



May 7, 2014

To: Members of the Operations Committee
From: Dale Amaral, Chair
Subject: Summary of the May 7, 2014 Operations Committee Meeting

Operations Committee Chair Dale Amaral called the May 7, 2014 Operations Committee Meeting to order at 9:34 a.m. Committee members present were Dale Amaral, Chair, Ophelia Basgal, Keith Carson, George Dewey and Elizabeth Rogers. The other Board members present were Annette Cain-Darnes, Liz Koppenhaver and George Wood, and alternate member David Safer. Staff present were Margo Allen, Fiscal Services Officer; Kathy Foster, Assistant Chief Executive Officer; Betty Tse, Chief Investment Officer; Marguerite Malloy, Associate Counsel; Rose Kwong, Benefits Manager; and Latrena Walker, Project and Information Services Manager.

ACTION ITEM

1. Discussion and possible motion to approve a change to the previously approved New Pay Item – Pay Code 41A based on the addendum provided by Alameda County

Rose Kwong, Benefits Manager, presented a request from Alameda County to review amended Pay Code 41A. In April 2014 the Board of Retirement approved Pay Code 41A as HRS Labor – Fire Dept. Responsibility for one member in this classification. The County of Alameda has since amended and approved Pay Code 41A as HRS Labor – Dept. HRS Responsibility for three members in this classification.

After staff's evaluation, it was determined that since amended Pay Code 41A now applies to three members in this classification, it will be considered pensionable compensation for members (PEPRA) with entry dates **on or after** January 1, 2013 based on Government Code Section 7522.34 and compensation earnable for members (legacy members) with entry dates **prior to** January 1, 2013 based on Government Code Section 31461.

It was moved by Ophelia Basgal and seconded by George Dewey that the Operations Committee recommends to the Board of Retirement that the Board approve the change for inclusion of Pay Item HRS Labor – Dept. HRS Responsibility – Code 41A as compensation earnable and pensionable compensation for members with entry dates **before and on or after** January 1, 2013 based on the addendum provided by Alameda County.

The motion carried 6 yes (*Amaral, Basgal, Cain-Darnes, Dewey, Koppenhaver, Wood*), 0 no, 0 abstentions.

2. Discussion and possible motion to adopt a bona fide break in service requirement policy of 90 days meeting the Internal Revenue Service's qualifications for all ACERA members who retire and return to work with a Participating Employer

Kathy Foster, Assistant CEO, recapped that an internal policy on the IRS Requirement for Bona Fide Separation of Service before Return to Work was presented at the March 5, 2014 Operations Committee meeting. A Board resolution to adopt this policy would lend increased support to the policy when communicating with the Participating Employers.

It was moved by Ophelia Basgal and seconded by George Dewey that the Operations Committee recommends to the Board of Retirement that the Board adopt a bona fide break in service requirement policy of 90 days meeting the Internal Revenue Service's qualifications for ACERA members.

The motion carried 6 yes (*Amaral, Basgal, Cain-Darnes, Dewey, Koppenhaver, Wood*), 0 no, 0 abstentions.

INFORMATION ITEMS

1. Quarterly Financial Statements as of March 31, 2014

Margo Allen, Fiscal Services Officer, presented the quarterly financial statements. For the period ending March 31, 2014 the net assets held in trust for pension benefits total \$6,727,885,513.

2. Operating Expenses – Budget vs Actual as of March 31, 2014

Margo Allen, Fiscal Services Officer, presented the year-to-date operating expenses – budget vs. actual. As of March 31, 2014 actual expenses are \$564,358 under budget.

3. Board Member Conference Expense Report for the 1st Quarter 2014

Margo Allen, Fiscal Services Officer, presented the Board Member Conference Attendance Report for the 1st Quarter 2014.

4. Senior Manager Travel Expense Report for the 4th Quarter 2013

Margo Allen, Fiscal Services Officer, presented the Senior Manager Travel Expense Report for the 1st Quarter 2014.

5. Call Center Report

Sharen Stanek-Lowe, Assistant Benefits Manager presented a quarterly update on the Call Center. Ms. Stanek-Lowe explained that the Call Center asks for the last four digits of a member's social security number when the member asks a question. Ms. Basgal stated that collecting the last four digits of a member's social security number raises privacy issues. After a discussion about the merits of this procedure, Mr. Amaral, Committee Chair, directed staff to bring back to the committee a report on how this information is used, what is the value of collecting this information, and alternatives to collecting this information when a member calls into the Call Center with questions.

RECOMMENDATIONS

1. The Committee recommends, and I move, that the Board of Retirement approve the change for inclusion of Pay Item HRS Labor – Dept. HRS Responsibility – Code 41A as compensation earnable and pensionable compensation for members with entry dates **before and on or after** January 1, 2013 based on the addendum provided by Alameda County.

2. The Committee recommends, and I move, that the Board of Retirement adopt a bona fide break in service requirement policy of 90 days meeting the Internal Revenue Service's qualifications for ACERA members.

TRUSTEE/PUBLIC INPUT

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for June 4, 2014 at 9:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 9:56 a.m.