



Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

NOTICE and AGENDA

ACERA MISSION:

To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

Thursday, July 18, 2019
2:00 p.m.

LOCATION	BOARD OF RETIREMENT - MEMBERS	
ACERA C.G. "BUD" QUIST BOARD ROOM 475 14TH STREET, 10TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574	HENRY LEVY	TREASURER
	CHAIR	
	ELIZABETH ROGERS	ELECTED GENERAL
	FIRST VICE-CHAIR	
	DALE AMARAL	ELECTED SAFETY
	OPHELIA BASGAL	APPOINTED
	KEITH CARSON	APPOINTED
	TARRELL GAMBLE	APPOINTED
	JAIME GODFREY	APPOINTED
LIZ KOPPENHAVER	ELECTED RETIRED	
GEORGE WOOD	ELECTED GENERAL	
NANCY REILLY	ALTERNATE RETIRED¹	
DARRYL L.WALKER	ALTERNATE SAFETY²	

¹ Alternate Retired Member (Votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General members, or the Elected Safety Member and an Elected General member, are absent).

² Alternate Safety Member (Votes in the absence of (1) the Elected Safety, (2) either of the two Elected General Members, or (3) both the Retired and Alternate Retired members).

Note regarding accommodations: The Board of Retirement will provide reasonable accommodations for persons with special needs of accessibility who plan to attend Board meetings. Please contact ACERA at (510) 628-3000 to arrange for accommodation.

Note regarding public comments: Public comments are limited to four (4) minutes per person in total.

The order of agendized items is subject to change without notice. Board and Committee agendas and minutes are available online at www.acera.org.

- 1. CALL TO ORDER:**
- 2. ROLL CALL:**
- 3. PUBLIC COMMENT:**
- 4. ELECTION OF BOARD of RETIREMENT SECOND VICE-CHAIR:**
- 5. CONSENT CALENDAR:**
 - A. APPLICATION FOR SERVICE RETIREMENT:**
Appendix A
 - B. APPLICATION FOR RETIREMENT, DEFERRED:**
Appendix B
Appendix B-1
 - C. APPLICATION FOR DEFERRED TRANSFER:**
Appendix C
 - D. LIST OF DECEASED MEMBERS:**
Appendix D
 - E. REQUESTS FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT:**
Appendix E
 - F. APPLICATION FOR DISABILITY RETIREMENT – NON CONTESTED ITEMS:**
Appendix F
 - G. APPLICATION FOR DISABILITY RETIREMENT – HEARING OFFICER RECOMMENDATIONS:**
Appendix G
 - H. APPROVAL OF COMMITTEE and BOARD MINUTES:**
June 20, 2019 Audit Committee Minutes
June 20, 2019 Minutes of the Regular Board Meeting
July 10, 2019 Investment Committee Minutes
 - I. MISCELLANEOUS MATTERS:**
Quarterly Report on Member Underpayments and Overpayments
1st Quarter 2019 Call Center Report
Operating Expenses as of May 31, 2019

-----End of Consent Calendar-----
(MOTION)

REGULAR CALENDAR
REPORTS AND ACTION ITEMS

6. DISABILITIES, RECOMMENDATIONS AND MOTIONS:

(Item(s) will be heard in Closed Executive Session)

None.

7. COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS:

A. Investment:

1. Summary of the July 10, 2019 Meeting.
2. Motion to adopt the Private Credit Investment Policy.
3. Motion to adopt the Private Credit Investment Plan.
4. Motion to adopt the Private Equity Investment Plan.

B. Retirees:

1. Summary of the July 18, 2019 Meeting.
2. Motion to increase the 2020 Group Plan Monthly Medical Allowance (MMA) by 3.70% for eligible retirees in the group plans, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$578.65 for the Plan Year 2020. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve (SRBR) assets as employer contributions for pensions.
3. Motion to increase the 2020 Individual Plan Monthly Medical Allowance (MMA) by 3.70% for eligible qualified early (non-Medicare) retirees enrolled in individual plans through the Health Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$578.65 for Plan Year 2020. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve (SRBR) assets as employer contributions for pensions.

4. Motion to increase the 2020 Individual Plan Monthly Medical Allowance (MMA) by 3.70% for qualified Medicare eligible retirees enrolled in individual plans through the Medicare Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA’s actuary, which results in a MMA maximum of \$443.28 for Plan Year 2020. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve (SRBR) assets as employer contributions for pensions.

8. **NEW BUSINESS:**
 - A. Presentation regarding legal standards and best practices for managing Proposition 209 restrictions on using specified criteria in awarding contracts (*Information Item*).
 - B. Chief Executive Officer’s Report.

9. **CONFERENCE REPORTS/ORAL REPORTS:**

10. **ANNOUNCEMENTS:**

11. **BOARD INPUT:**

12. **ESTABLISHMENT OF NEXT MEETING:**

Thursday, August 15, 2019 at 2:00 p.m.

13. **ADJOURNMENT:**

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

ADAMS, William R.
Effective: 3/1/2018
Sheriff's Office

KOVAC, Kathleen
Effective: 5/31/2019
Health Care Services Agency

ALEXANDER, Karlyn J.
Effective: 1/25/2019
Alameda Health System

MC CRAE, Ethel M.
Effective: 4/1/2018
Alameda Health System

APOSTOLAKOS, Diane
Effective: 5/20/2019
Alameda Health System

MCCARTHY, Michael F.
Effective: 1/3/2019
Alameda Health System

COTTON, Cynthia Louise
Effective: 4/13/2019
Probation

MURANISHI, William H.
Effective: 10/10/2018
General Services Agency

DABICH, Dabich L.
Effective: 7/15/2017
Superior Court

NELSON, Suzanne U.
Effective: 3/30/2019
Probation

DEAN, Miranda J.
Effective: 6/2/2018
Alameda County

RAMOS, Myrlina G.
Effective: 7/27/2017
Sheriff's Office

ESTRADA, Emilia E.
Effective: 12/15/2018
Alameda Health System

RAMOS, Yvonne
Effective: 6/24/2017
Alameda Health System

FONG, William K.
Effective: 5/4/2019
Alameda Health System

ROBERSON, Samuel
Effective: 11/3/2018
Alameda Health System

GROSE, Beth B.
Effective: 3/30/2019
Alameda County

STOCKEL, Gary W.
Effective: 12/29/2018
Alameda County

HUNTER, Rebecca A.
Effective: 8/12/2018
Alameda Health System

TRINIDAD, Erna T.
Effective: 10/14/2017
Alameda Health System

KHALILI, Marzieh
Effective: 2/1/2018
Library

WARD, Janie D.
Effective: 10/19/2018
Alameda Health System

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

WHEAT, Kimberly
Effective: 5/24/2019
Social Services Agency

**APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT**

GIVEN, Tirzah E.
Sheriff's Office
Effective Date: 5/31/2019

NARANJO, Pedro
Health Care Services Agency
Effective: 5/3/2019

JUNG, Matthew B.
General Services Agency
Effective: 5/17/2019

OGBE, Sunny K.
Alameda Health System
Effective: 4/10/2019

MCCONICO, Tanisha D.
Alameda Health System
Effective: 5/18/2019

TREGEGGLE, Sheri K.
Alameda Health System
Effective: 5/9/2019

MCCORKINDALE, Carolyn
Alameda Health System
Effective: 5/17/2019

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

HEWITT, Shevela D.
Human Resource Services
Effective: 4/26/2019

SHIH, Annie Y.
Health Care Services Agency
Effective: 4/26/2019

KIVEDO-OVERALL, Jessica C.
Health Care Services Agency
Effective: 6/4/2019

TRACY, Maryanne
District Attorney
Effective: 5/2/2019

LAVAKA, Anaseini L.
Alameda Health System
Effective: 5/1/2019

WATT, Nicole
Superior Court
Effective: 5/24/2019

MORELAND, Tracy P.
Alameda Health System
Effective: 4/10/2019

WILDE, Constance S.
Assessor
Effective: 5/24/2019

**APPENDIX D
LIST OF DECEASED MEMBERS**

BARBOUR, James R.
District Attorney
4/30/2019

DELL ARRINGA, Mary
Non-Mbr Survivor of Lawrence Dell Arringa
4/23/2019

BITTEN, Eileen
Non-Mbr Survivor of Robert Bitten
4/12/2019

DUNCAN, Brenda L.
SSA Welfare to work
5/13/2019

BOHANNON, Dorothy H.
Social Services Agency
3/31/2019

EVANS, Michael
Auditor-Controller
1/30/2019

BORDES, John W.
Sheriff's Office
6/2/2019

FLOURNOY-WEATHERFORD, Cynthia
SSA Welfare to work
4/12/2019

BRANNON, Beverly B.
Non-Mbr Survivor of Thomas Brannon
5/31/2019

HAMILTON, Lessie A.
Health Care Services Agency
5/22/2019

CAMPBELL, Barbara A.
Information Technology
5/24/2019

HAMRE, Catherine M.
Health Care Services Agency
6/12/2019

CHRISTENSEN, Ethel
Child Support Services
5/2/2019

HAUSER, Tom
Detention & Correction Santa Rita Jail
6/3/2019

COHEN, Alan J.
Health Care Services Agency
5/7/2019

HEWITT, George M.
Social Services Agency
5/31/2019

COMBS, Agnes
Non-Mbr Survivor of George Combs
4/14/2019

LING, John C.D.
Information Technology
6/1/2019

COMBS, Queen
Alameda County Medical Center
4/16/2019

MEFFORD, Diane
Community Development Agency
6/12/2019

COOPER, Verneatha R.
SSA Administration
3/14/2019

PALMORE, Bettye L.
District Attorney
5/9/2019

**APPENDIX D
LIST OF DECEASED MEMBERS**

PERRY, Lou A.
Health Care Services Agency
6/17/2019

PETERS, Leonard E.
Social Services Agency
5/27/2019

PUGH, Evie L.
Health Care Services Agency
6/11/2019

RODRIGUES, Barbara A.
Social Services Agency
6/6/2019

SCCOTT, Donald L.
General Services Agency
3/21/2019

SHORT-FREENEY, Patricia M.
County Library
6/6/2019

VENN DELAHANTY, Helen L.
County Library
5/20/2019

WHYSONG, Ruth A.
Social Services Agency
2/26/2019

WILLIAMS, Alicia F.
Superior Court
3/30/2019

WRIGHT, Ola M.
Non-Mbr Survivor of Walter Wright
5/31/2019

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: Dyson, Cynthia
Type of Claim: Non-Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Ms. Dyson's application for a non-service connected disability, and waiving future annual medical examinations and questionnaires.

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

Name: Latorre, Forrest
Type of Claim: Annual Review for SCD (Granted on 12/21/17)

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report to continue the allowance for Mr. Latorre's service-connected disability and to waive future annual medical examinations and questionnaires.

Name: Lewis, Mykeisha
Type of Claim: Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Ms. Lewis' application for a service-connected disability, and to require future annual medical examinations and questionnaires.

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: **Mensing, Mitchell**
Type of Claim: **Service Connected**

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. Mensinger's application for a service-connected disability, and waiving future annual medical examinations and questionnaires.

Name: **Pico, Thomas**
Type of Claim: **Service Connected**

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. Pico's application for a service-connected disability, and waiving future annual medical examinations and questionnaires.

Name: **Scroggin, Robert**
Type of Claim: **Service Connected**

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. Scroggin's application for a service-connected disability, and waiving future annual medical examinations and questionnaires.

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

June 20, 2019
Minutes of the Regular Board Meeting
For approval under July 18, 2019
Board “Consent Calendar”



**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
REVISED MINUTES**

Thursday, June 20, 2019

Chair George Wood called the meeting to order at 2:03 p.m.

Trustees Present: Dale Amaral
Ophelia Basgal
Keith Carson (*Arrived During Closed Session*)
Jaime Godfrey
Henry Levy (*Arrived During Closed Session*)
Elizabeth Rogers
George Wood
Nancy Reilly (*Alternate*)
Darryl Walker (*Alternate*)

Trustees Excused: Tarrell Gamble
Liz Koppenhaver

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
Jessica Huffman, Benefits Manager
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

PUBLIC INPUT

None.

**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

Appendix C

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 OF BOARD and COMMITTEE MINUTES

*May 15, 2019 Investment Committee Minutes
May 16, 2019 Actuarial Committee Minutes
May 16, 2019 Audit Committee Minutes
May 16, 2019 Minutes of the Regular Board Meeting
June 5, 2019 Operations Committee Minutes
June 5, 2019 Retirees Committee Minutes
June 5, 2019 Minutes of the Special Board Meeting
June 12, 2019 Investment Committee Minutes*

MISCELLANEOUS MATTERS:

None.

19-40

It was moved by Elizabeth Rogers seconded by Jaime Godfrey, and approved by a vote of 5 yes (*Basgal, Godfrey, Reilly, Rogers, Wood*), 0 no, and 0 abstentions (*Dale Amaral and Darryl Walker recused themselves because one or more of the consent calendar items involved their employing Departments*):

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

(Item(s) will be heard in Closed Executive Session)

1. Sawhney, Satnam, Supervising Financial Services Specialist
Alameda County Service: 13.62689 Years
Probation Department, Application for Service Connected Disability

COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS

This month's Committee reports were presented in the following order:

Operations:

Ophelia Basgal gave an oral report stating that the Operations Committee met on June 5, 2019, that there were no action items; however, the Committee was presented with updates on the following Information Items:

Operating Expenses as of April 30, 2019. Actual expenses were \$379K under budget. Budget overages noted were Professional Fees (\$38K over budget).

Status of disability cases processed by MMRO (Managed Medical Review Organization) and MMRO's performance to date. Trustees recommended that Staff consider expanding MMRO's role in ACERA's disability retirement process.

Status of the 2019 Board of Retirement Elections, which will be conducted for the following Seats: Third Member representing General Membership; Seventh Member and Seventh Alternate Member representing Safety Membership, Eighth Member and Eighth Alternate Member representing Retired Membership. The Board of Elections Timeline is as follows:

- Notice of Election begins on July 15th and ends on August 9th
- Nomination Period begins on August 12th and ends on September 9th
- Ballots will be mailed on November 14th
- Election Period begins on November 14th and ends on December 18th
- Deadline to return Ballots to the Registrar of Voters Office is December 18th at 5:00 p.m.
- Election results will be announced at the December 19th Board Meeting.

Minutes of the meeting were presented to the Board for adoption on the consent calendar at today's Board meeting.

Retirees:

Nancy Reilly gave an oral report stating that the Retirees Committee met on June 5, 2019 and that the Committee was presented with, reviewed information for and/or discussed the transfer of \$6,899,139 from the Supplemental Retiree Benefit Reserve (SRBR) account to the County Advance Reserve to be amortized over 20 years as the Implicit Subsidy payment for Plan Year 2018.

19-41

It was moved by Nancy Reilly and seconded by Dale Amaral to authorize Staff to transfer \$6,899,139 from the Supplemental Retiree Benefit Reserve account to the County Advance Reserve to be amortized over 20 years as the Implicit Subsidy payment for Plan Year 2018. The motion carried 6 yes (*Amaral, Basgal, Godfrey, Reilly, Rogers, Wood*), 0 no, and 0 abstentions.

Trustee Reilly further reported that the Committee was presented with, reviewed information for and/or discussed the Statement of Intent regarding the continuance of the Implicit Subsidy Program for health Plan Year 2020.

19-42

It was moved by Nancy Reilly and seconded by Dale Amaral to adopt a Statement of Intent to continue the Implicit Subsidy Program for health Plan Year 2020, following a determination by ACERA at the end of Plan Year 2020 that the amount is not greater than the actual retiree Implicit Subsidy. The motion carried 6 yes (*Amaral, Basgal, Godfrey, Reilly, Rogers, Wood*), 0 no, and 0 abstentions.

The Committee reviewed, was presented with and/or discussed the following Information Items: **1)** Health Care Inflation/Trends; **2)** Projected Benefit Costs Funded through the Supplemental Retiree Benefit Reserve (SRBR); **3)** Monthly Medical Allowance for 2020; **4)** 2019 Medical Plans Update/Renewal Requests of ACERA/County of Alameda; **5)** Annual Health Card Planning Meeting with Retiree Groups; **6)** Health Reimbursement Arrangement Account Balances and Reimbursements; **7)** Plans for Open Enrollment and Retiree Health and Wellness Fair; and **8)** Miscellaneous Updates.

Minutes of the meeting were presented to the Board for adoption on the consent calendar at today's Board meeting.

Investment:

Elizabeth Rogers gave an oral report stating that the Investment Committee met on June 12, 2019 and was presented with, reviewed information for and/or discussed an up to \$33 million Investment in Altas Partners Holdings II (Altas Partners) as part of ACERA's Private Equity Portfolio – Buyouts. Trustee Rogers reported that the founder of Altas Partners outlined the firm's history and culture. It was noted that Altas Partners' strategy is much different than other Buyout firms, as Altas only makes one or two investments per year and have a flexible holding period that can be much longer than other Buyout companies. Mr. Sheiner (founder of Altas Partners) discussed Altas' general investment strategy and process as well as the specific investment opportunity set for Altas Partners Holdings II.

19-43

It was moved by Elizabeth Rogers and seconded by Dale Amaral that the Board approve an up to \$33 million Investment in Altas Partners Holdings II as part of ACERA's Private Equity Portfolio – Buyouts, pending completion of legal and investment due diligence, background investigations, and successful contract negotiations. The motion carried 6 yes (*Amaral, Basgal, Godfrey, Reilly, Rogers, Wood*), 0 no, and 0 abstentions.

The Committee reviewed, was presented with and/or discussed the following Information Items: *1)* Status of Pzena Investment Management, LLC (Traditional Manager – Large Cap Value), which is a deep value, long-term investment manager. It was noted that although Pzena was in compliance with ACERA's reporting requirements, Pzena's ongoing underperformance was relatively lower than its account benchmark (Russell 1000 Value) by 1.08%. It was further noted that Pzena's 5-year net return was 6.64%. The Committee will continue to observe Pzena's performance and will discuss possible options regarding this investment with respect to ACERA's other investments in U.S Equities.

Other Information Items discussed were: *2)* Semiannual Performance Review for the Period Ending March 31, 2019 – Equities and Fixed Income; *3)* Semiannual Performance Review for the Period Ending March 31, 2019 – Absolute Return; *4)* Semiannual Performance Review for the Period Ending December 31, 2018 – Private Equity; *5)* Semiannual Performance Review for the Period Ending December 31, 2018 – Real Assets; and *6)* Semiannual Performance Review for the Period Ending March 31, 2019 – Real Estate.

Minutes of the meeting were presented to the Board for adoption on the consent calendar at today's Board meeting.

Audit:

George Wood gave an oral report stating that the Audit Committee met today and was presented with, reviewed information for and/or discussed ACERA's audited Schedules of Employer Allocations and Schedules of Pension Amounts by Employer with Related Notes, based on the Addendum to GASB Statement No. 67 Valuation as of December 31, 2018.

19-44

It was moved by George Wood and seconded by Dale Amaral that the Board adopt the audited Schedules of Employer Allocations and Schedules of Pension Amounts by Employer with Related Notes, based on the Addendum to GASB Statement No. 67 Valuation as of December 31, 2018. The motion carried 6 yes (*Amaral, Basgal, Godfrey, Reilly, Rogers, Wood*), 0 no, and 0 abstentions.

Trustee Wood further reported that the Committee was presented with, reviewed information for and/or discussed ACERA's audited Schedules of Employer OPEB Allocations and Schedules of OPEB Amounts by Employer with Related Notes, based on the Addendum to GASB Statement No. 74 Valuation as of December 31, 2018.

19-45

It was moved by George Wood and seconded by Elizabeth Rogers that the Board adopt the audited Schedules of Employer OPEB Allocations and Schedules of OPEB Amounts by Employer with Related Notes, based on the Addendum to GASB Statement No. 74 Valuation as of December 31, 2018. The motion carried 6 yes (*Amaral, Basgal, Godfrey, Reilly, Rogers, Wood*), 0 no, and 0 abstentions.

The Committee reviewed, was presented with and/or discussed the following Information Items: **1)** GASB Statement No. 68 Actuarial Valuation based on December 31, 2018, Measurement Date for Employer Reporting as of June 30, 2019; **2)** GASB Statement No. 75 Actuarial Valuation and Review of the Benefits Provided by the Supplemental Retiree Benefits Reserve Other Postemployment Benefits (OPEB) based on December 31, 2018, Measurement Date for Employer Reporting as of June 30, 2019; **3)** Progress report on the Internal Audit Plan; and **4)** Review of completed audits.

Minutes of the meeting will be presented to the Board for adoption on the consent calendar at the July 18, 2019 Board meeting.

NEW BUSINESS:

David Nelsen, Chief Executive Officer's Report

Mr. Nelsen presented his June 20, 2019, written CEO Report which provided an update on the following items: **1)** Senior Manager Recruitment; **2)** Committee/Board Action Items; and **3)** Conference/Event Schedule: Mr. Nelsen is scheduled to attend the CALAPRS Administrators' Round Table on Friday, June 21, 2019.

Due to ACERA stakeholders' concerns regarding issues surrounding customer service at ACERA, Mr. Nelsen provided an update on improvements Staff have made to expedite processes in three primary areas, they are:

- Disability Retirement Application Process. Staff has decreased the processing time of disability retirement applications from a 308 day average in 2016/2017 turn-around-time, to a 94 day average turn-around-time in 2018/2019.

- **Service Retirement Application Process.** Eighty-Seven percent (87%) of retirees in 2019 are receiving a final (full) 100% benefit payment with their first check. Staff is currently processing the backlog of the remaining retirees' (who only received an 80% benefit) applications to ensure they receive the 100% benefit payment in a timely manner.
- **Staff's Response Time to Members' Service Purchase Requests.** As of February 2019, ACERA had approximately 365 outstanding member Service Requests and the average time it took to process these requests was approximately 145 days. Currently, Staff processing time is approximately 20 days, and of the 365 backlogged Member Service Purchase Requests, Staff has processed over 177.

Due to the implementation of the LEAN Process Improvement Plan, Project Teams were established that worked on and significantly improved several processes. Specifically, the three aforementioned primary areas. It was noted that Staff distributed a customer service survey to 300 retirees to measure ACERA Staff's performance. Seventy survey responses were received and of those 70, 91% of retirees felt that ACERA Staff had met or exceeded their expectations. Mr. Nelsen reported that although ACERA Benefits Staff did not increase, Staff was still able to work on improving the aforementioned processes while working on their day-to-day assignments, in spite of job vacancies, and while training temporary Staff to assist with the Pension Administration System Project. Trustees and Staff expressed their appreciation to the LEAN Project Teams and to Assistant Chief Executive Officer Kathy Foster and Benefits Managers Sandra Dueñas-Cuevas and Jessica Huffman for implementing the process improvements.

CONFERENCE/ORAL REPORTS

None.

ANNOUNCEMENTS

George Wood announced that he will resign as ACERA's Board Chair at the end of today's Board meeting due to ethical concerns related to the decision making process by Administrative Leadership at ACERA to conduct a lay-off. However, Trustee Wood will remain on the Board as member. As a result of Trustee Wood's resignation, First Vice-Chair Henry Levy will become the Board Chair and Second Vice-Chair Elizabeth Rogers will become First Vice-Chair. The Board will conduct an election for a Second Vice-Chair at the July 18, 2019 Board meeting.

BOARD INPUT

None.

CLOSED SESSION

Personnel Matter pursuant to Government Code Section 54957 & 88 Ops. Cal. Atty. Gen. 16 – Application of Satnam Sawhney for Disability Retirement – Alameda County Probation Department.

REPORT ON ACTION TAKEN IN CLOSED SESSION

The Board reconvened into Open Session and Chair George Wood announced that the Board took the following action:

19-46

It was moved by Ophelia Basgal and seconded by Jaime Godfrey that the Board overrule applicant Satnam Sawhney’s evidentiary objections to the Hearing Officer’s Proposed Findings of Fact and Recommended Decision. The motion carried 7 yes (*Amaral, Basgal, Carson, Godfrey, Reilly, Rogers, Wood*), 0 no, and 1 abstention (*Levy*).

19-47

It was moved by Nancy Reilly and seconded by Ophelia Basgal that the Board approve and adopt the Hearing Officer’s Proposed Findings of Fact and Recommended Decision denying applicant Satnam Sawhney’s service-connected disability retirement application. The motion carried 7 yes (*Amaral, Basgal, Carson, Godfrey, Reilly, Rogers, Wood*), 0 no, and 1 abstention (*Levy*).

ADJOURNMENT

The meeting adjourned at approximately 2:50 p.m.

Respectfully Submitted,



David Nelsen
Chief Executive Officer

7/18/19

Date Adopted

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

AHMED, Aida S.
Effective: 12/29/2018
Alameda Health System

CHANG, Teresa T.
Effective: 3/31/2019
Social Services Agency

AKACSOS, Stephen P.
Effective: 3/23/2019
Sheriff's Office

CHAVEZ, Joseph A.
Effective: 2/28/2019
District Attorney

ATIENZA, Venancio M.
Effective: 3/30/2019
Public Works Agency

CHOW, Jose
Effective: 3/23/2019
Alameda Health System

BACKERS-HOYLE, Angela C.
Effective: 3/30/2019
District Attorney

COBER, Frederic A.
Effective: 3/30/2019
Superior Courts

BALOLONG, Rosalind R.
Effective: 9/22/2018
Alameda Health System

COGMON, Kodryck B.
Effective: 3/24/2019
Probation

BERHANU, Engedaw L.
Effective: 3/30/2019
Health Care Services Agency

CRUZ, Diana D.
Effective: 3/30/2019
Health Care Services Agency

BOWLER, Leona M.
Effective: 4/20/2019
Social Services Agency

CRUZ, Eduardo
Effective: 3/30/2019
Social Services Agency

BRADFORD, Mark H.
Effective: 3/30/2019
Public Works Agency

DALTON, Cynthia A.
Effective: 3/30/2019
Sheriff's Office

BROOKS, Michele B.
Effective: 3/27/2019
Alameda Health System

DAVIS, William L.
Effective: 4/10/2019
Social Services Agency

BRYAN, Keith G.
Effective: 3/30/2019
Sheriff's Office

DE LEON, Emerlita A.
Effective: 3/30/2019
Social Services Agency

CASAREZ, Sylvia
Effective: 3/30/2019
Superior Courts

DEREVIN, Marina
Effective: 3/23/2019
Alameda Health System

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

DO, Chi L.
Effective: 3/23/2019
Alameda Health System

GAYFIELD, Yvette N.
Effective: 3/13/2019
Probation

DORIA, Celso
Effective: 3/31/2019
Alameda Health System

GERLEMAN, Barbara M.
Effective: 3/30/2019
Sheriff's Office

EARL, Connie L.
Effective: 3/30/2019
Social Services Agency

GOMEZ, Juan L.
Effective: 3/30/2019
Sheriff's Office

EASTMAN, El Roy
Effective: 5/3/2019
Probation

GRAY, David K.
Effective: 3/30/2019
Health Care Services Agency

FERGERSON, Lee A.
Effective: 3/30/2019
Board of Supervisors

HAGOS, Ogbai G.
Effective: 3/23/2019
Alameda Health System

FRANCISCO, Cristeta S.
Effective: 3/23/2019
Registrar of Voters

HAWTHORNE, Julie
Effective: 3/23/2019
Health Care Services Agency

FUENTES, Beverly B.
Effective: 3/28/2019
Human Resource Services

HAYES, Melzena A.
Effective: 3/30/2019
Superior Courts

FUNG, Julie Suk-Mei
Effective: 3/30/2019
Health Care Services Agency

HUNT, Patricia L.
Effective: 3/30/2019
Community Development Agency

GANDARA-SWINBANK, Maureen
Effective: 3/30/2019
LARPD

IRVING, Anne E.
Effective: 4/3/2019
Health Care Services Agency-Def

GARABILES, Mila B.
Effective: 4/13/2019
Health Care Services Agency

JACKSON, Benita R.
Effective: 3/27/2019
Social Services Agency

GARCIA, Nida B.
Effective: 4/1/2019
Alameda Health System

JEW, Beverly
Effective: 3/30/2019
Alameda Health System

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

JOHNSON, Deborah A.
Effective: 3/28/2019
Superior Court-Def

LINN, James B.
Effective: 3/24/2019
Sheriff's Office

JOHNSON, Rosaline
Effective: 3/30/2019
Auditor-Controller

LOUIE, Darien G.
Effective: 3/30/2019
County Administrator

JONES, Ken B.
Effective: 3/7/2019
Health Care Services Agency

MACKENZIE, Marguerite T.
Effective: 3/30/2019
Health Care Services Agency

JORDAN, Delores
Effective: 1/14/2016
Alameda Health System

MADDOCK, Liliana F.
Effective: 3/30/2019
District Attorney

KERR, Mary R.
Effective: 3/25/2017
General Services Agency

MANN, James C.
Effective: 3/30/2019
Public Defender

KLIMIST, Kyree N.
Effective: 1/27/2019
Health Care Services Agency- Def

MARTINES, Carolina A.
Effective: 3/31/2019
Alameda Health System

KLINE, Maurine
Effective: 3/30/2019
LARPD

MARTINEZ, Julie M.
Effective: 12/16/2017
Social Services Agency

KNITTEL, Cheryl F.
Effective: 3/30/2019
Superior Courts

MATTA, Juan A.
Effective: 3/30/2019
Treasurer-Tax Collector

LANDRY, Jerrie D.
Effective: 3/30/2019
Social Services Agency

MC MAHON, Donald B.
Effective: 3/11/2017
Superior Courts

LEE, Alfred
Effective: 3/23/2019
Social Services Agency

MC NAIRY, Malcolm C.
Effective: 10/28/2017
Alameda Health System

LINDSEY, Joann P.
Effective: 4/1/2019
Alameda Health System

MCGREGOR, Carole B.
Effective: 3/29/2019
Health Care Services Agency

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

MCGUIRE, Louise A.
Effective: 3/28/2019
Social Services Agency-Def

NY, Monida E.
Effective: 3/30/2019
Social Services Agency

MCMICHAEL, Curtis A
Effective: 4/1/2017
Health Care Services Agency

O'NEAL, Beverly I.
Effective: 3/30/2019
Superior Courts

MEANS, Angelo
Effective: 3/21/2019
Probation

OWENS, Janet I.
Effective: 3/23/2019
Superior Courts

MICHAEL, Azeb M.
Effective: 3/23/2019
Social Services Agency

PEARSON, Debra O.
Effective: 3/30/2019
Superior Courts

MORD, Steven C
Effective: 3/8/2019
Assessor

PENA, Elena V.
Effective: 3/30/2019
Superior Courts

MORTENSEN, Jacqueline D.
Effective: 3/30/2019
Health Care Services Agency

PINKNEY, Perri R.
Effective: 3/30/2019
Superior Courts

NARBY, Bonnie L.
Effective: 3/30/2019
Public Defender

POLITZER, Lore A.
Effective: 3/30/2019
Social Services Agency

NAVARRO, Andrea B.
Effective: 12/11/2018
Superior Courts

RACKMIL, Jeffrey
Effective: 3/30/2019
Health Care Services Agency

NAWABI, Laila
Effective: 3/31/2019
Alameda Health System

RARAS, Rodolfo R.
Effective: 3/30/2019
Community Development Agency

NELSON, Suzanne U.
Effective: 2/28/2019
Non-member

REAL, Fred R.
Effective: 4/1/2017
Public Works Agency

NOBLES, Mark D.
Effective: 3/21/2019
Superior Court

REEDY, Joseph D.
Effective: 4/14/2017
Health Care Services Agency

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

ROQUEMORE, Evelyn L.
Effective: 3/30/2019
Probation

SHEARD, Shandra A.
Effective: 8/25/2018
First 5

ROSS, Mary R.
Effective: 4/20/2019
Social Services Agency

SHOULDICE, John P.
Effective: 3/30/2019
Public Works Agency

ROWDEN, Lolita S.
Effective: 3/1/2019
Probation

SIEGEL, Shelley M.
Effective: 3/30/2019
Social Services Agency

RUSSAW-MORRIS, Rosalyn
Effective: 12/16/2017
Superior Courts

SILVA, Dolores J.
Effective: 3/23/2019
Superior Courts

SAMBILE, Mario M.
Effective: 3/30/2019
Health Care Services Agency

STARK, Jeffrey P.
Effective: 3/30/2019
District Attorney Office

SANCHEZ, Cheryl
Effective: 1/27/2018
Alameda Health System

STROUD-BLAGG, Marla-Lee
Effective: 11/22/2018
Health Care Services Agency

SANTOS, Maricor S
Effective: 4/13/2019
Alameda Health System

SUNG, Sui-Kwong
Effective: 3/29/2019
Health Care Services Agency

SAWREY-KUBICEK, Phillip K.
Effective: 3/30/2019
Community Development Agency

SYMENS-BUCHER, Terry M.
Effective: 3/23/2019
Child Support Services-Def

SECOR, Stephen E.
Effective: 3/30/2019
Information Technology Department

TRAYWICK, Clarence A.
Effective: 3/30/2019
Superior Courts

SEQUEIRA, Marianela F.
Effective: 3/30/2019
Superior Courts

TYRRELL, Sean E.
Effective: 3/22/2019
Sheriff's Office

SHAUF, Rebecca T.
Effective: 3/30/2019
Social Services Agency

WOGSBERG, Philip H.
Effective: 3/30/2019
ACERA

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

WONG, Bin
Effective: 3/30/2019
Social Services Agency

WOOLLEY, Sharon
Effective: 6/4/2016
Auditor-Controller

APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT

BEAUCHAMPS, Isabelle
General Services Agency
Effective Date: 4/25/2019

RODRIGUEZ, Vanessa J.
Health Care Services Agency
Effective: 2/11/2019

BRIGGS, Vitaline
Alameda Health System
Effective: 4/5/2019

ROY, Maria C.
Alameda Health System
Effective: 3/1/2019

CESENA, Jacob V.
Sheriff's Office
Effective: 1/11/2019

SANTANA, Cristina
Health Care Services Agency
Effective: 3/22/2019

CHAN, Wai Kan
Alameda Health System
Effective: 3/15/2019

SCHWABL, Katherine Z.
Alameda Health System
Effective: 3/1/2019

COLE, Donna M.
Alameda Health System
Effective: 3/29/2019

STARR, Thelma M.
Social Services Agency
Effective: 2/5/2019

CONCEPCION, Dean M. S.
Sheriff's Office
Effective: 5/18/2019

SZUTU, Katie R.
Alameda Health System
Effective: 4/5/2019

FERREIRA, Jorge H.
Sheriff's Office
Effective: 4/4/2019

TITUS, Meashline F.
Social Services Agency
Effective Date: 4/19/2019

MORIARTY, Patrick D.
District Attorney
Effective: 3/1/2019

VERNON, Tamani J.
Sheriff's Office
Effective: 4/3/2019

QUINN, Christine L.
Sheriff's Office
Effective: 3/1/2019

YAMIN, Raymond A.
Alameda Health System
Effective: 5/3/2019

YBARRA, Yvette R.
Sheriff's Office
Effective: 4/19/2019

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

ABIYEVA, Madina
Probation
Effective: 4/6/2019

ROMO, Melissa D.
Alameda Health System
Effective: 3/19/2019

BARAJAS, Marlene
Probation
Effective: 4/13/2019

SAELEE, Meuy C.
Social Services Agency
Effective: 4/5/2019

BARRETT, Grant
Superior Court
Effective: 3/29/2019

SANDHAR, Jasdeep K.
Probation
Effective: 2/11/2019

CHOKSHI, Ruchi A.
Social Services Agency
Effective: 3/11/2019

SAQUETON, Joseph Z.
General Services Agency
Effective: 2/22/2019

CLOUD-HOLLOWAY, Rachel L.
Health Care Services Agency
Effective: 4/19/2019

SAVOY, Lavelle J.
Social Services Agency
Effective: 3/25/2019

CRANDELL, Ashley M.
Sheriff's Office
Effective: 4/10/2019

SHELTON, Juana L.
Alameda Health System
Effective Date: 4/2/2019

DIAMOND, Lindsey R.
Alameda Health System
Effective: 4/3/2019

SMITH, NICHELLE L.
Alameda Health System
Effective: 3/16/2019

FRANCOIS, Cassandra
Superior Court
Effective: 3/20/2019

SNOWDEN, Ericka D.
Social Services Agency
Effective: 3/29/2019

HOM, Donna D.
Information Technology
Effective: 5/3/2019

STEINBERG, Michelle
Superior Court
Effective: 5/3/2019

ROMO, Blanca R.
District Attorney
Effective: 4/19/2019

TRUJILLO, Nayely
Alameda Health System
Effective: 3/29/2019

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

WITEK, Bernardetta
Alameda Health System
Effective: 3/27/2019

ZANARDI, Nicole M
Public Defender
Effective: 4/12/2019

**APPENDIX D
LIST OF DECEASED MEMBERS**

Brosnan, Sarah
Non-Mbr Survivor of Edward Brosnan
5/8/2019

Kilgore, Kevin
Sheriff's Department
5/20/2019

Dennis, Albert
Probation
5/1/2019

Knight Jr., Harvey
General Services Agency
5/3/2019

Eikeland, Karen
Non-Mbr Survivor of Mary Eikeland
5/3/2019

Kohler, Manfred
Sheriff's Department
5/28/2019

Endres, Jean
Treasurer - Tax Collector
5/16/2019

Kuendig, Aida
Non-Mbr Survivor of Anton Kuendig
4/7/2019

Garcia, Gladys
Alameda Health System
4/3/2019

McMath, Marlana
Public Defender
5/4/2019

Harris, Roderick
Social Services Agency
4/15/2019

Ngo, Cam
Non-Mbr Survivor of Viet Tran
5/20/2019

Herspring, Dave
Sheriff's Department
5/22/2019

Oniola, Violeta
Health Care Services Agency
4/7/2019

Higby, Geraldine
Non-Mbr Survivor of Russell Higby
5/15/2019

Robinson, Zephaniah
Sheriff's Department
4/22/2019

Vereeke, Shirley
Probation
5/26/2019

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: Bucher, Samantha
Type of Claim: Annual Review for SCD (Granted on 12/17/15)

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report to continue the allowance for Ms. Bucher's service connected disability and to waive future annual medical examinations and questionnaires.

Name: Burgess, Thomas
Type of Claim: Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. Burgess's application for a service connected disability, and waiving future annual medical examinations and questionnaires.

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

Name: Castillo, Ruth
Type of Claim: Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report to continue the allowance for Ms. Castillo's service connected disability and to require future annual medical examinations and questionnaires.

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

**APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT**

Name: Morra, Leslie
Type of Claim: Non-Service Connected

Staff’s Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor’s report, including but not limited to, granting Ms. Morra’s application for a non-service connected disability, and waiving future annual medical examinations and questionnaires.

Approve Ms. Morra’s request to pursue a service-connected disability retirement.

Based on the Medical Advisor’s and Staff’s review and determination of Ms. Morra’s ability to determine the permanency of her incapacity, to grant Ms. Morra’s request for an earlier effective date.

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Name: Thoms, Derek
Type of Claim: Annual Review for SCD (Granted on 12/21/17)

Staff’s Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor’s report to continue the allowance for Mr. Thom’s service connected disability and to require future annual medical examinations and questionnaires.

*THIS DOCUMENT CONTAINS NEITHER RECOMMENDATIONS NOR CONCLUSIONS OF THE BOARD. IT IS THE PROPERTY OF THE BOARD AND IS LOANED TO YOUR OFFICE. IT AND ITS CONTENTS ARE NOT TO BE DISTRIBUTED OUTSIDE YOUR OFFICE.

**Minutes for the July 18, 2019
Retiree Committee
Will be included on the August 15, 2019,
Board “Consent Calendar” for approval**

July 10, 2019
Investment Committee Minutes Will Be
Distributed at the July 18, 2019
Board Meeting For approval under July 18,
2019 Board “Consent Calendar”

June 20, 2019
Audit Committee Minutes
For approval under July 18, 2019
Board “Consent Calendar”



Date: June 20, 2019
To: Members of the Audit Committee
From: George Wood, Chair of the Board of Retirement
Subject: Summary of the June 20, 2019, Audit Committee Meeting

Audit Committee member Dale Amaral called the June 20, 2019, Audit Committee meeting to order at 1:03 pm. Chair of the Board of Retirement arrived and took charge of the meeting at 1:08 pm. The other Committee member present was Elizabeth Rogers. Other Board members present were Ophelia Basgal, Jaime Godfrey, Alternate Retiree Member Nancy Reilly, and Alternate Safety Member Darryl Walker. Members of the Staff present were David Nelsen, Chief Executive Officer; Margo Allen, Fiscal Services Officer; Harsh Jadhav, Chief of Internal Audit; Kathy Mount, Chief Counsel; Kathy Foster, Assistant Chief Executive Officer; Sandra Dueñas-Cuevas, Benefits Manager; Jessica Huffman, Benefits Manager; Vijay Jagar, Retirement Chief Technology Officer; and Betty Tse Chief Investment Officer.

At the Acting Committee Chair's direction, meeting was called to order and Information Items were presented before Action Items

PUBLIC COMMENT

None

ACTION ITEMS

External Audit:

- 1. Discussion and possible motion to adopt the audited Schedules of Employer Allocations and Schedules of Pension Amounts by Employer with Related Notes, based on the Addendum to Governmental Accounting Standards Board (GASB) Statement No. 67 Valuation as of December 31, 2018**

Staff introduced Audrey Elbert from Williams Adley & Company-CA (WACO) who was available to present the audit opinion on the set of schedules that ACERA staff prepared using Segal Consulting's addendum to the GASB Statement No. 67 Actuarial Valuation as of December 31, 2018.

Trustee Rogers moved, and Trustee Amaral seconded that the Audit Committee recommend to the Board of Retirement to adopt the audited Schedules of Employer Allocations and Schedules of Pension Amounts by Employer with Related Notes, based on the addendum to Governmental Accounting Standards Board (GASB) Statement No. 67 Valuation as of December 31, 2018.

The motion carried 6 yes (*Amaral, Basgal, Godfrey, Rogers, Reilly and Wood*), 0 no, 0 abstentions.

2. Discussion and possible motion to adopt the audited Schedules of Employer OPEB Allocations and Schedules of OPEB Amounts by Employer with Related Notes, based on the addendum to GASB Statement No. 74 Valuation as of December 31, 2018.

Trustee Basgal moved, and Trustee Amaral seconded that the Audit Committee recommend to the Board of Retirement to adopt the audited Schedules of Employer Allocations and Schedules of Pension Amounts by Employer with Related Notes, based on the Addendum to Governmental Accounting Standards Board (GASB) Statement No. 74 Valuation as of December 31, 2018.

The motion carried 6 yes (*Amaral, Basgal, Godfrey, Rogers, Reilly and Wood*), 0 no, 0 abstentions.

INFORMATION ITEMS

External Audit

- 1. Presentation and discussion of the GASB Statement No. 68 Actuarial Valuation Based on December 31, 2018, Measurement Date for Employer Reporting as of June 30, 2019**
- 2. Presentation and discussion of the GASB Statement No. 75 Actuarial Valuation and Review of the Benefits Provided by the Supplemental Retiree Benefits Reserve Other Postemployment Benefits (OPEB) Based on December 31, 2018, Measurement Date for Employer Reporting as of June 30, 2019**

Staff presented the GASB Statement No. 68 and Statement No, 75 Valuations as of December 31, 2018, Measurement Date for Employer Reporting as of June 30, 2019, necessary for the participating employers to complete their June 30, 2019, fiscal year-end financial reporting requirements. Staff stated that once the Board adopts the audited set of schedules, staff will distribute the schedules and the GASB Valuations to ACERA's participating employers.

Internal Audit

3. Progress report on the Internal Audit Plan

Staff reported that the Internal Audit Department is in the process of conducting five internal audits and completing the Alameda Health System (AHS) and Superior Courts employer audits. The AHS employer audit is slightly behind the plan, but staff expects to complete it by Q4 2019. Staff expects to extend the employer audit for the Superior Courts to Q4 2019, since the employer is engaged in implementing a new system.

4. Review of completed audits

Staff reviewed the Watchlist Audit, including the audit objective, findings and recommendations. Staff presented the results of a cyber insurance policy review including a description of the risks and coverage.

TRUSTEE COMMENT

None.

ESTABLISHMENT OF NEXT MEETING DATE

October 17, 2019, at 1:00 pm

MEETING ADJOURNED

The meeting adjourned at 1:55 pm


**Quarterly Report on Member
Underpayments and Overpayments
For approval under July 18, 2019
Board “Consent Calendar”**



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: July 18, 2019

TO: Members of the Board of Retirement

FROM: Jessica Huffman, Retirement Benefits Manager 

SUBJECT: **Quarterly Report on Member Underpayments and Overpayments**

Attached are the quarterly reports regarding member contributions and overpayments of retirement allowance due to death for the most current six-month period. The report regarding Staff errors contains the cases initially presented that have not yet been resolved, along with recently discovered errors. The information below provides more specifics in each of these categories.

Overpayments of Retirement Allowance Due to Death

This report provides any payments (including HRA (Health Reimbursement Arrangements) payments) made after the death of a retiree. In instances where a death is not reported timely, an overpayment occurs. For the six-month reporting period October 7, 2018 through March 23, 2019, 136 deaths occurred. There are 2 overpayments due to unreported deaths to report at this time. Staff is actively attempting to collect on these overpayments.

Staff Errors

The case on this report has previously been provided. (Note, the amount due has been adjusted due to the revision to the Recovery of Over and Underpayment of Member Benefits & Underpayment of Member Contributions Policy). There are no other overpayments due to staff errors to report.

Overpayments and Underpayments of Member Contributions

This report, which is for the period October 7, 2018 through March 23, 2019, shows discrepancies in member contribution amounts resulting in an underpayment or overpayment above the \$50 threshold, average time to resolve, and an explanation of the error type. For this reporting period, Staff identified twelve members who underpaid their mandatory employee contributions and five members who overpaid their mandatory employee contributions. Staff reviewed and resolved each of the fourteen cases of incorrect payment. There were a total of 2,319 exceptions from all Participating Employers. The most common exception type was underpayments due to the Employers withholding retirement contributions based on the incorrect salary.

Attachments

**Overpayments of Retirement Allowance Due to Unreported Death
October 7, 2018 to March 23, 2019**

Benefit Type	Date of Death	Date ACERA was notified of Death	Last Check Issued	Net Receivable Owed	Staff's Comment
Service Retirement – Continuance	09/24/2018	10/08/2018	9/28/2018	\$ 2,109.58	Staff initiated ACH reversal request with Well Fargo but was unsuccessful at collecting. Three unsuccessful attempts have been made to collect the overpayment from the family. Staff will continue to attempt collection of overpayment.
Service Retirement –	02/24/2019	03/01/2019	02/28/2019	\$ 2,888.74	Staff initiated ACH reversal request with Well Fargo but was unsuccessful at collecting. Three unsuccessful attempts have been made to collect the overpayment from the family. Staff will continue to attempt collection of overpayment.
Total Receivable				\$4,998.32	

**Report on Staff Errors - Overpayments
October 7, 2018 to March 23, 2019**

Payee #	Error Type	Overpayment Amount	Retiree/ Payee Age	Retiree / Payee Income	Payment Attempt
1	This is an ex-spouse who received community property share of retiree's allowance in error upon retiree's death in November of 2008. Legal interpretation of court order and law is that continuance of benefit should not have been paid.	<p align="center">\$140,079.71 – Revised amount after revision to ACERA's Recovery of Over and Overpayment of Member Benefits & Underpayment of Member Contributions Policy - \$115,414.30</p>	72	Monthly income of \$1,518 from ACERA was terminated with the October 2015 payroll.	<p>Attorney reviewed ACERA's files and has provided a "Request for ACERA to Cease any Effort to Recoup any Alleged Pension Overpayments", dated 12/19/2016. Staff attempted to assess assets to determine whether compromise is appropriate due to hardship. Multiple requests to complete the hardship form were sent to the attorney and to payee with no response. Revised amount due letter sent in July 2018 due to revision to ACERA's Recovery Of Over And Underpayment Of Member Benefits & Underpayment Of Member Contributions Policy. Case was turned over to the Legal Department for further action. On Oct 9, 2018 ACERA filed a complaint-recovery of overpayment in Superior Court, Alameda County. Two additional letters sent 10/16/18 & 12/4/2018 requesting repayment and to discuss possible ways to resolve the filed lawsuit without resolution. Payee was served 12/10/2018. Deadline for response of defendant at Superior Court is 2/1/2019. Case Management Conference is scheduled 2/15/2019. No further updates at this time.</p>
Total Receivable Accrual		\$115,414.30			

**Active Members - Overpayments and Underpayments of Member Contributions
October 7, 2018 to March 23, 2019**

Alameda County					
	Amount	Date Discovered/Received	Date Completed	# of days to complete	Cause
Overpayments: 1	\$1,103.11	02/14/2019	02/20/2019	6	Age Adjustment Due to Establishment of Reciprocity
Underpayments: 1	\$476.73	12/12/2018	12/12/2018	1	Contributions Reported over the Social Security Cap
Summary	Most Common Exception Type: Employer Withheld Contribution Based on Incorrect Salary Total Exceptions: 1228 % Above Exceptions of Total Exceptions: 0.16%				

Alameda County Housing Authority					
	Amount	Date Discovered/Received	Date Completed	# of days to complete	Cause
Overpayments	No Overpayments to Report				
Underpayments	No Underpayments to Report				
Summary	Most Common Exception Type: N/A Total Exceptions: 22 % Above Exceptions of Total Exceptions: 0.00%				

Overpayments and Underpayments of Member Contributions – Continued

Alameda Health Systems					
	Amount	Date Discovered/ Received	Date Completed	# of days to complete	Cause
Overpayments: 1	\$1,207.55	12/21/2018	12/28/2018	7	Employer Withheld Contribution After Employee Reached Salary Cap
2	\$92.63	12/10/2018	12/15/2018	5	Employer Withheld Contribution Based on Incorrect Rate
3	\$1197.07	12/21/2018	12/24/2018	3	Employer Withheld Contribution After Employee Reached Salary Cap
Underpayments: 1	\$500.11	11/16/2018	11/20/2018	4	Employee Underpaid Contributions Due To Incorrect Salary
2	\$191.13	12/21/2018	12/28/2018	7	Contributions Reported Over the Social Security Salary Cap
3	\$466.55	4/17/2019	04/18/2019	1	Employer Did Not Withhold First Contribution in error
4	\$236.66	4/15/2019	04/16/2019	1	Employer Did Not Withhold First Contribution in error
5	\$479.08	4/17/2019	04/18/2019	1	Employer Did Not Withhold First Contribution in error
6	\$411.81	4/17/2019	04/19/2019	2	Employer Did Not Withhold First Contribution in error
Summary	<p style="text-align: center;">Most Common Exception Type: Employer Did Not Withhold First Contribution in error Total Exceptions: 773 % Above Exceptions of Total Exceptions: 1.16%</p>				

First 5 Alameda County					
	Amount	Date Discovered/ Received	Date Completed	# of days to complete	Cause
Overpayments	No Overpayments to Report				
Underpayments	No Underpayments to Report				
Summary	Most Common Exception Type: N/A Total Exceptions: 13 % Above Exceptions of Total Exceptions: 0.00%				

Livermore Area Recreation and Park District					
	Amount	Date Discovered/ Received	Date Completed	# of days to complete	Cause
Overpayments	No Overpayments to Report				
Underpayments	No Underpayments to Report				
Summary	Most Common Exception Type: N/A Total Exceptions: 9 % Above Exceptions of Total Exceptions: 0.00%				

Alameda County Superior Courts					
	Amount	Date Discovered/ Received	Date Completed	# of days to complete	Cause
Overpayments: 1	\$69.75	01/30/2019	2/1/2019	3	Age Adjustment Due To Reciprocity
Underpayments: 1	\$210.42	01/04/2019	01/10/2019	6	Employee Underpaid Contributions Due To Incorrect Salary
2	\$156.49	02/19/2019	02/22/2019	4	Employee Underpaid Contributions Due To Incorrect Salary
3	\$61.72	2/19/2019	02/20/2019	1	Employee Underpaid Contributions Due To Incorrect Salary
4	\$174.17	4/25/2019	04/28/2019	3	Employee Underpaid Contributions Due To Incorrect Salary
5	\$380.84	4/17/2019	04/20/2019	3	Employer Did Not Withhold First Contribution in error
Summary	<p>Most Common Exception Type: Employer Withheld Contribution Based on Incorrect Salary Total Exceptions: 274 % Above Exceptions of Total Exceptions: 2.19%</p>				

**1st Quarter 2019 Call Center Report
For approval under July 18, 2019
Board “Consent Calendar”**



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: July 18, 2019
TO: Members of the Board of Retirement
FROM: Ismael Piña, Assistant Benefits Manager
SUBJECT: **1st Quarter 2019 Call Center Report**

Attached is the Member Services and Reception Service Level Report for the first quarter of 2019. The Call Center opened the 2019 year by improving our service levels over the prior months of 2018. Both Reception and Member Services maintained the KPI Service Levels while handling and answering more calls in 1st Quarter of 2019 than the last Quarter of 2018.

The matrix below provides the five highest call volume categories for the first quarter of 2019.

Q1 Highest Volume	Categories of Calls
26%	Retirement related Q's
25%	Health/Dental/Vision
19%	WMS
15%	1099R's
15%	Checks/Direct Deposits

Attachment

Performance Indicators	Jan. 2019	Jan. 2019	Feb. 2019	Feb. 2019	Mar. 2019	Mar. 2019
	Member	Reception	Member	Reception	Member	Reception
Service Levels KPI Service Level - 90% Answered in 60 Seconds	95.0%		96.0%		97.0%	
Total Number of Call Offered	1700	543	1623	480	1642	542
ACD Agent Handled Calls	1480	508	1395	448	1542	497
Number of Abandoned Calls	36	30	35	47	24	36
Average Hold Time Before Abandon (minutes)	1:17	0:58	1:05	0:54	1:15	0:57
Abandon Call Rate (Goal: 3% or less)	2.0%	4.9%	2.0%	8.3%	1.3%	5.8%
Number of Interflow Calls	65	4	76	2	68	3
Interflow Rate (Goal: 3% or less)	3.82%	0.74%	4.68%	0.42%	4.14%	0.55%
Average Talk Time (minutes)	4:23	1:55	4:24	2:15	4:28	2:38

Interflow is defined: When all calls coming in cannot be handled by Reception or Member Services, the calls are automatically "inter-flowed" to the ACERA general voicemail box.

	2019
Total Member Calls	4,417
Total Reception Calls	<u>1,453</u>
TOTAL - Both	5,870


**Operating Expenses as of May 31, 2019
For approval under July 18, 2019
Board “Consent Calendar”**



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: July 18, 2019

TO: Members of the Board of Retirement

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Operating Expense Budget Summary for the period ended May 31, 2019

ACERA's operating expenses are \$472K under budget for the period ended May 31, 2019. Budget overages and surpluses worth noting are as follows:

Budget Overages

1. *Professional Fees:* Professional Fees are \$31K over budget. This amount comprises overages in legal fees¹ of \$90K, external audit fees of \$9K due to timing difference, which are offset by surplus in operations consultant fees of (\$45K) due to timing difference, and actuarial fees² of (\$23K) primarily due to saving from last year accrual.

Budget Surpluses

2. *Staffing:* Staffing is \$183K under budget. This amount comprises surplus in staff vacancies of (\$257K) and fringe benefits of (\$139K), which are offset by overage in temporary staffing of \$213K due to vacant positions filled by temporary staff.
3. *Staff Development:* Staff Development is \$93K under budget. The is due to savings from unattended staff trainings and vacant permanent positions.
4. *Office Expense:* Office Expense is \$25K under budget. This amount comprises surpluses in building expense³ of (\$14K) primarily due to credit from CBRE for the 2018 escalation reconciliation, bank charges and miscellaneous administrative expenses of (\$11K), office maintenance and supplies of (\$15K), communication expense of (\$3K), printing and postage of (\$2K) and minor equipment and furniture of (\$6K). Which are offset by overage in equipment lease and maintenance of \$26K.

¹ The overage in legal fees of \$90K is due to an unanticipated payment of \$34K to Shaw Law for professional services and overage in fiduciary counseling of \$87K is primarily due to Alameda Health System vs ACERA legal case. Which are offset by surplus in litigation expense of \$22K, tax and benefits expense of \$2K and investigation services expense of \$7K.

² The surplus in actuarial fees is primarily due to saving from last year accrual of \$23K for the actuarial services provided by Segal (supplemental consulting).

³ The surpluses in building expense of (\$14K) is primarily due to credit of \$11K from CBRE for 2018 escalation reconciliation.

5. *Member Services:* Member Services are \$70K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$18K), disability medical expense of (\$33K) due to reduction in number of monthly cases as compared to budget, health reimbursement account of (\$5K), and members printing and postage⁴ of (\$16K) is mainly due to saving from newsletter accrual of last year. Which are offset by overage in member training and education of \$2K.
6. *Systems:* Systems are \$39K under budget. This amount comprises surpluses in business continuity expense of (\$24K) due to timing difference, software maintenance and support of (\$10K) due to timing difference, computer maintenance of (\$1K), and minor computer hardware of (\$8K), which are offset by overage in county data processing of \$4K.
7. *Depreciation:* Depreciation is \$3K under budget. This is related to office equipment primarily due to timing difference.
8. *Board of Retirement:* Board of Retirement is \$90K under budget. This amount comprises surpluses in board election expense⁵ of (\$13K), board miscellaneous expense of (\$6K), board compensation of (\$3K), board software maintenance and support of (\$2K) and board conferences & training of (\$77K) due to savings from unattended board conferences and trainings, which are offset by overage in board employer reimbursement of \$11K.

Staffing Detail

As of May 31, 2019, ACERA had the following permanent vacant positions:

Department	Position	QTY	Comments
Benefits	Retirement Technician	4	Filled by temporary staff - currently budgeted until 12/2019
Benefits	Retirement Support Specialist	2	Filled by temporary staff - currently budgeted until 12/2019
Investments	Senior Investment Officer	1	Resigned in May - currently budgeted until 12/2019
Investments	Investment Analyst	2	Vacant - currently budgeted until 12/2019
Investments	Investment Officer	1	Retired in March - currently budgeted until 12/2019
Total Positions		10	

⁴ The surplus in members printing and postage of \$16K is primarily due to savings of \$8K from last year accrual related to the newsletters that were not published in 2018.

⁵ The surplus in board election expense of (\$13K) is due to saving from last year accrual.



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

TOTAL OPERATING EXPENSE SUMMARY

YEAR TO DATE - ACTUAL VS. BUDGET					
<u>May 31, 2019</u>					
	Actual	Budget	YTD	2019	% Actual to
	<u>Year-To-Date</u>	<u>Year-To-Date</u>	<u>Variance</u>	<u>Annual</u>	<u>% Actual to</u>
			<u>(Under)/Over</u>	<u>Budget</u>	<u>Annual Budget</u>
Staffing	\$ 6,021,296	\$ 6,204,000	\$ (182,704)	\$ 15,122,000	39.8%
Staff Development	133,692	226,640	(92,948)	510,000	26.2%
Professional Fees (Next Page)	600,105	569,350	30,755	1,187,000	50.6%
Office Expense	224,801	250,040	(25,239)	554,000	40.6%
Insurance	534,947	534,925	22	1,305,000	41.0%
Member Services	127,464	197,850	(70,386)	527,000	24.2%
Systems	422,516	461,200	(38,684)	1,152,000	36.7%
Depreciation	50,229	53,010	(2,781)	126,000	39.9%
Board of Retirement	211,487	301,750	(90,263)	711,000	29.7%
Uncollectable Benefit Payments	-	-	-	39,000	0.0%
Total Operating Expense	\$ 8,326,537	\$ 8,798,765	\$ (472,228)	\$ 21,233,000	39.2%



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET

May 31, 2019

	<u>Actual</u> <u>Year-To-Date</u>	<u>Budget</u> <u>Year-To-Date</u>	<u>YTD Variance</u> <u>(Under)/Over</u>	<u>2019</u> <u>Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
<i>Professional Fees</i>					
Consultant Fees - Operations and Projects ¹	\$ 147,833	\$ 192,550	\$ (44,717)	\$ 388,000	38.1%
Actuarial Fees ²	138,824	162,500	(23,676)	415,000	33.5%
External Audit ³	133,015	124,000	9,015	149,000	89.3%
Legal Fees ⁴	180,433	90,300	90,133	235,000	76.8%
Total Professional Fees	\$ 600,105	\$ 569,350	\$ 30,755	\$ 1,187,000	50.6%

	<u>Actual</u> <u>Year-To-Date</u>	<u>Budget</u> <u>Year-To-Date</u>	<u>YTD Variance</u> <u>(Under)/Over</u>	<u>2019 Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
¹ <u>CONSULTANT FEES - OPERATIONS AND PROJECTS:</u>					
Benefits					
<i>Admin Consultant (Process Excellence & Benchmarking)</i>	12,000	60,000	(48,000)	70,000	17.1%
<i>Alameda County HRS (Benefit Services)</i>	52,500	52,500	-	126,000	41.7%
<i>Segal (Benefit Consultant/Retiree Open Enrollment)</i>	51,250	48,000	3,250	115,000	44.6%
<i>Total Benefits</i>	<u>115,750</u>	<u>160,500</u>	<u>(44,750)</u>	<u>311,000</u>	<u>37.2%</u>
Human Resources					
<i>Lakeside Group (County Personnel)</i>	32,083	32,050	33	77,000	41.7%
<i>Total Human Resources</i>	<u>32,083</u>	<u>32,050</u>	<u>33</u>	<u>77,000</u>	<u>41.7%</u>
Total Consultant Fees - Operations	\$ 147,833	\$ 192,550	\$ (44,717)	\$ 388,000	38.1%
² <u>ACTUARIAL FEES</u>					
<i>Actuarial fees (562-00-005)</i>	118,824	142,500	(23,676)	315,000	37.7%
<i>GASB 67 & 68 Valuation (562-00-005)</i>	-	-	-	46,000	0.0%
<i>GASB 74 & 75-Actuarial (562-00-005)</i>	-	-	-	14,000	0.0%
<i>Actuarial fees-SRBR (562-00-007)</i>	20,000	20,000	-	40,000	50.0%
Total Actuarial Fees	\$ 138,824	\$ 162,500	\$ (23,676)	\$ 415,000	33.5%
³ <u>EXTERNAL AUDIT</u>					
<i>External audit (562-00-004)</i>	119,802	105,000	14,802	126,000	95.1%
<i>GASB 67 & 68 (562-00-004)</i>	9,418	10,000	(583)	12,000	78.5%
<i>GASB 74 & 75-External Audit (562-00-004)</i>	3,796	9,000	(5,204)	11,000	34.5%
Total External Audit Fees	\$ 133,015	\$ 124,000	\$ 9,015	\$ 149,000	89.3%
⁴ <u>LEGAL FEES</u>					
<u>Fiduciary Counseling</u>					
<i>Nossaman, LLP</i>	122,237	40,000	82,237	110,000	
<i>Baker Hostetler</i>	3,101	-	3,101	-	
<i>Shaw Law Group</i>	34,136	-	34,136	-	
<i>Reed Smith (ACD Sheriff's)</i>	1,746	-	1,746	-	
Subtotal	<u>161,219</u>	<u>40,000</u>	<u>121,219</u>	<u>110,000</u>	<u>146.6%</u>
<u>Tax and Benefit Issues</u>					
<i>Hanson, Bridgett, LLP</i>	12,054	14,500	(2,446)	39,000	
Subtotal	<u>12,054</u>	<u>14,500</u>	<u>(2,446)</u>	<u>39,000</u>	<u>30.9%</u>
<u>Litigation</u>					
<i>The Law offices of Elizabeth F. McDonald</i>	5,500	27,500	(22,000)	66,000	
Subtotal	<u>5,500</u>	<u>27,500</u>	<u>(22,000)</u>	<u>66,000</u>	<u>8.3%</u>
<u>Investigation Services</u>					
<i>Law offices of Amy Oppenheimer</i>	1,660	8,300	(6,640)	20,000	
Subtotal	<u>1,660</u>	<u>8,300</u>	<u>(6,640)</u>	<u>20,000</u>	<u>8.3%</u>
Total Legal Fees	\$ 180,433	\$ 90,300	\$ 90,133	\$ 235,000	76.8%

NEW BUSINESS

8.A. Presentation regarding legal standards and best practices for managing Proposition 209 restrictions on using specified criteria in awarding contracts (Information Item).

8.B. Chief Executive Officer's Report.

NEW BUSINESS

- 8.A. Presentation regarding legal standards and best practices for managing Proposition 209 restrictions on using specified criteria in awarding contracts (Information Item).**

SEEKING DIVERSITY AND INCLUSION THROUGH THE CONTRACTING PROCESS

Board of Retirement
Alameda County Employees
Retirement Association

July 18, 2019

Harvey L. Leiderman
Jennifer Kregel
Reed **Smith** LLP



BACKGROUND

- Then: In 2016, the ACERA Board decided not to include a diversity reporting component in an RFP for investment consultant because of legal risks under CA law re: use of the data
- Now: The Board is seeking guidance on whether the legal parameters have changed re: the collection and use of diversity-related information when hiring vendors and service providers, particularly investment managers

AGENDA

1. Legal context
2. New trend? California law requiring women on corporate boards
3. Peer systems
4. Ground rules for inquiring into diversity and inclusion in the contracting process

1. THE LAW: FIDUCIARY PRINCIPLES

- Primary Loyalty Rule: Duty to act in the best interests of the members and beneficiaries; not to promote personal or others' interests
 - May not promote political, social or private causes unless can establish a nexus to core fiduciary responsibilities
 - Must assure a “level playing field” for bidders, to attract most competitive pricing and talents

1. THE LAW: FIDUCIARY PRINCIPLES

- Exclusive Benefit Rule: Duty to use plan assets solely for the purpose of paying promised benefits and reasonable administrative expenses
- Prudence Standard: Duty to act “under the circumstances then prevailing” as would a prudent person “in a like capacity and familiar with these matters...in the conduct of an enterprise of like character and with like aims”

1. THE LAW: PROPOSITION 209

- Art. I Sec. 31 of the CA Constitution (1996) – to eliminate certain affirmative action programs
- Prohibits public entities from discriminating against, *or granting preferential treatment to* “any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, and public contracting.”

1. THE LAW: PROPOSITION 209

➤ Impermissible Programs

- Requiring a specified percentage of MBE or WBE subcontractors
- Automatically treating women and minority-owned firms as socially and economically disadvantaged
- Providing information to advantage minority firms
- Setting specific diversity goals, quotas or timetables
- Scoring bidders based on their women and minority headcounts

1. THE LAW: PROPOSITION 209

➤ Permissible Programs

- Aspirational – may promote diversity in ways that do not result in preferential treatment
- Outreach to recruit underrepresented minorities and women as employees
- Data collection to serve a compelling governmental interest (e.g., to support outreach, eliminate bias)
- Preference based on other criteria (economically disadvantaged, geographic preferences...)

2. NEW TREND? SB 826 (2018) WOMEN ON CORPORATE BOARDS

- Requires by 2020 all publicly-held corporations with principal executive offices in CA to have at least one female director on its board
- If no open seats by 2020, must expand board size by one and fill with a woman
- Beginning in 2022, more women required depending on board size

2. NEW TREND? SB 826 (2018) WOMEN ON CORPORATE BOARDS

- Bill contained findings re: lack of women on corporate boards and likelihood that gender disparity will exist for forty + years if action not taken
- Bill summarized research finding that adding women to corporate boards increases board effectiveness and the company performance
- Bill may suggest the pendulum is swinging away from Prop 209 prohibitions
- Can we establish that a diverse workforce produces better economic outcomes?

3. PEER SYSTEMS

➤ CalSTRS

- Robust diversity and inclusion programs, without specific mandates
- Emerging Managers Program: Focus on size, employee ownership, and track record
- Investment Belief 7: Responsible corporate governance, including ESG factors, can benefit long-term investors like CalSTRS
- State laws applicable only to CalPERS and CalSTRS promote management diversity

3. PEER SYSTEMS

➤ CalPERS

- Emerging and Transition Managers Program: Defines emerging managers as newly formed or relatively small firms
- 2019 Survey of external managers includes questions regarding diversity of their workforce and key competency positions, ownership interest, levels of participation in investment decision making, sexual harassment, and pay equity
- Intent to develop a reasonable set of diversity and inclusion-related questions for external managers

3. PEER SYSTEMS

CalPERS, cont.

Diversity Questionnaire sent to law firms responding to RFPs – asks for headcount based on race, ethnicity, gender, sexual orientation...and diversity statement identifying strategies for increasing diversity, hiring and mentoring programs targeted to persons of diverse backgrounds, participation in diversity surveys, firm's diversity manager and that person's role in the firm

3. PEER SYSTEMS

➤ Los Angeles County ERA

- Investment Policy Statement on Diversity and Inclusion
- Diversity and Inclusion Questionnaire

Mandatory section: Diversity information, including policy, oversight, incentives and risk management strategies, and portfolio strategies

Optional demographic information

3. PEER SYSTEMS

➤ Los Angeles City ERS

Diversity and Inclusion Questionnaire

Demographic information

Additional diversity-related questions (e.g., whether the firm has racial/ethnic or gender-based compensation disparities)

3. PEER SYSTEMS

Most CERL systems have no policies or practices promoting or documenting diversity and inclusion among vendors, consultants, managers

3. PEER SYSTEMS

- Pennsylvania SERS – Uses ILPA Team Diversity Template in its due diligence with prospective managers
- Philadelphia Board of Pensions and Retirement – Includes D&I questions in RFP process, tracks data going forward
- Jacksonville P&F Pension Fund – Uses “emerging managers” as proxy for seeking D&I data; also asks consultant to do outreach
- Indiana Public Pension System – Law that required sunsetted; now seek voluntary disclosure

3. PEER SYSTEMS

- Illinois systems – State law requires detailed disclosures before contract let, including bidder's contracts with others. Consultants specifically required
- New York State Common Retirement Fund – Emerging managers program reflected in state law; special emphasis on identifying women and minority funds
- New York City Retirement System – Similar to New York State Common Retirement Fund

3. PEER SYSTEMS

➤ ILPA Team Diversity Template

- Sept. 2018 addition to Due Diligence Questionnaire
- Disclosure of GP's gender and ethnic diversity of teams, by seniority and role. Includes hiring practices, promotions, family leave, mentoring and harassment/discrimination claims
- “ILPA believes that diversity and inclusion is a strength that all stakeholders...should embrace and promote in meaningful ways...[This] represents an opportunity for LPs and GPs to have conversations about these important issues, in the spirit of a stronger and ever-improving workplace for everyone. We look forward to advancing these ideals which serve as the foundation for a healthy, prosperous industry.” – ILPA Release 9.24.18

4. GROUND RULES FOR INQUIRING ABOUT DIVERSITY AND INCLUSION

- Determine what data may be sought
 - Policies on workplace diversity and inclusion
 - Policies regarding discrimination and harassment
 - Oversight and policy compliance
 - Firm's track record, claims history, settlements
 - Firm's diversity and inclusion strategies
 - Portfolio holdings' strategies
 - Mandatory v. voluntary questions

4. GROUND RULES FOR INQUIRING ABOUT DIVERSITY AND INCLUSION

➤ Determine when data may be sought

- Before the RFP process commences?
- During the RFP process, before the scoring?
- In confidence, or in public session?
- During the RFP process, integral to the scoring?
- After the RFP process, the vote, and the contract entered into?
- Periodically thereafter?

4. GROUND RULES FOR INQUIRING ABOUT DIVERSITY AND INCLUSION

- Determine how information will/will not be used
 - Establish aspirational goals
 - Diversity-related information may not be used to select a vendor or service provider, or an investment manager
- Adopt a prudent process
 - Any use of diversity reporting should occur outside of the RFP decision-making process

4. GROUND RULES FOR INQUIRING ABOUT DIVERSITY AND INCLUSION

- Clearly define, document goals and outcomes
 - Identify the compelling interest being served
 - Identify the benefit to members and beneficiaries
 - Support with research and findings, as appropriate (e.g., findings, declarations and research supporting SB 826)
 - Conform with investment policies and diversity statements

DISCUSSION

NEW BUSINESS

8.B. Chief Executive Officer's Report.



*Office of the Chief Executive Officer
Office of Administration*

DATE: July 18, 2019
 TO: Members of the Board of Retirement
 FROM: Dave Nelsen, Chief Executive Officer *DW*
 SUBJECT: Chief Executive Officer's Report

Senior Manager Recruitment

No vacancies needing recruitment.

Committee/Board Action Items

ASSIGNED FOLLOW-UP ITEMS				
Follow-Up Board Item	Assigned Senior Leader	Estimated Completion Date	Completion Date	Notes
Develop a policy regarding pre-payment of contributions by employers	Dave Nelsen	May 2019	This idea will be brought to the Operations Committee in August	A law passed in 2017 expanding the circumstances regarding employers pre-paying retirement contributions. ACERA should consider developing a policy regarding this option.
Presentation/Discussion of Proposition 209 Legal framework	Dave Nelsen	July 2019		There will be a presentation on this topic at the July Board meeting to update the Trustees on this legal framework and how other systems are addressing their needs within this framework.
Conduct a survey of retirees regarding SRBR priorities	Kathy Foster	Summer of 2019	The survey timeline will be discussed in the July Retirees Committee meeting.	Retirees Committee discussion of possible benefit focus for funding analysis led to the agreement to gather input on this topic from the retirees.

Conference/Event Schedule

NASRA Conference, Sun, Aug 3 thru Tue, Aug 6, 2019, Williamsburg VA.

Key Performance Indicators

Below are the high level performance indicators for ACERA, with the latest scores included.

Scorecard KPI	2019 Performance Goal
PRUDENT INVESTMENT PRACTICES	
Portfolio Performance vs. Policy Benchmark	Annualized 10-year return will meet or exceed policy benchmark at the total fund level As of May: -.02% (11.6% policy v. 11.4% actual)
EFFECTIVE PLAN ADMINISTRATION	
Actual Spent vs. Approved Budget	On budget or 10% below 2019 approved budget As of June: 4% under budget
COMPREHENSIVE ORGANIZATION DEVELOPMENT	
Employee Engagement Survey Results	80% of responses in top two rating boxes on the question: "Is ACERA a great place to work?" As of last survey (spring of 2019): 50%
SUPERIOR CUSTOMER SERVICE	
Service Excellence Survey	80% of responses in top two rating boxes on the question: "Did ACERA meet or exceed my expectations for my customer service experience?" As of 2nd Quarter: 92%