



**MINUTES OF THE REGULAR MEETING
OF THE
PENSION BOARD OF THE CITY OF ALAMEDA
HELD 4:30 P.M., APRIL 27, 2015
ALAMEDA CITY HALL
2263 SANTA CLARA AVENUE, ALAMEDA
CONFERENCE ROOM 391**

1. The meeting was called to order by Chair Trish Herrera Spencer at 4:35 p.m.

2. **ROLL CALL:**

Present: Trustees: Trish Herrera Spencer, William Soderlund, Nancy Elzig, and Jill Kovacs. Absent: Bruce Edwards

Staff: Elena Adair, Finance Director; Brad Farmer, Acting Financial Services Manager, and Lelia Faapouli, Human Resources.

3. **MINUTES:**

The minutes of the Regular Meeting of January 26, 2015 was moved for approval by Member Soderlund and seconded by Member Elzig. Passed 4-0.

4. **AGENDA ITEMS:**

4-A. Pension Payroll and Financial Reports – Quarter Ending March 31, 2015 and City of Alameda Police & Fire Pension Funds Financial Reports for the Period Ending March 31, 2015 were accepted as presented and moved for approval by Member Soderlund and seconded by Member Elzig. Passed 4-0.

Finance Director Adair brought up a question from the auditors: Do we need to have a separate annual financial report for the Pension Funds? The Pension Ordinance does not say we need to have separately audited financial statements for 1079 and 1082 Pensioners. The Ordinance requires Finance to provide the Board with a report as we are doing now, but does not ask for a separate annual financial report. This raises the question, should we continue to have auditors issue a separate report for these particular Pension plans or can we stop these reports, which cost the City \$10,000. Acting Financial Services Manager Farmer

said that this is redundant reporting since the same information is in the City's Comprehensive Annual Financial Report (CAFR) and as such, is still subject to normal full audit testing. This proposal is to eliminate the external audit and the separate end of year financial report and save the City \$10,000.

Chair Herrera Spencer would like this issue to be on the agenda for the next meeting so the Board can review and give feedback before deciding and so the public can be notified. Since we are talking about not having a separate external audit, it has to be reflected formally because it is a significant change.

Member Kovacs asked the Finance Department to provide a report to the Board stating what the Ordinance says, what we have been doing and what we are proposing to do. Chair Herrera Spencer would like to see a copy of the last external audit attached to the report because that is what is being eliminated in the future.

Member Kovacs asked if the CAFR includes the required information as a separate section so the Board could readily locate it. Acting Financial Services Manager Farmer stated that it is under the "Trust & Agency" section. He said the City is duplicating efforts. The City changed auditors and this new firm questioned if the separate report is needed. The Pension Ordinance specifically says there is a report due and that the report should be presented to Council at the end of the fiscal year and we have been complying by providing a separate report. The auditors are recommending that we comply with this requirement through the CAFR versus a separate report.

Chair Herrera Spencer asked if auditors are working now, and was informed that they would be back in June and then in September for the final audit. Acting Financial Services Manager Farmer replied that the next Pension Board meeting will be in July, and the Board can make a decision at that time in time for the final audit. Member Kovacs asked Finance staff to provide the Board with both the last Pension Plan audit report and the corresponding CAFR page, so the Board can see what we are giving up and what we are getting.

Chair Herrera Spencer asked for the \$10,000 cost reduction information to be provided in writing. Member Soderlund asked if this had to go to Council. Acting Financial Services Manager Farmer advised that Council needs to approve if funding goes up but not when it goes down. However, the Board can make an official recommendation. Member Soderlund asked if recommendation to stop the end of year separate report, is agreed on at the July meeting, if that is enough time to cancel \$10,000 for this year. Finance Director Adair said it should be enough time, that this is a part of the City's CAFR contract so the report has to be done anyway. The \$10,000 is to issue the separate report.

4-B. Memo regarding the death of 1079 Pensioner – Consuelo Servente (Widow of Fire Chief Ernest Servente) deceased 10/26/14, was accepted with regret by Member Elzig and seconded by Member Soderlund. Passed 4-0.

5. ORAL COMMUNICATIONS, NON-AGENDA (PUBLIC COMMENT):

There was no communication from the public.

6. PENSION BOARD COMMUNICATIONS (COMMUNICATIONS FROM BOARD):

Member Kovacs shared with the Board that this is the last meeting for Acting Financial Services Manager, Brad Farmer, as he will be heading off to Pittsburg to be their Finance Director. The Board thanked him for his reports and wished him well.

Member Soderlund asked about the thank-you letter to former Pension Board member Robert Follrath. Member Kovacs shared a copy of what was sent to Mr. Follrath by the City Clerk, a certificate and thank you letter with her personal note on letter. Member Kovacs provided a thank you letter on the Mayor's letterhead from the Pension Board for all Pension Board members to sign and to be mailed to Mr. Follrath.

7. ADJOURNMENT:

There being no further business to come before the board, the meeting was adjourned at 4:55 p.m.

Respectfully submitted,

Jill Kovacs
Secretary to the Pension Board