



September 2, 2015

To: Members of the Operations Committee
From: Dale Amaral, Chair
Subject: Summary of the September 2, 2015 Operations Committee Meeting

Operations Committee Chair Dale Amaral called the September 2, 2015 Operations Committee Meeting to order at 9:33 a.m. Committee members present were Dale Amaral, Chair, Ophelia Basgal, Keith Carson, Tarrell Gamble, and Liz Koppenhaver. The other Board members present were Elizabeth Rogers; and alternate member David Safer. Staff present were Kathy Foster, Interim Chief Executive Officer; Joseph Fletcher, Chief Counsel; Betty Tse, Chief Investment Officer; Margo Allen, Fiscal Services Officer; Harsh Jadhav, Chief of Internal Audit; Latrena Walker, Project and Information Services Manager; Victoria Arruda, Human Resources Director; and Sandra Duenas-Cuevas, Benefits Manager.

ACTION ITEMS

1. Discussion and possible motion to approve a New Pay Item – Pay Code 41F for Alameda County

Staff presented a request from Alameda County to review new pay item County Re-entry Prog Resp – code 41F.

After staff's evaluation, it was determined since Pay Code 41F is for one member in this classification, it will not be considered pensionable compensation according to Government Code Section 7522.34, which applies to new members (PEPRA) as of January 1, 2013. However, it will be considered compensation earnable for members (legacy) with entry dates prior to January 1, 2013 based on Government Code Section 31461.

It was moved by Elizabeth Rogers, and seconded by Liz Koppenhaver, that the Operations Committee recommends to the Board of Retirement that the Board approve the non-inclusion of the newly created pay item 41F – County Re-entry Prog Resp, as pensionable compensation for a member (PEPRA) with an entry date on or after January 1, 2013; and approve the inclusion of the newly created pay item 41F – County Re-entry Prog Resp, as compensation earnable for a member (legacy) with an entry date prior to January 1, 2013.

2. Discussion and possible motion to approve a New Pay Item – Pay Code 41G for Alameda County

Prior to any discussion, Elizabeth Rogers recused herself. Staff presented a request from Alameda County to review new pay item Lead/Trng Resp (PD Oak Office) – code 41G.

After staff's evaluation, it was determined since Pay Code 41G is for one member in this classification, it will not be considered pensionable compensation according to Government Code Section 7522.34, which applies to new members (PEPRA) as of January 1, 2013. However, it will be considered compensation earnable for members (legacy) with entry dates prior to January 1, 2013 based on Government Code Section 31461.

It was moved by Ophelia Basgal, and seconded by Liz Koppenhaver, that the Operations Committee recommends to the Board of Retirement that the Board approve the non-inclusion of the newly created pay item 41G – Lead/Trng Resp (PD Oak Office), as pensionable compensation for a member (PEPRA) with an entry date on or after January 1, 2013; and approve the inclusion of the newly created pay item 41G – Lead/Trng Resp (PD Oak Office), as compensation earnable for a member (legacy) with an entry date prior to January 1, 2013.

3. Discussion and possible motion to approve a New Pay Item – Pay Code 41H for Alameda County

Staff presented a request from Alameda County to review new pay item Supervise Prof Standards Unit – code 41H.

After staff's evaluation, it was determined since Pay Code 41H is for one member in this classification, it will not be considered pensionable compensation according to Government Code Section 7522.34, which applies to new members (PEPRA) as of January 1, 2013. However, it will be considered compensation earnable for members (legacy) with entry dates prior to January 1, 2013 based on Government Code Section 31461.

It was moved by Ophelia Basgal, and seconded by Liz Koppenhaver, that the Operations Committee recommends to the Board of Retirement that the Board approve the non-inclusion of the newly created pay item 41H – Supervise Prof Standards Unit, as pensionable compensation for a member (PEPRA) with an entry date on or after January 1, 2013; and approve the inclusion of the newly created pay item 41H – Supervise Prof Standards Unit, as compensation earnable for a member (legacy) with an entry date prior to January 1, 2013.

4. Discussion and possible motion to approve a New Pay Item – Pay Code 41I for Alameda County

Staff presented a request from Alameda County to review new pay item Supervise/ Coord Support Staff Wrk – code 41I.

After staff's evaluation, it was determined since Pay Code 41I is for one member in this classification, it will not be considered pensionable compensation according to Government Code Section 7522.34, which applies to new members (PEPRA) as of January 1, 2013. However, it will be considered compensation earnable for members (legacy) with entry dates prior to January 1, 2013 based on Government Code Section 31461.

It was moved by Liz Koppenhaver, and seconded by Ophelia Basgal, that the Operations Committee recommends to the Board of Retirement that the Board approve the non-inclusion of the newly created pay item 41I – Supervise/Coord Support Staff, as pensionable compensation for a member (PEPRA) with an entry date on or after January 1, 2013; and approve the inclusion of the newly created pay item 41I – Supervise/Coord Support Staff, as compensation earnable for a member (legacy) with an entry date prior to January 1, 2013.

5. Discussion and possible motion to approve a New Pay Item – Pay Code 353 for Alameda County

Prior to the discussion, Dale Amaral recused himself. Staff presented a request from Alameda County to review new pay item Emergency Compensation – code 353.

After staff's evaluation, it was determined since this pay item applies to more than one member in this classification, it will be considered pensionable compensation for members (PEPRA) with entry dates on or after January 1, 2014 based on Government Code Section 7522.34 and compensation

earnable for members (legacy) with entry dates prior to January 1, 2013 based on Government Code Section 31461.

It was moved by Ophelia Basgal, and seconded by Elizabeth Rogers, that the Operations Committee recommends to the Board of Retirement that the Board approve the inclusion of pay item 353 – Emergency Compensation, as compensation earnable and pensionable compensation for members with entry dates before, on or after January 1, 2013.

6. Discussion and possible motion to approve a cost increase in Williams, Adley & Company's (WACO) contract extension to pay for WACO's sub-contractor used during the implementation of GASB Statements 67 and 68

Staff explained that WACO, ACERA's external auditor, is requesting an additional \$6,000 to amend WACO's two-year service agreement extension for independent actuarial services associated with auditing GASB 67 & 68 financial reporting schedules.

It was moved by Ophelia Basgal and seconded by Liz Koppenhaver that the Operations Committee recommend to the Board of Retirement that the Board approve an additional \$6,000 for Williams, Adley & Company's two year contract extension of the 2009 Agreement of Audit Services between ACERA and Williams, Adley & Company, extending the contract term through December 31, 2016.

7. Discussion and possible motion to adopt the amendments to the Board Travel Policy

Staff presented several proposed revisions to Board Travel Policy. This policy is reviewed annually during the budgetary process.

Following a review and discussion of the policy, the committee directed staff to bring the policy back after revisions are made in order to align the trustee travel policy with the staff travel policy. The trustees also directed staff to bring a report to the Budget Committee identifying the conferences and training that trustees attended over the previous three years, together with the associated expenses. There was no action taken.

8. Discussion and possible motion to adopt the amendments to the Trustee Education Policy

Staff presented the proposed revisions to the Trustee Education Policy. The committee was reminded that this policy is reviewed annually with the Travel Policy.

It was moved by Liz Koppenhaver and seconded by Elizabeth Rogers that the Operations Committee recommends to the Board of Retirement that the Board adopt the Trustee Education Policy, with the suggested revisions.

9. Discussion and possible motion to adopt the Recovery of Overpayment of Member Benefits and Underpayments of Member Contributions Policy

Staff presented the revised Recovery of Overpayment of Member Benefits and Underpayments of Member Contributions Policy reflecting the changes that were requested by the trustees at the August 5th committee meeting. Following a review and discussion of the policy, the trustees directed staff to make one additional change.

It was moved by Ophelia Basgal and seconded by Tarrell Gamble that the Operations Committee recommends to the Board of Retirement that the Board adopt the Recovery of Overpayment of Member Benefits and Underpayment of Member Contributions Policy with the recommended change.

INFORMATION ITEMS

1. Operating Expenses – Budget vs Actual as of July 31, 2015

Staff presented the year-to-date operating expenses – budget vs. actual. As of July 31, 2015 actual expenses are \$1,472,980 under budget.

2. ACERA Recruitment Process

Staff presented a report on the recruitment process for ACERA. The committee requested staff to estimate the cost for ACERA to conduct its own recruitment.

RECOMMENDATIONS

1. The Committee recommends, and I move, that the Board of Retirement approve the non-inclusion of the newly created pay item 41F – County Re-entry Prog Resp, as pensionable compensation for a member (PEPRA) with an entry date on or after January 1, 2013; and approve the inclusion of the newly created pay item 41F – County Re-entry Prog Resp, as compensation earnable for a member (legacy) with an entry date prior to January 1, 2013.
2. The Committee recommends, and I move, that the Board of Retirement approve the non-inclusion of the newly created pay item 41G – Lead/Trng Resp (PD Oak Office), as pensionable compensation for a member (PEPRA) with an entry date on or after January 1, 2013; and approve the inclusion of the newly created pay item 41G – Lead/Trng Resp (PD Oak Office), as compensation earnable for a member (legacy) with an entry date prior to January 1, 2013.
3. The Committee recommends, and I move, that the Board of Retirement approve the non-inclusion of the newly created pay item 41H – Supervise Prof Standards Unit, as pensionable compensation for a member (PEPRA) with an entry date on or after January 1, 2013; and approve the inclusion of the newly created pay item 41H – Supervise Prof Standards Unit, as compensation earnable for a member (legacy) with an entry date prior to January 1, 2013.
4. The Committee recommends, and I move, that the Board of Retirement approve the non-inclusion of the newly created pay item 41I – Supervise/Coord Support Staff, as pensionable compensation for a member (PEPRA) with an entry date on or after January 1, 2013; and approve the inclusion of the newly created pay item 41I – Supervise/Coord Support Staff, as compensation earnable for a member (legacy) with an entry date prior to January 1, 2013.
5. The Committee recommends, and I move, that the Board of Retirement approve the inclusion of pay item 353 – Emergency Compensation, as compensation earnable and pensionable compensation for members with entry dates before, on or after January 1, 2013.
6. The Committee recommends, and I move, that the Board of Retirement approve an additional \$6,000 for Williams, Adley & Company's two year contract extension of the 2009 Agreement of Audit Services between ACERA and Williams, Adley & Company, extending the contract term through December 31, 2016.
7. The committee recommends, and I move, that the Board of Retirement adopt the Trustee Education Policy, with the suggested revisions.
8. The committee recommends, and I move, that the Board of Retirement adopt the Recovery of Overpayment of Member Benefits and Underpayment of Member Contributions Policy.

ADJOURNMENT INTO CLOSED EXECUTIVE SESSION

Pursuant to Government Code §54956.9(a) the meeting adjourned at 10:41 a.m. into Closed Executive Session to confer with legal counsel regarding pending litigation in the matter of:

- 1) Alameda County Employees' Retirement Association v. BP PLC, Case No. 4:12-CV-1256; and
- 2) Trustees of the Mineworkers' Pension Scheme Limited and Others v The Royal Bank of Scotland Group plc – HC12D01192.

The meeting continued at 10:47 a.m. in Closed Executive Session to consider Robyn Rivera's appeal of staff's determination that Ms. Rivera is ineligible for a disability retirement. At this time, Dale Amaral recused himself. Ms. Rivera was not present, but was represented at the meeting by her attorney, Mr. Phil Allen. Ms. Marguerite Malloy, Associate Counsel, was present to represent ACERA on the case. Ms. Lori Schnall, Associate Counsel, was present to advise the trustees.

RETURN TO OPEN SESSION

The Committee reconvened into open session at 11:35 a.m. and reported that no action was taken with respect to the pending securities litigation.

In addition, it was reported that following a discussion, Elizabeth Rogers moved, and Ophelia Basgal seconded, that the Operations Committee recommends to the Board of Retirement that the Board deny Ms. Robyn Rivera's appeal of staff's determination that Ms. Rivera is ineligible for a disability retirement.

The motion carried 5 yes (*Basgal, Carson, Gamble, Koppenhaver, Rogers*), 0 no, 1 abstention (*Walker*), 1 recusal (*Amaral*).

TRUSTEE/PUBLIC INPUT

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for October 2, 2015 at 9:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:37 a.m.