



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
MINUTES

Thursday, February 15, 2018

Chair Tarrell Gamble called the meeting to order at 2:01 p.m.

Trustees Present: Dale Amaral
Annette Cain-Darnes
Tarrell Gamble
Liz Koppenhaver
Henry Levy
Elizabeth Rogers
George Wood
Nancy Reilly (*Alternate*)
Darryl Walker (*Alternate*)

Trustees Excused: Ophelia Basgal
Keith Carson

Staff Present: Margo Allen, Fiscal Services Officer
Victoria Arruda, Human Resource Officer
Angela Bradford, Executive Secretary
Sandra Dueñas-Cuevas, Benefits Manager
Kathy Foster, Assistant Chief Executive Officer
Harsh Jadhav, Chief of Internal Audit
Vijay Jagar, Retirement Chief Technology Officer, ACERA
Kathy Mount, Chief Counsel
David Nelsen, Chief Executive Officer
Betty Tse, Chief Investment Officer

18-17

The minutes of the regular meeting January 18, 2018, were accepted on a motion, by Elizabeth Rogers, seconded by Henry Levy, and approved by a vote of 6 yes (*Amaral, Cain-Darnes, Gamble, Levy, Rogers, Wood*), 0 no, and 1 abstention (*Koppenhaver*).

CONSENT CALENDAR

REPORTS AND ACTION ITEMS

APPLICATION FOR SERVICE RETIREMENT

Appendix A

APPLICATION FOR RETIREMENT, DEFERRED

*Appendix B
Appendix B-1*

APPLICATION FOR DEFERRED TRANSFER

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LIST OF DECEASED MEMBERS

Appendix D

REQUESTS FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT

Appendix E

APPLICATION FOR DISABILITY RETIREMENT – NON-CONTESTED ITEMS:

Appendix F

APPLICATION FOR DISABILITY RETIREMENT – HEARING OFFICER RECOMMENDATIONS

Appendix G

APPROVAL COMMITTEE MINUTES

None

MISCELLANEOUS MATTERS:

None

It was moved by George Wood, seconded by Elizabeth Rogers, and approved by a vote of 6 yes (*Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions that the following resolution is adopted (*Dale Amaral recused because one or more of the consent calendar items involved his employing Department*):

18-18

BE IT RESOLVED BY THIS BOARD that the Consent Calendar is approved as presented.

REGULAR CALENDAR – REPORTS AND ACTION ITEMS

DISABILITIES, CURRENT AND CONTINUING RECOMMENDATIONS AND MOTIONS

None.

COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS

*Note: Per Committee Chairs, copies of the Committee meeting minutes were available for attendees. All **February** Committee meeting minutes are posted on the ACERA website (www.acera.org) after approval at the **February 15, 2018**, Board meeting. This month's Committee reports were presented in the following order:*

Operations:

Dale Amaral reported that the Operations Committee met on February 7, 2018, at 9:33 a.m. and highlighted the following:

Staff presented a review of the *Board Business and Travel Policy*. After reviewing the policy, staff had two substantive changes; automatic fixed percentage increase to annual allocation, and review the policy on a three-year cycle. Trustees discussed the policy and recommended additional changes. The revised policy incorporating all Trustee comments is attached to these minutes.

At today's Board meeting, Chief Counsel Kathy Mount noted that there was an additional revision to the policy which was inadvertently left out of the policy presented to the Board, and which should state: "The allotment for each Trustee shall automatically increase by the Consumer Price Index (CPI) for the greater San Francisco area effective January 1 of each year subject to budgetary constraints."

18-19

It was moved by Dale Amaral and seconded by George Wood that the Board approve the *Board Travel Policy* with the suggested revisions, as recommended by Staff and the Committee. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Staff presented a review of the *Trustee Education Policy*. The only substantive change was to review the policy on a three-year cycle instead of every year. The revised policy is attached to these minutes.

18-20

It was moved by Dale Amaral and seconded by Henry Levy that the Board approve the *Trustee Education Policy* with the suggested revisions, as recommended by Staff and the Committee. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Staff presented a summary of the annual discharge of uncollectable receivables due to death for the 2017 financial reporting period. The sum of discharge for the 2017 financial reporting period is \$648.12.

18-21

It was moved by Dale Amaral and seconded by Elizabeth Rogers that the Board approve the discharge in the amount of \$648.12. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Staff presented the Unaudited Financial Statement for the period ending December 31, 2017. Staff stated the net position held in trust for pension benefits totaled \$8.1 billion. The fiduciary net position held in trust compared to the same period in 2016 increased by \$1.147 million. The year-over-year change in net position increased about \$822 million.

Staff presented the year-to-date Budget vs. Actual Operating Expense Report. As of December 31, 2017, actual expenses were \$2,803,263 under budget. Budget surpluses noted were Staffing (\$1,583K under budget) with 13 unfilled positions, Staff Development (\$308K under budget), Professional Fees (\$268K under budget), Office Expense (\$156K under budget), Insurance (\$123K under budget), Member Services (\$123K under budget), Systems (\$57K under budget), and Board Expenses (\$129K under budget).

Staff presented the Actual Negative Cash Position for 2017. For the year ending December 31, 2017, with the exception of the two three-pay-period months, the average monthly negative cash position for the period is -\$16,068,682.

Staff presented the Board Member Conference and Training Report for the period January 1, 2017 to December 31, 2017. Reported expenses for the period were \$99,170.

Staff presented the Senior Manager Conference and Training Expense Report for the period January 1, 2017 to December 31, 2017. Reported expenses for the period were \$97,897.

Staff presented a sample recommendation report from MMRO, and gave a status update regarding the changes to the disability retirement process. Trustee feedback on the report was positive and there were no suggested changes.

At today's Board meeting, Trustee Amaral reported since the implementation of MMRO's disability retirement process, they have reduced ACERA's retirement disability applications in half and that he has received nothing but positive feedback from members regarding MMRO's process.

Staff reported on the call center service levels for the 4th quarter of 2017.

Darryl Walker requested that PRISM keep the Board updated on current technology based security threats, for ACERA, and other pension systems.

18-22

It was moved by Dale Amaral and seconded by Elizabeth Rogers that the Board approve the February 7, 2018 Operations Committee minutes. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Retirees:

Liz Koppenhaver reported that the Retirees Committee met on February 7, 2018, at 2:13 p.m. and highlighted the following:

Staff provided information regarding the Supplemental Cost of Living Adjustment (COLA) benefit. The Supplemental COLA is provided to retirees who have an accumulated loss of purchasing power of 15% due to inflation. For 2017, there were approximately 328 retirees/payees receiving this benefit at a cost of \$1,229,030.36. Based on the accumulated loss of purchasing power as of December 31, 2017, those Tier 1 members who retired on or before April 1, 1981, and those Tier 2 members who retired on or before April 1, 1998, will receive the Supplemental COLA increase effective with their April 1, 2018 monthly allowance.

18-23

It was moved by Liz Koppenhaver and seconded by Elizabeth Rogers that the Board adopt the Supplemental Cost of Living Adjustment increase for Tier I members who retired on or before April 1, 1981, and Tier 2 members who retired on or before April 1, 1998, effective with the April 1, 2018 monthly retirement allowance. This annual supplemental benefit is non-vested and is funded by the Supplemental Retiree Benefit Reserve. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Staff reported that based on information provided by Segal Consulting, ACERA's actuaries, the Cost of Living Adjustment effective April 1, 2018 results in the maximum increase of 3.0% for all Tier 1 and Tier 3 retirees/payees, and all Tier 2 and Tier 4 retirees/payees will receive 2.0%. The Consumer Price Index (CPI) calculation resulted in a change of 2.94%. According to Government Code Sections 31870 and 31870.1, the percentage change should be rounded to the nearest one-half percent, which is 3.00%. The 1% difference between the 3.00% and the 2% maximum COLA adjustment allowed for Tiers 2 and 4 will be banked.

Staff presented information regarding the purpose and plans for ACERA's annual health planning meeting with Trustees, retiree representatives, Benefits Consultants, and the County of Alameda, scheduled for March 15, 2018.

Staff did not have any miscellaneous updates to report.

18-24

It was moved by Liz Koppenhaver and seconded by George Wood that the Board approve the February 7, 2018 Retirees Committee minutes. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Investment:

Elizabeth Rogers gave an oral report stating that the Investment Committee met on February 14, 2018 at approximately 9:30 a.m. p.m. wherein representatives from AQR provided an overview of its Firm and Global Stock Selection Team. AQR also presented its net of fees return since inception in 2000. After discussion, the Committee recommended that the Board adopt an up to \$170 million investment in the AQR Global Stock Selection Institutional Fund, L.P. as a part of ACERA Absolute Return Portfolio – Other Alternatives/Opportunistic.

18-25

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver that the Board adopt an up to \$170 million Investment in the AQR Global Stock Selection (GSS) Institutional Fund L.P. as a part of ACERA’s Absolute Return Asset Portfolio – Other Alternative/Opportunistic. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Trustee Rogers further reported that the Committee discussed the following Information items: *1)* 2018 Capital Market Assumptions regarding the 10-year return and risk assumptions regarding its organization, investment philosophy and strategy, portfolio characteristics, performance and return attribution; *2)* review of Capital Group; *3)* review of Mondrian Investment Partners regarding a description of its strategy’s investment philosophy and process; and *4)* review of the Proposed Investment Committee Workplan for 2018.

Audit:

Henry Levy gave an oral report stating that the Audit Committee met today at approximately 1:00 p.m. wherein Audrey Elbert and Kenneth Yu of Williams Adley & Company, LLC, presented and discussed the scope of work and timeline of the 2017 external audit. It was noted that Robert Griffin was also in the audience.

18-26

It was moved by Henry Levy and seconded by Elizabeth Rogers that the Board approve the External Audit Scope of Work and Timeline of Services to be performed by Williams Adley & Co. LLP. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Trustee Levy further reported that the Committee reviewed and discussed the following Information items: *1) External Audit: 2018 Audit Committee Work Plan (Proposed); 2) Internal Audit: Annual Risk Assessment; 3) 2018 Internal Audit Program (Proposed); and 4) Completed Audits.*

SACRS Proxy Voting

Mr. Nelsen presented his February 15, 2018, memo requesting to vote ACERA's Proxy on behalf of the Board of Retirement at the upcoming State Association of County Retirement Systems (SACRS) Spring Conference Business Meeting. In the event Mr. Nelsen is unavailable to vote on behalf of the Board at the SACRS Business Meeting, ACERA Assistant CEO Kathy Foster is the alternate voting delegate.

18-27

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver that the Board direct the Chief Executive Officer (CEO) to vote ACERA's proxy on behalf of the Board of Retirement at the upcoming SACRS Spring Conference Business Meeting, and designate the ACERA Assistant CEO as the alternate (secondary) voting delegate in the event the CEO is unavailable to vote. The motion carried 7 yes (Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood), 0 no, and 0 abstentions.

David Nelsen, Chief Executive Officer's Report

Mr. Nelsen presented his February 15, 2018, written Chief Executive Officer's Report which provided an update on the following items: *1) Senior Manager Recruitment informing the Board that all vacancies have been filed; 2) Committee/Board Action Items; 3) Conference Schedule; 4) CEO Outreach; and 5) Other Items.*

Mr. Nelsen announced that ACERA received the Government Financial Office of Accounting (GFOA) *Certificate for Excellence in Financial Reporting Award* for its 2016 Popular Financial Accounting Report (PAFR), a condensed report containing important information derived from ACERA's Comprehensive Financial Accounting Report (CAFR). It was noted that ACERA also received the GFOA Award for its 2016 CAFR. Mr. Nelsen reminded the Trustees to please submit their completed Form 700s.

Mr. Nelsen announced that Assistant Chief Executive Officer Kathy Foster will be in charge the week of February 19, 2018, as Mr. Nelsen will be out of the Office during that time.

CONFERENCE REPORTS

None.

ANNOUNCEMENTS

None.

PUBLIC INPUT

None.

BOARD INPUT

None.

ADJOURNMENT

The meeting adjourned at approximately 2:27 p.m.

Respectfully Submitted,



David Nelsen
Chief Executive Officer

3/15/18

Date Adopted

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

AZUMA, Chiye
Effective: 06/01/2017
LARPD

MERTENS, Robert T.
Effective: 11/04/2017
Public Defender

BASS, Brenda
Effective: 11/04/2017
Health Care Services Agency

NEMY, Karen D.
Effective: 07/18/2017
Child Support Services

BENKO, Deborah A.
Effective: 10/01/2017
Superior Court - DEF

NICKS-HUNTER, Jacquetta
Effective: 03/30/2017
Social Services Agency

BUGGY, Kevin J.
Effective: 08/12/2017
Sheriff's Office

NIOUS, Debra Y.
Effective: 03/31/2017
Superior Court

CASARES, Jesse
Effective: 11/02/2016
Probation

PEREZ, Edward G.
Effective: 07/15/2017
Public Works Agency

CHAN, Barney M.
Effective: 08/26/2017
Health Care Services Agency

PULLIAM, Ronald L.
Effective: 07/29/2017
General Services Agency

FENG, Arleen Y.
Effective: 08/10/2017
Public Works Agency

ROSE, Pamela
Effective: 05/26/2017
Alameda Health System - DEF

FRANDO, Teresita S.
Effective: 05/31/2017
Alameda Health System

SIMON, Donald R.
Effective: 12/05/2015
Information Technology

GRAHAM, Dorothy
Effective: 08/01/15
Alameda Health System

TAKIGUCHI, Lael L.
Effective: 09/24/2017
Library

HENDRICKS, Ola
Effective: 09/22/2017
Social Services Agency

TIDWELL, Thomas N.
Effective: 09/23/2017
Public Works Agency

KITCHING, John T.
Effective: 10/07/2017
Human Resources Services

WATKINS, Jessica M.
Effective: 11/01/2017
Public Works Agency – DEF

MCGUINNESS, William R.
Effective: 04/01/2017
District Attorney - DEF

WHITE, Corey R.
Effective: 10/14/2017
District Attorney

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

WILLIAMS, Rickey
Effective: 04/01/2017
Alameda Health System

**APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT**

OMOTAYO, Olubukola T.
Alameda Health System
Effective: 10/20/2017

STRUM, Therese K.
Superior Court
Effective: 12/15/2017

**APPENDIX B-1
APPLICATION FOR NON-VESTED DEFERRED**

CANALE, REINA
Superior Court
Effective: 12/06/2017

CONDON, Laura
Alameda Health System
Effective: 10/13/2017

PORRAS, Magdalena M.
Alameda Health System
Effective: 08/18/2017

**APPENDIX D
LIST OF DECEASED MEMBERS**

ATKINS, Ruby
Alameda County
01/18/2018

GOLDEN, Neil L.
Sheriff's Office
01/25/2018

BORROFF, Nancy A.
Alameda County
03/25/2018

GREENBLATT, GIRADA
Alameda County
12/24/2017

BREHMER, Roger
Non-Member Survivor of Nobuko Brehmer
01/26/2018

HALL, Edward A.
Alameda County
01/06/2018

CHUN, Ronald
Alameda County
07/24/2017

JESUITAS, Luvy
Alameda County Medical Center
03/14/2017

COLE, Shirley A.
Non-Member Survivor of Xerxes Cole
12/22/2017

JONES, Terence L.
Sheriff's Office
01/11/2018

CURTIS, Hilda K.
Alameda County
01/17/2018

MALLILLIN, Gloria A.
Alameda County
01/01/2018

DAVIS, Joe M.
Alameda County
12/19/2017

RANLETT, Charles A.
Non-Member Survivor of Maria Ranlett
01/11/2018

DICKEY, Clara L.
Non-Member Survivor of Dean Dickey
10/08/2017

SADLER, Patricia D.
Social Services Agency Workforce
11/03/2017

DIXON JR., James A.
Alameda County
01/08/2018

SCHULLER JR., Henry C.
Alameda County
01/16/2018

FISHER, Leota R.
Alameda County
01/11/2018

SILVA, Irma B.
Alameda county
01/13/2018

FORD, Jewell
Non-Memer Survivor of Don Ford
01/06/2018

SMITH, Larry G.
Alameda County
02/25/2017

STRONG, Lucille
Non-Member Survivor of Ernest Strong
01/20/2018

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: Kennedy, Carla
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in the Medical Advisor's report, including but not limited to, granting Ms. Kennedy's application for a service connected disability and waiving future annual medical examinations and questionnaires at this time.

Name: Lacap, Virgilio
Type of Claim: Non-Service Connected

Staff's Recommendation:

Approve the recommendation contained in the Medical Advisor's report, including but not limited to, denial of Mr. Lacap's application for a service connected disability, granting of Mr. Lacap's application for a non-service connected disability, and waiving future annual medical examinations and questionnaires at this time.

Name: Llamas, Jose
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. Llamas's application for a service connected disability. Since Mr. Llamas is over 55 years old, future annual medical examinations and questionnaires will not be required.

Name: St. Denis, Jared
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. St. Denis's application for a service connected disability and waiving future annual medical examinations and questionnaires at this time.

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: **Vieira, Donald**
Type of Claim: **Service Connected**

Staff's Recommendation:

Approve the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. Vieira's application for a service connected disability. Since Mr. Vieira is over 55 years old, future annual medical examinations and questionnaires will not be required.

Based on the Medical Advisor's and Staff's review and determination of Mr. Vieira's ability to determine the permanency of his incapacity, to grant Mr. Vieira's request for an earlier effective date.
