$268K under budget), Office Expense (\$156K under budget), Insurance (\$123K under budget), Member Services (\$123K under budget), Systems (\$57K under budget), and Board Expenses (\$129K under budget).

3. Actual Cash Report as of December 31, 2017

Staff presented the Actual Negative Cash Position for 2017. For the year ending December 31, 2017, with the exception of the two three-pay-period months, the average monthly negative cash position for the period is -\$16,068,682.

4. Board Member Conference Expense Report

Staff presented the Board Member Conference and Training Report for the period January 1, 2017 to December 31, 2017. Reported expenses for the period were \$99,170.

5. Senior Manager Conference Expense Report

Staff presented the Senior Manager Conference and Training Expense Report for the period January 1, 2017 to December 31, 2017. Reported expenses for the period were \$97,897.

6. Managed Medical Review Organization (MMRO) Recommendation Reports

Staff presented a sample recommendation report from MMRO, and gave a status update regarding the changes to the disability retirement process. Trustee feedback on the report was positive and there were no suggested changes.

7. Call Center Report

Staff reported on the call center service levels for the 4th quarter of 2017.

TRUSTEE/PUBLIC INPUT

Darryl Walker requested that PRISM keep the Board updated on current technology based security threats, for ACERA, and other pension systems.

RECOMMENDATIONS

The Committee recommends, and I move, that the Board Business and Travel Policy continues to be necessary and contains the required policy elements, and recommends that the Board of Retirement approve the suggested revisions.

The Committee recommends, and I move, that the Trustee Education Policy continues to be necessary and contains the required policy elements, and recommends that the Board of Retirement approve the suggested revisions.

The Committee recommends, and I move, that the Board of Retirement approve the discharge of benefits overpayments in the amount of \$648.12.

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for April 4, 2018, at 9:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 10:22 a.m.