



July 20, 2017

To: Members of the Board of Retirement

From: George Wood, Chair,
Governance Committee

Subject: **Summary of the July 20, 2017, Governance Committee Meeting**

Governance Committee Chair, George Wood called the July 20, 2017, Governance Committee Meeting to order at 11:03 a.m. Committee Members present were George Wood, Ophelia Basgal, Annette Cain-Darnes, Liz Koppenhaver, and Elizabeth Rogers. Other Board members present were Dale Amaral, and Tarrell Gamble, Henry Levy, Nancy Reilly and Darryl Walker. Staff present was Dave Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Kathy Mount, Chief Counsel; Lori Schnall, Associate Counsel; Margo Allen, Fiscal Services Officer; Harsh Jadhav, Chief of Internal Audit; Victoria Arruda, Human Resources Officer and Betty Tse, Chief Investment Officer.

ACTION ITEMS

1. Review, Discussion and Possible Motion to Adopt Amendments to and affirm the *Board Elections Policy*

The Committee reviewed Staff's July 20, 2016, memo and its recommendation regarding the *Board Elections Policy*. Staff advised the Committee that the content of the Policy continues to meet the needs of ACERA and should be affirmed, with revisions. The Policy was last reviewed by the Board on June 3, 2015.

Following discussion on the Policy, the Committee affirmed the Board Elections Policy with one revision under the section for "Eligibility to Vote". For clarification purposes, Committee recommends that the language be revised to add that the member is eligible to vote for a specific category of membership (i.e. safety, general or retired), if the member belongs to the same category of membership "during the entire pay period..." Adding the word *entire* eliminates any ambiguity.

It was moved by George Wood and seconded by Trustee Elizabeth Rogers that the Governance Committee recommend to the Board of Retirement that the Board affirm the *Board Elections Policy*, with revisions. The motion was approved by a vote of 7 in favor (Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers and Wood), 0 against, 0 abstaining.

2. Review, Discussion and Possible Motion to Adopt Amendments to and affirm the *Conflict of Interest Code*

The Committee reviewed Staff's July 20, 2016, memo and its recommendation regarding the *Conflict of Interest Code*. Staff advised the Committee that the content of the Code continues to meet the needs of ACERA and should be renewed, with revisions. The Policy was last reviewed by the Board on June 18, 2015.

Following discussion on the Code, the Committee affirmed the Conflict of Interest Code with one revision. The Code states that the filing officer for the Statements of Economic Interest (Form 700) is the Compliance Officer, however, ACERA does not have a Compliance Officer. The Code is amended to state that the Chief Counsel is the filing officer.

It was moved by Trustee Cain-Darnes and seconded by Trustee Levy that the Governance Committee recommend to the Board of Retirement that the Board affirm the *Conflict of Interest Code*, with revisions. The motion was approved by a vote of 8 in favor (Amaral, Basgal, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers and Wood), 0 against, 0 abstaining.

3. Review, Discussion and Possible Motion to Adopt Amendments to and affirm the *CEO Annual Performance Evaluation Policy*

The Committee reviewed Staff's July 20, 2016, memo and its recommendation regarding the *CEO Annual Performance Evaluation Policy*. Staff advised the Committee that the content of the Policy continues to meet the needs of ACERA. The Policy was last reviewed by the Board on December 17, 2015. The Committee discussed and approved the following revisions:

- 1) Revising the time table for the annual performance evaluation. At the October Board meeting, the CEO shall provide his/her self-evaluation. The Board shall evaluate the CEO at the November Board meeting. The Board shall address compensation at the December Board meeting.
- 2) Adding language to provide guidance of the process for mid-year evaluations.
- 3) Clarifying the language regarding ad-hoc committee to state that "The Board Chair has discretion to create an ad hoc committee to gather and evaluate data to assist in the compensation process."
- 4) Clarifying that the Brown Act permits the Board in closed session discussion to determine whether to authorize an increase in the compensation package, but requires any discussion about amount and scope of change to the compensation package to occur in open session.
- 5) Including a footnote to provide the Brown Act Code section 54957.6 which allows the Board to meet in a properly noticed closed session with its representative to provide instructions regarding negotiating with the CEO.

Following discussion, the Committee affirmed the CEO Annual Performance Evaluation Policy with amendments.

It was moved by Trustee Amaral and seconded by Trustee Koppenhaver that the Governance Committee recommend to the Board of Retirement that the Board affirm the CEO Annual Performance Policy, with amendments. The motion was approved by a vote of 7 in favor. Cain-Darnes approved all items except she abstained due to section 54957.6. (Amaral, Basgal, Gamble, Koppenhaver, Levy, Rogers and Wood), 0 against, 1 abstaining (Cain-Darnes).

4. Review, Discussion and Possible Motion to Adopt Amendments to and affirm the *Media Policy*

The Committee reviewed Staff's July 20, 2016, memo and its recommendation regarding the *Media Policy*. Staff advised the Committee that the content of the Policy continues to meet the needs of ACERA. The Policy was last reviewed by the Board on June 3, 2015.

Following discussion, the Governance Committee recommends to the Board of Retirement that the Board affirm the Media Policy, without revisions, as recommended by the Committee and Staff.

The motion was approved by a vote of 8 in favor (Amaral, Basgal, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers and Wood), 0 against, 0 abstaining.

INFORMATION ITEMS

- None

TRUSTEE / PUBLIC INPUT

- None

RECOMMENDATIONS

1. The Committee recommends, and I move, that the full Board affirm the *Board Elections Policy*, with revisions, as recommended by the Committee.
2. The Committee recommends, and I move, that the full Board affirm the *Conflict of Interest Code*, with revisions, as recommended by the Committee.
3. The Committee recommends, and I move, that the full Board affirm the *Chief Executive Officer Annual Performance Evaluation Policy*, with revisions as recommended by the Committee.
4. The Committee recommends, and I move, that the full Board affirm the *Media Policy*, without revisions as recommended by the Committee.

FUTURE DISCUSSION ITEMS

- *Board Governance Policy and Development Process*
- *Board Operations Policy*
- *Senior Management Contingency Plan*
- *Termination Policy*

ESTABLISHMENT OF NEXT MEETING DATE

- September or October 2017 - TBD

ADJOURNMENT

- The meeting adjourned at 2:00 p.m.