



November 6, 2013

To: Members of the Operations Committee
From: Elizabeth Rogers, Chair
Subject: Summary of the November 6, 2013 Operations Committee Meeting

Operations Committee Chair Elizabeth Rogers called the November 6, 2013 Operations Committee Meeting to order at 9:00 a.m. Committee members present were Elizabeth Rogers, Chair, George Dewey, and Liz Koppenhaver. The other Board members present were George Wood, and alternate members David Safer and Darryl Walker. Staff present were Vince Brown, Chief Executive Officer; Marguerite Malloy, Associate Counsel; Kathy Foster, Assistant Chief Executive Officer; Betty Tse, Chief Investment Officer; 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

1. Discussion and possible motion to adopt the 2014 Operating Expense Budget

Vince Brown, CEO, discussed the proposed 2014 Operating Expense Budget. As a follow up to the Board's requests at the October 18, 2013 Board Offsite meeting, Mr. Brown presented details of the professional dues expenditures listed in the budget and provided additional information regarding the 2013 departmental accomplishments. Trustee Safer noted that the Council of Institutional Investors needs to be added to the list of professional dues. Trustee Dewey stated that he will provide staff with some minor word and grammatical changes to the budget prior to the November Board meeting.

It was moved by George Dewey and seconded by Liz Koppenhaver that the Operations Committee recommends to the Board of Retirement that the Board approve the proposed 2014 Operating Expense Budget of \$18,732,000.

The motion carried 3 yes (*Dewey, Koppenhaver, Rogers*), 0 no, 0 abstentions.

2. Discussion and possible motion to extend the contract with Williams, Adley & Company LLP

Margo Allen, Fiscal Services Officer, requested authorization to negotiate a two (2) year extension of the current 2010 through 2014 Agreement for Audit Services between ACERA and Williams, Adley & Company LLP (WACO) in order to provide continuity through the transition and implementation of the GASB Statements No. 67 & 68 requirements.

After a discussion, the Committee decided not to take action. Instead, the Committee requested that this item be brought to the November 21, 2013 Board meeting for further discussion and that staff provide the following information:

- 1) Confirmation that WACO agrees to extend the Agreement for the same hourly fee,
- 2) Ranking, explanation of the ranking, and fees from the 2009 RFP proposals for audit services, and
- 3) Quantify the time staff will need to spend preparing a new auditor.

- 3. Discussion and possible motion to approve a New Pay Item – Pay Code 40V for County of Alameda**
Rose Kwong, Benefits Manager, presented a request from Alameda County to review new pay code – Oversee Multi-Year Project – Pay Code 40V. After staff's evaluation, it was determined that Pay Code 40V is compensation earnable for members with entry dates prior to January 1, 2013 based on Government Code Section 31461 and pensionable compensation for members with entry dates on or after January 1, 2013 in accordance with Government Code Section 7522.34. Trustee Dewey asked if the additional 10% compensation for Pay Code 40V has a sunset. Ms. Kwong stated that she can respond to the question after she confirms it with the County.

It was moved by George Dewey and seconded by Liz Koppenhaver that the Operations Committee recommends to the Board of Retirement that the Board approve the inclusion of the newly created pay item Oversee Multi-Year Projects, Code 40V in compensation earnable and pensionable compensation for members with entry dates before and on or after January 1, 2013.

The motion carried 3 yes (*Dewey, Koppenhaver, Rogers*), 0 no, 0 abstentions.

INFORMATION ITEMS

- 1. Quarterly Financial Statements as of September 30, 2013**

Margo Allen, Fiscal Services Officer, presented the quarterly financial statements as of September 30, 2013. For the period ending, September 30, 2013 net assets held in trust for pension benefits total \$6,302,570,848.

- 2. Operating Expenses – Budget vs Actual as of September 30, 2013**

Margo Allen, Fiscal Services Officer, presented the year-to-date operating expenses – budget vs. actual. As of September 30, 2013 actual expenses are under budget \$1,144,909.

- 3. 2013 Board Election Update**

Margo Allen, Fiscal Services Officer, announced that the Board of Supervisors, at its meeting on October 15, 2013, approved ACERA's recommendation to direct the Clerk of the Board of Supervisors to cast a unanimous ballot in favor of Ms. Koppenhaver for the Eighth Member to represent the retired members and Mr. David Safer for the Alternate Eighth Member to represent the retired members on the Board of Retirement for a 3-year term commencing January 1, 2014 and ending December 31, 2016.

- 4. Board Member Conference Attendance Report for the 3rd Quarter 2013**

Margo Allen, Fiscal Services Officer, presented the Board Conference Expense Quarterly Report ending September 30, 2013.

- 5. Request for Proposal for Banking Institution**

Margo Allen, Fiscal Services Officer, informed the Committee that a non-binding Request for Proposal (RFP) for a banking institution is being considered and that a draft RFP is expected to be discussed at the February 5, 2014 Operations Committee meeting.

- 6. Legislative Update**

Marguerite Malloy, Associate Counsel, presented a legislative update highlighting new chaptered legislation that impacts ACERA.

- 7. Call Center Report**

Sharen Stanek-Lowe, Assistant Benefits Manager, presented the 2nd Quarter 2013 Call Center Report.

RECOMMENDATIONS

1. The Committee recommends, and I move that the Board of Retirement approve the proposed 2014 Operating Expense Budget of \$18,732,000.
2. The Committee recommends, and I move that the Board of Retirement approve the inclusion of the newly created pay item Oversee Multi-Year Projects, Pay Code 40V in compensation earnable and pensionable compensation for members with entry dates before and on or after January 1, 2013.

TRUSTEE/PUBLIC INPUT

None

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for December 4, 2013 at 9:00 a.m.

MEETING ADJOURNED

The meeting adjourned at 9:44 a.m.