



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

Thursday, November 17, 2016

Chair Ophelia Basgal called the meeting to order at 2:00 p.m.

Trustees Present: Dale Amaral
Ophelia Basgal
Tarrell Gamble
Liz Koppenhaver
Elizabeth Rogers
David Safer (Alternate)
George Wood

Trustees Excused: Annette Cain-Darnes
Keith Carson
Donald White
Darryl Walker (Alternate)

Staff Present: Margo Allen, Fiscal Services Officer
Victoria Arruda, Human Resources Officer
Angela Bradford, Executive Secretary
Sandra Dueñas, Benefits Manager
Harsh Jadhav, Chief of Internal Audit
David Nelsen, Chief Executive Officer
Betty Tse, Chief Investment Officer

Staff Excused: Kathy Foster, Assistant Chief Executive Officer

The Board reviewed and/or took action on the agenda items in the following order, which is not the original order of these items as listed on the Board agenda:

**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 COMMITTEE MINUTES

- *October 5, 2016, Operations Committee Minutes.*
- *October 5, 2016, Retirees Committee Minutes.*
- *October 5, 2016, Budget Committee Minutes.*
- *October 12, 2016, Audit Committee Minutes.*

MISCELLANEOUS MATTERS

- *Felony Conviction – Forfeiture of Benefits - Government Code Section 7522.74.*
- *Approval of Benefit Correction for Non-Member Continuance and Elimination of Continuance.*

16-133

It was moved by George Wood, seconded by Elizabeth Rogers, and approved by a vote of 5 yes (*Basgal, Gamble, Koppenhaver, Rogers Wood*) (*Amaral recused*), 0 no, 0 abstentions, that the following resolution is adopted:

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

16-134

The minutes of the regular meeting of October 21, 2016, were accepted on a motion by Dale Amaral seconded by Elizabeth Rogers, and approved by a vote of 6 yes (*Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood*), 0 no, and 0 abstentions.

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 **October/November** Committee meeting minutes are posted on the ACERA website (www.acera.org) after approval at the **November 17, 2016**, Board meeting. This month's Committee reports were presented in the following order:*

Investment:

George Wood reported that the Investment Committee met on November 16, 2016, at 9:38 a.m. and highlighted the following:

Representatives from Artemis Real Estate Partners presented to the Committee the history, background and culture of the firm, as well as the opportunity set, investment team and strategy of the Artemis Real Estate Partners Healthcare Fund I, L.P. ("Fund"). Artemis Real Estate Partners was founded in 2009 by Deborah Harmon and Penny Pritzker, the current U.S. Secretary of Commerce. (It is yet to be determined if Ms. Pritzker will return to Artemis after her role in the government.)

Artemis discussed the Fund's strategy related to income-orientation, defensive characteristics, long-term demographics-driven opportunity, and its partnership with its operating partners. They also spoke about the fund's focus on the niche healthcare market within the broader real estate sector and emphasized that good, quality care within this niche equates to good business. The representatives also emphasized the General Partner's \$25 million commitment to the fund.

16-135

It was moved by George Wood and seconded by Dale Amaral to adopt an investment of \$25 million in the Artemis Real Estate Partners Healthcare Fund I, pending completion of legal due diligence, background investigations, and successful contract negotiation. The motion carried 6 yes (*Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

Representatives from EQT Partners presented to the Committee the history, background, philosophy, strategy, process, investment team, and investment returns of the Manager’s funds. The representatives also discussed the Manager’s information advantage, its focus on managing investment risk and downside protection, the Fund’s integrated multi-strategy global investment approach, and other characteristics of EQT Credit Opportunities Fund III (“EQT III Fund”).

Responding to a Trustee’s question on whether this is a good time to invest in European opportunities, the EQT Partners representatives responded that volatile economic times often make for improved investment opportunities.

In response to a question on currency risk, the representative from Verus Advisory explained that a USD-hedged feeder fund would be available to mitigate this, but as it is currently structured, the additional cost of the feeder fund might not be justifiable.

In response to a Trustee’s question regarding meeting the Fund’s 15% IRR (net of fees) target performance level, the EQT Partners representative offered that the Fund had the flexibility to find the best available opportunities throughout its European territory, and believed that the named target would be consistent with the Fund’s expectations.

16-136

It was moved by George Wood and seconded by Liz Koppenhaver to adopt an Investment of up to €35.0 million Euro¹ in EQT III Fund pending completion of legal due diligence, background investigations, and successful contract negotiation. The motion carried 5 yes (*Amaral, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 1 abstention (*Basgal*).

No discussion or action was taken regarding the motion to adopt the Amended Proposed timeline, search criteria, and evaluation matrix for ACERA’s Passive Indices (U.S. and International Equities) Manager Search (per the original Investment Committee agenda) after it was determined that the matter could not proceed without a quorum. In light of the time sensitivity of this matter, Trustees requested that Staff research whether it could be brought for discussion and vote at the November 17, 2016, Board Meeting, without Committee recommendation.

¹ As of 10/31/2016, the EUR/USD exchange rate was approximately 1.10. A €35.0M Commitment in Euros is roughly equivalent to \$38.4M.

NEW BUSINESS

The Investment Committee did not make a recommendation to the Board regarding the Proposed Timeline, search criteria, and evaluation matrix regarding ACERA's Passive Index Manager Search (Action Item No. 1 on the November 17, 2016 Board agenda). Therefore, this item was brought to the Board under "New Business" at today's Board meeting. However, in order to eliminate confusion regarding the order of the Motion Numbers/Board Actions, and the flow of the Board Minutes, the Proposed Timeline, etc. New Business item is discussed below:

Chief Investment Officer Betty Tse reminded the Trustees that at the September 2016 meeting, the Board adopted the proposed timeline, search criteria, and evaluation matrix regarding ACERA's passive index manager search. It was noted that this type of passive index manager search was the first of its kind in ACERA's history. ACERA target allocation estimated to be \$1.7 billion in this fund, which is divided into two components: \$1.35 billion in domestic passive space and \$3.5 billion in International space. However, subsequent to ACERA's launch of its search, Staff received indications from the marketplace that ACERA's minimum qualifications are too rigid, as it inadvertently excluded certain funds, banks, and insurance companies as *investment advisors* from the search field. Staff, with the assistance of Verus, amended ACERA's minimum qualifications, including revisions regarding the designation of investment fund managers to ensure a broader and more inclusive search. After discussion, the Board made the following motion:

16-137

It was moved by Liz Koppenhaver and seconded by George Wood to adopt the Amended Proposed Timeline, Search Criteria, and Evaluation Matrix for ACERA's Passive Indices (U.S. and International Equities) Manager Search. The motion carried 6 yes (Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood), 0 no, 0 abstentions.

Staff provided the Committee with a four-month interim report update on State Street Bank. Since the service review in July 2016, Staff has monitored SSB closely and noticed that its custodian and administrative services have improved significantly, especially in the areas of communications and reporting. SSB's service team is more attentive to ACERA's requirements, under the management of Jason Butler (Managing Director, Public Funds), who presented to the Committee in July 2016. Staff indicated a service review of SSB is likely within one year and will update the Committee timely should SSB's current level of service start to decline.

Agnes Ducanes introduced Nicole Ciechanski, as the new Administrative Support Specialist (full time permanent) who will be assisting Agnes in supporting the Investment Department.

16-138

It was moved by George Wood and seconded by Liz Koppenhaver that the Board approve the November 16, 2016, Investment Committee minutes. The motion carried 6 yes (*Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

Operations:

Dale Amaral reported that the Operations Committee met on November 2, 2016, at 9:35 a.m. and highlighted the following:

Staff presented a new pay item – Pay Code 4P for First 5 of Alameda County to the Committee for discussion and possible motion. Following a discussion, a motion was made.

16-139

It was moved by Dale Amaral and seconded by Elizabeth Rogers approve the inclusion of pay item 4P Paid Parental Leave as compensation earnable and pensionable compensation for members with entry dates before, on or after January 1, 2013, based on Government Code Sections 31461 and 7522.34. The motion carried 6 yes (*Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

Staff presented multiple amended pay items for Alameda County to the Committee for discussion and possible motion. Following a discussion, a motion was made.

16-140

It was moved by Dale Amaral and seconded by Elizabeth Rogers to approve the changes for inclusion of the following amended pay items as compensation earnable and pensionable compensation for members with entry dates before, on or after January 1, 2013, based on Government Code Sections 31461 and 7522.34:

- 1. 244 Supervisor-ET (1473)**
- 2. 252 Quality Assurance**
- 3. 260 Outreach Program**
- 4. 311 Warehouse Coordinator**
- 5. 455 Community Outreach Functions**
- 6. 313 Supervise 10+ (5%)**
- 7. 314 Supervise 20+ (10%)**
- 8. 40V Oversee Multi-Year Projects**

The motion carried 6 yes (*Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

Staff presented the results of the Medical Advisor and Disability Claims Management Services RFP.

The Operations Committee requested that Staff return with additional information including: specific integration plans, performance measurements, staffing and real savings details, and specific contract terms. Trustees also stated that this is relevant for the County, and ACERA, to notify them of any upcoming changes. Staff will provide an update at the November Board meeting. No action was taken by the Committee.

The following action item was carried over from the October 5, 2016 Operations Committee meeting for the Board's consideration at today's Board meeting:

Staff presented the *Discharge of Benefits Overpayments Receivables Policy* to the Committee for discussion and possible motion. Following a discussion, a motion was made.

16-141

It was moved by Dale Amaral and seconded by Liz Koppenhaver to approve the *Discharge of Benefits Overpayments Receivables Policy*. The motion carried 6 yes (*Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

Prior to any discussion, Trustees Dale Amaral, Elizabeth Rogers, George Wood, and Darryl Walker recused themselves from the discussion and vote, and left the room. Legal Staff explained that there are two action items for discussion and possible motion regarding the voluntary elected member employer reimbursement. In the first action item, Legal Staff recommends that the voluntary elected member employer reimbursement be continued for 2016. In the second action item, Legal Staff recommends that the *Voluntary Elected Member Employer Reimbursement Policy* (Policy) be renewed, without revisions.

Staff presented the continuation of the Voluntary Elected Member Employer Reimbursement for 2017 to the committee for discussion and possible motion.

The Trustees would like to revisit this Policy and have a future discussion. Alameda County is the only county that reimburses employers of elected trustees. As salaries grow, this incentive rises about 20 – 30 thousand dollars a year. Legal staff will return with a detailed analysis.

Staff presented the *Voluntary Elected Member Employer Reimbursement Policy*, without revisions for renewal to the Committee for discussion and possible motion. ***There were not enough Board Trustees at today's Board meeting (quorum) to vote on the two voluntary elected member employer reimbursement recommendations. Therefore, there was no further discussion and no action was taken. Both recommendations will be brought back under "New Business" at the December 15, 2016 Board meeting for the Board's consideration.***

Staff presented the year-to-date operating expenses – budget vs. actual. As of September 30, 2016, actual expenses were \$1,151,495 under budget.

Staff presented the unaudited financial statements for the six months ending September 30, 2016. The unaudited net assets held in trust for pension benefits total \$6,940,599,175. This amount increased by \$473 million for the same time period in 2015.

Staff presented a report on the 12-month cash forecast model for the period October 1, 2016 through September 1, 2017. The projected average monthly negative cash position for the period was (\$14,621,215), excluding the two months that have three pay periods.

Staff presented the quarterly Board Member Conference Expense Report. As of September 30, 2016, the year-to-date reported expenses were \$61,530.

Staff presented the quarterly Senior Manager Conference and Training Expense Report. As of September 30, 2016, the year-to-date reported expenses were \$65,048.

Staff presented an update on legislation of interest to ACERA. The Committee directed Staff to limit updates to legislation specific to the '37 Act plans, PEPRA, and any other legislation that directly impacts ACERA.

Staff presented the report on position vacancies for the period ending September 30, 2016.

Staff presented the quarterly report on the Call Center.

Staff proposed a process for the Board of Retirement to approve payment plans for collection of overpayments made due to errors. Trustees requested to not have this approved as part of the consent calendar. Staff will return with this as new item.

16-142

It was moved by Dale Amaral and seconded by Liz Koppenhaver that the Board approve the November 2, 2016, Operations Committee minutes, with the exception of adoption of the two Voluntary Elected Member Employer Reimbursement action items. The motion carried 6 yes (*Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

Retirees:

Liz Koppenhaver reported that the Investment Committee met on November 2, 2016, at 11:38 a.m. and highlighted the following:

Segal Consulting (Segal), ACERA's Actuary, presented the annual GASB Statement No. 43 (OPEB) and non-OPEB Actuarial Valuation of the Benefits provided by the Supplemental Retiree Benefit Reserve, Including Sufficiency of Funds, as of December 31, 2015. Based on this valuation report, the terminal year of the "Other Post-Employment Benefit" (OPEB) is projected to be 2038, with full benefits paid through 2037 for a total of 22 full years and 1 partial year. The terminal year of Non-OPEB benefits is projected to be 2035, with full benefits paid through 2034 for a total of 19 full years and 1 partial year. Segal reported that the one year increased projection for the OPEB's is mainly due to the 13.6% rate of return on the SRBR assets, which was greater than the expected return of 7.6% assumed in the December 31, 2014 valuation for 2015. This was offset somewhat by the larger amount for the Implicit Subsidy than was expected.

16-143

It was moved by Liz Koppenhaver and seconded by Elizabeth Rogers that the Board accept the December 31, 2015 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal Consulting. The motion carried 6 yes (*Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

Staff provided a report on the results of the Retiree Health Fair, which was held at a new venue, the Oakland Yacht Club. There were a total of 335 attendees compared to 345 attendees last year. Trustees directed Staff to look into possibly charging the vendors who participate in the Retiree Health Fair. Staff has begun to receive Open Enrollment forms and are reviewing them for completeness and processing. A more detailed report on ACERA and OneExchange's plan changes will be provided at the January 2017 Committee meeting.

Keenan & Associates, ACERA's Benefits Consultant, and Staff provided a presentation on ACERA's Wellness Program, which included ACERA's Medicare eligible retirees' demographics, lifestyle risks and preventive services overview, results of lifestyle risks, high cost claims, Kaiser second quarter utilization report, Rest and Revive Sleep campaign, and ACERA's wellness efforts.

Staff reported on three benefit issues affecting ACERA retirees. First, OneExchange plans to include recurring reimbursement forms in its open enrollment packets, and to remind retirees that they need to complete the form for the new Plan Year to have their monthly medical plan premiums automatically reimbursed. Trustees directed Staff to find out if OneExchange communicates with our retirees via email regarding this type of information. Second, Staff will ensure that OneExchange updates its system with the report listing all retirees turning age 65 in 2017, in a timely manner to reflect the correct annual HRA maximum amounts for the new Plan Year to avoid the issues experienced last year. Last, due to OneExchange making planned improvements and hiring additional staff, there has been significant improvement in the average call times to handle calls and Benefit Advisors' response times compared to last year. Trustees directed Staff to find out the abandoned call rates.

Staff reported that the Centers for Medicare & Medicaid Services (CMS) have not released the information regarding the Medicare Part B premium for 2017. Once the premium amounts are released, this item will be placed on the November or December Board of Retirement agenda for action under New Business.

16-144

It was moved by Liz Koppenhaver and seconded by Elizabeth Rogers that the Board approve the November 2, 2016, Retirees Committee minutes. The motion carried 6 yes (Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood), 0 no, 0 abstentions.

Governance:

Elizabeth Rogers reported that the Investment Committee met on November 2, 2016, at 1:03 p.m. and highlighted the following:

The Committee reviewed Staff's November 2, 2016, memo and its recommendation regarding the *Trustee Communications Policy*. Staff advised the Committee that the content of the Policy continues to meet the needs of ACERA and should be affirmed, without revisions. The Policy was last reviewed by the Board on December 18, 2014.

16-145

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver that the Board affirm the *Trustee Communications Policy*, without revisions, as recommended by the Committee. The motion carried 6 yes (Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood), 0 no, 0 abstentions.

The Committee reviewed Staff's November 2, 2016, memo and its recommendation regarding the *Record Retention Policy*. Staff advised the Committee that the content of the Policy continues to meet the needs of ACERA and should be affirmed, without revisions. The Policy was last reviewed by the Board on December 18, 2014.

16-146

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver that the Board affirm the *Record Retention Policy*, without revisions, as recommended by the Committee. The motion carried 6 yes (*Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

The Committee reviewed Staff’s November 2, 2016, memo and its recommendation regarding the *Board Operations Policy*. Staff advised the Committee that the content of the Policy continues to meet the needs of ACERA and identified one proposal regarding the impact of abstentions. The Policy was last reviewed by the Board on April 17, 2014.

Staff and the Committee discussed whether to approve a vote by either a “majority of the members present” which is the current practice or a “majority of the members present and voting”. In the current practice, the abstention essentially equals a “no” vote in the latter option, the abstention does not impact the vote as it is considered a “non-vote”.

Following discussion, Trustee Basgal moved and Trustee Koppenhaver seconded a motion that the Governance Committee recommends to the Board of Retirement that the Board affirm the *Board Operations Policy*, and amend the language to read “a majority of the members present and voting.”

The Committee requested that Staff bring back a merged version of the *Board Operations and Committee Operations Policy* to the next Governance meeting for review and consideration.

16-147

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver that the Board affirm the *Board Operations Policy*, with revisions, as recommended by the Committee. The motion carried 6 yes (*Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

The Committee reviewed Staff’s November 2, 2016, memo and its recommendation regarding the *Conflict of Interest Policy*. Staff advised the Committee that the content of the Policy continues to meet the needs of ACERA and proposed various options to address concerns regarding behested payments. The Policy was last reviewed by the Board on June 18, 2015.

Following a lengthy discussion, the Governance Committee recommends to the Board of Retirement that the Board affirm the *Conflict of Interest Policy*, with revisions, as recommended by the Committee to prohibit a Trustee from soliciting behested payments on behalf of any non-profit or charitable organization from any person or entity that is doing business directly with ACERA, if the Trustee is either a Board member of the non-profit or charity or participates in collecting charitable contributions for the non-profit or charity. Additionally, language was added to prohibit a trustee from soliciting behested payments from a vendor that is, or may reasonably be expected to be a candidate of an upcoming selection process, consistent with the treatment of gifts.

16-148

It was moved by Elizabeth Rogers and seconded by Dale Amaral that the Board affirms the *Conflict of Interest Policy*, with revisions, as recommended by the Committee. The motion carried 6 yes (*Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

16-149

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver that the Board approve the November 2, 2016, Governance Committee minutes. The motion carried 6 yes (*Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

OLD BUSINESS

- None

NEW BUSINESS

Proposed 2017 Operating Expense Budget:

Chief Executive Officer David Nelsen reminded the Board that there were several discussions regarding the Proposed 2017 Operating Expense Budget (Budget)/Business Plan Initiatives at the Budget Committee meeting, as well as at the October Board Off-Site. Mr. Nelsen presented his November 17, 2016 memo and ACERA's Proposed Organization Chart. The memo addressed various questions, including the question regarding why an Assistant Chief Executive Officer (ACEO) structure is being recommended in lieu of a Deputy Chief Executive Officer (DCEO) structure. The Chart reflected funding for Staff as it is shown in the Proposed Budget. It was noted that the DCEO position was not included in the Proposed Budget.

There was discussion regarding the structure and timeline of the ACEO position and if the position would be necessary in the future. Mr. Nelsen expressed that the ACEO structure (in lieu of the DECO structure) is necessary at this time, as it affects the changes that ACERA wants to undertake as reflected in its Business Plan Initiatives. Mr. Nelsen explained that there is a need for “distributed (“hands-on”) leadership” at this time in order to achieve the proposed infrastructure changes. It was noted that if organizational structural changes (elimination the ACEO structure) need to be made in the future, then the Board can revisit the issue. Mr. Nelsen reported that, in accordance with ACERA’s Business Plan Initiatives, Staff will be provided with training to assist with improvement and streamlining of ACERA operations. Staff will also create a performance matrix system with performance systems measures that will become a part of how ACERA operates and that Staff will be provided with indicators regarding how ACERA is progressing. It was noted that ACERA’s Strategic Plan, Business Plan Initiatives, and the Operating Expense Budget should be inter-connected activities.

16-150

It was moved by Dale Amaral and seconded by Elizabeth Rogers that the Board approve the proposed 2017 Operating Expense Budget of \$21,406,000. The motion carried 6 yes (*Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

Lisa Brown Appeal (Non-Member):

Benefits Manager Sandra Dueñas-Cuevas reported that Lisa Brown withdrew her appeal. However, Ms. Dueñas-Cuevas presented and provided a summary of her November 17, 2016 memo regarding Member’s Appeal of Retirement Allowance Correction from Option 2 to Unmodified Option due to Non-Member Status.

In June 2016, ACERA Benefits Staff notified Ms. Brown of the error and made the necessary adjustments to her benefit to reflect that she would receive the Unmodified Option benefit allowance and that she would receive a retroactive pay, including interest and cost of living adjustments?, for the period of December 30, 2008 through July 31, 2016.

Ms. Brown informed ACERA that she was not in agreement with the correction to the Unmodified Option and, therefore, submitted an appeal to the Board of Retirement. On November 16, 2016, ACERA received a phone call from Ms. Brown informing Staff that she was no longer contesting ACERA’s recommendation of the Unmodified Option. Because Ms. Brown did not submit her withdrawal of her appeal in writing, the Board made the following motion:

16-151

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver that the Board deny the appeal of non-member, Lisa Brown, regarding correction of benefit allowance and elimination of continuance, from Option 2 to the Unmodified Option benefit allowance. The motion carried 6 yes (*Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

O.D. Ford AND Bernice Richards Overpayment Payment Plans:

Ms. Dueñas-Cuevas presented Assistant Chief Executive Officer Kathy Foster's November 17, 2016 memo regarding Approval of Payment Plans for Recovery of Overpayments regarding 1) O.D. Ford and 2) Bernice Richards.

Ms. Dueñas-Cuevas reported that ACERA Staff performed its due diligence process in attempting to collect the overpayments in both cases, consulted with ACERA's Legal Department and took into consideration hardship issues such as the retirees' ages. Ms. Dueñas-Cuevas stated that Staff provided appropriate communications to the payees, including their right to appeal, the facts surrounding the error and information regarding the repayment amounts. Ms. Richards' power of attorney agreed to the repayment plan on behalf of Ms. Richards. O.D Ford initially responded to ACERA, but thereafter failed to respond to ACERA's many efforts to reach him. In both cases, the recovery amounts were compromised in that interest was waived. Ms. Dueñas-Cuevas noted that these cases were included in ACERA's quarterly reports.

In the case of Bernice Richards, Board Chair Ophelia Basgal stated she wants to ensure that the beneficiary is aware that if Ms. Richards passes away before the 92 month period, ACERA will seek the amount owed from Ms. Richards' estate.

16-152

It was moved by Dale Amaral and seconded by George Wood that the Board approve payment plan for recovery of overpayments of Medicare Part B Reimbursement Plan benefit for O.D. Ford. The motion carried 6 yes (*Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

16-153

It was moved by Dale Amaral and seconded by Liz Koppenhaver that the Board approve payment plans for recovery of overpayments of Medicare Part B Reimbursement Plan benefit for Bernice Richards. The motion carried 6 yes (*Amaral, Basgal, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

Report on Medical Advisor and Disability Claims Management Service Provider Proposals:

Mr. Nelson presented Ms. Foster's November 17, 2016 memo and explained that at the November 2, 2016 Operations Committee, Staff presented the results of the Medical Advisor and Disability Claims Management Services Request for Proposal (RFP).

Based on input at the Operations Committee meeting, Staff was directed to provide additional information regarding the Disability Claims Management structure, the operating process and any anticipated efficiency service measures involved. Staff will present the additional information in January 2017, including Trustees' responses to additional questions.

David Nelsen, Chief Executive Officer's Report

Mr. Nelsen presented his November 17, 2016, written CEO Report, which provided an update on the following items: **1)** Senior Manager Recruitment. It was noted that the Senior Manager positions (Chief Counsel and PRISM Manager) have been posted and Staff is in the process of receiving applications; **2)** Committee/Board Action Items; **3)** Conference Schedule; **4)** Core Values Development; **5)** CEO Outreach; and **6)** Other Items.

CONFERENCE REPORTS

Board Chair Basgal reported that she and Trustee Liz Koppenhaver attended the SACRS Fall Conference on November 8 through November 11, 2016. Chair Basgal stated that even though the SACRS Conference fell on the date of the U.S. General Election, the Conference was very valuable, as it provided everyone the opportunity to see what the market looks like in the future; Trustee Koppenhaver concurred. Trustee Koppenhaver reported that she and Mr. Nelsen also attended a new Session at the SACRS Fall Conference on November 10th entitled: *Courageous Leadership and Unconscious Bias and Emotional Intelligence*. The Session focused on the importance of diversity among Managers, the Workplace, and the Board.

It was noted that the next SACRS Conference is scheduled in May 2017 and will take place in NAPA, CA.

ANNOUNCEMENTS

- None.

PUBLIC INPUT

- ACRE President Pete Albert announced that he forwarded the ACRE Holiday Luncheon Flyer to ACERA Staff. Executive Secretary, Angela Bradford will coordinate and RSVP on behalf of the ACERA Board and Staff.

BOARD INPUT

- None.

ESTABLISHMENT OF THE NEXT MEETING

Thursday, December 15, 2016, at 2:00 p.m.

ADJOURNMENT

The meeting adjourned at approximately 3:10 p.m.

Respectfully Submitted,



David Nelsen
Chief Executive Officer

12/15/16

Date Adopted

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

BLAZER, Lawrence C.
Effective: 7/30/2016
District Attorney

JANTZ, Mirek
Effective: 8/27/2016
Alameda Health System - DEF

CAMARILLO, Joe F.
Effective: 7/30/2016
General Services Agency

KAPLANIS, Simone
Effective: 4/1/2016
Social Services Agency

CHAVEZ, Irene
Effective: 8/9/2016
General Services Agency - DEF

KATZ, Karen E.
Effective: 6/18/2016
Public Defender

GRANT, Catherine B.
Effective: 3/26/2016
Public Health

KING, Michael S.
Effective: 4/1/2016
Sheriff's Office

GUZMAN, Danilo C.
Effective: 7/30/2016
Public Works Agency

LEON, Jaime V.
Effective: 4/1/2016
Social Services Agency

HACKNEY, Margaret D.
Effective: 4/1/2016
General Services Agency

LOWE, Ana M.
Effective: 7/15/2016
Probation

HAMRICK, Kimberly
Effective: 7/12/2016
Alameda Health System - DEF

MEDINA, Roberto
Effective: 7/16/2016
Alameda Health System

HILL, Lisa A.
Effective: 5/21/2016
Probation

PANDL, Sara S.
Effective: 8/24/2016
Community Deveelopment Agency - DEF

HILL-MOORE, Gwendolyn
Effective: 6/28/2016
Alameda Health System - DEF

PANG, Adela N.
Effective: 9/1/2016
Alameda Health System - DEF

HOGENMILLER, Aurora H.
Effective: 7/16/2016
Sheriff's Office

PANGILINAN, Susan S.
Effective: 4/1/2016
Alameda Health System

HOOS, Todd G.
Effective: 4/1/2016
Sheriff's Office

QUINLAN, Robert M.
Effective: 3/12/2016
Superior Court

HUYNH, Tran
Effective: 7/30/2016
Social Services Agency

REED, Mary Ellen
Effective: 9/1/2016
Alameda Health System - DEF

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

SANFORD, Wanda J.
Effective: 7/23/2016
Alameda Health System

TORRES, Luis E.
Effective: 5/21/2016
Social Services Agency

SESLOWE, Sharon N.
Effective: 6/20/2016
Community Development Agency -
DEF

TWICHELL, Juliet E.
Effective: 1/1/2016
Community Development Agency

SOLER, Maria
Effective: 7/6/2016
Social Services Agency

WILLIAMS, Edward W.
Effective: 7/30/2016
Probation

THOMAS, Quintus C.
Effective: 3/29/2014
Alameda Health System

WISE, Lynda F.
Effective: 5/28/2016
Social Services Agency

**APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT**

ARGULA, Dawn P.
Board of Supervisors
Effective: 9/9/2016

BANDELOW, Neva M.
General Services Agency
Effective: 7/29/2016

BECKMAN, Tara T.
Health Care Services Agency
Effective: 4/4/2014

DE LUCCA, Joanne J.
Alameda Health System
Effective: 7/15/2016

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

CHAN, Tiffany J.
Information Technology
Effective: 9/16/2016

DAWSON, Elizabeth B.
Social Services Agency
Effective: 8/31/2016

DIKTAKIS, Greg
Public Works Agency
Effective: 9/7/2016

**APPENDIX D
LIST OF DECEASED MEMBERS**

ABRAMSON, David
10/10/2016
Health Care Services Agency - DEF

LUNA, Lois N.
10/13/2016
Probation

BOBB, Barbara M.
9/18/2016
Survivor of Owen Carroll

MACASAET, Jorge M.
9/5/2016
Social Services Agency

DAHLBERG, Nancy L.
10/10/2016
Probation - DEF

MANGER, Lillian
10/17/2016
Survivor of William I. Manger

DOBBINS, Phillip M.
10/13/2016
Assessor

OBER, Marjorie G.
9/28/2016
Social Services Agency

JEFFERY, Dennis D.
10/25/2016
Sherrif's Office

OBER, Marjorie G.
9/28/2016
Survivor member of Philip M. Griffith

KURTZ, Gerald E.
10/6/2016
Sherrif's Office

OTT, Gareth S.
10/1/2016
Environmental Health - DEF

LEIGH, Robert G.
10/3/2016
Probation

ROBINSON, Frank H.
10/11/2016
Probation

**APPENDIX D
LIST OF DECEASED MEMBERS**

SMITH, Deloria R.
9/21/2016
Alameda Health System

SMITH, Evelyn L.
9/16/2016
Alameda Health System

WILLIAMS, JR., Mendy
10/11/2016
Survivor of Olivia M. Williams

**APPENDIX I
MISCELLANEOUS MATTERS**

Felony Conviction – Forfeiture of Benefits – Government Code Section 7522.72

Approval of benefit correction for Non-member Continuance and elimination of Continuance for:

Name: **Lim, Josanne**
Type of Claim: Community Property Division (Court Order – DRO)

Staff's Recommendation:

Staff recommends that the Board require correction of the error in presenting non-member, Ms. Lim with the option of selecting a survivor continuance allowance payment for a non-member spouse. This matter involves ACERA's requirement to divide and distribute community property interests from retirement benefits of a member and non-member ex-spouse. In presenting information to the non-member ex-spouse at the time of the election of benefits by the non-member ex-spouse, ACERA presented the option which provides for a survivor continuance benefit payment after the death of the non-member ex-spouse. ACERA is now correcting that error. Correction includes payment to the non-member ex-spouse of a credit adjustment with applicable interest. Staff recommends that the Board require staff to make the correction and issue a lump sum one-time payment to Ms. Lim as an adjustment and termination of the erroneous offer of a survivor continuance benefit.