



August 6, 2014

To: Members of the Operations Committee

From: Dale Amaral, Chair

Subject: Summary of the August 6, 2014 Operations Committee Meeting

Operations Committee Chair Dale Amaral called the August 6, 2014 Operations Committee Meeting to order at 9:34 a.m. Committee members present were Dale Amaral, Chair and Elizabeth Rogers. The other Board members present were Annette Cain-Darnes, and alternate members David Safer and Darryl Walker. Staff present were Kathy Foster, Assistant Chief Executive Officer; Betty Tse, Chief Investment Officer; Marguerite Malloy, Associate Counsel; Margo Allen, Fiscal Services Officer; Rose Kwong, Benefits Manager; Latrena Walker, Project and Information Services Manager; Victoria Arruda, Human Resources Director; and Harsh Jadhav, Chief of Internal Audit.

ACTION ITEM

There were no action items for discussion.

INFORMATION ITEMS

1. ACERA's Fiduciary Liability Insurance

Margo Allen, Fiscal Services Officer, introduced Michael Machette, Area President, and Dennis Butler, Account Executive, Arthur J. Gallagher, ACERA's insurance broker, and Brian Kavanagh, Managing Director, and David Ritter, Account Executive Officer, Travelers Insurance. The representatives from Gallagher and Travelers discussed ACERA's fiduciary liability insurance and answered trustees' questions.

2. Quarterly Financial Statement as of June 30, 2014

Margo Allen, Fiscal Services Officer, presented the quarterly financial statements. For the period ending June 30, 2014 the net assets held in trust for pension benefits total \$6,920,863,160. Ms. Cain-Darnes requested that information be included in the Operating Expenses – Budget vs Actual report on the investment expenses that are being paid outside the budget, including investment manager fees, custodial fees and consultant fees.

3. Operating Expenses – Budget vs Actual as of June 30, 2014

Margo Allen, Fiscal Services Officer, presented the year-to-date operating expenses – budget vs. actual. As of June 30, 2014 actual expenses are \$1,000,660 under budget.

4. Board Member Conference Attendance Report for the 2nd Quarter 2014

Margo Allen, Fiscal Services Officer, presented the Board Member Conference Attendance Report for the 2nd Quarter 2014.

5. Senior Manager Travel Expense Report for the 2nd Quarter 2014

Margo Allen, Fiscal Services Officer, presented the Senior Manager Travel Expense Report for the 2nd Quarter 2014.

6. 2014 Board Offsite Agenda

Kathy Foster, Assistant CEO, presented the draft 2014 Board Offsite agenda. Captain Amaral asked staff to ensure that there was going to be sufficient time on the agenda to discuss strategic planning and the 2015 proposed budget.

7. 2014 Five Year Business Plan Update

Kathy Foster, Assistant CEO, provided an update on the Five Year Business Plan and discussed the Strategic Planning Readiness Assessment Project.

8. GASB 67 & 68 Implementation Project Update

Margo Allen, Fiscal Services Officer, gave an update on the GASB 67 & 68 Implementation Project.

9. Technology Improvement Project Update

Latrena Walker, Project and Information Services Manager, gave an update on the Technology Improvement Project.

10. Implementation of AB 197 Regulation

Kathy Foster, Assistant CEO, provided an update on the implementation of AB 197, which became effective July 12, 2014.

11. Status Update on Retirements due to AB 197 Implementation

Kathy Foster, Assistant CEO, presented a spreadsheet template that will be used to report the status on the cost of labor and the amount of work in implementing AB 197. An additional spreadsheet was provided to report on the work completed and amount spent in overtime and temporary employees as of August 1, 2014.

12. Legislative Update

Lori Schnall, Associate Counsel, presented an update on legislation of interest to ACERA.

13. Call Center Report

Kathy Foster, Assistant CEO, presented the 2nd quarter report on the Call Center.

TRUSTEE/PUBLIC INPUT

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for September 3, 2014 at 9:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 10:57 a.m.