



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

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Thursday, May 21, 2015

Chair Elizabeth Rogers called the meeting to order at 2:08 p.m.

Trustees Present: Dale Amaral  
Ophelia Basgal  
Annette Cain-Darnes  
Tarrell Gamble  
Elizabeth Rogers  
Donald White  
George Wood  
David Safer (Alternate)

Trustees Excused: Keith Carson  
Liz Koppenhaver  
Darryl Walker (Alternate)

Staff Present: Margo Allen, Fiscal Services Officer  
Victoria Arruda, Human Resources Officer  
Angela Bradford, Executive Secretary  
Sandra Dueñas, Benefits Manager  
Joseph Fletcher, Chief Counsel  
Kathy Foster, Interim Chief Executive Officer  
Harsh Jadhav, Chief of Internal Audit  
Betty Tse, Chief Investment Officer  
Latrena Walker, Project and Information Services Manager

15-52

The minutes of the regular meeting of April 16, 2015, were accepted on a motion by Dale Amaral, seconded by George Wood, and approved by a vote of 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Rogers, Safer, White, Wood*), 0 no, and 0 abstention.

**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 OF RETIREMENT CONSENT CALENDAR**

*April 16, 2015 (Motion No. 15-39)*

It was moved by George Wood, seconded by David Safer, and approved by a vote of 7 yes (*Basgal, Cain-Darnes, Gamble, Rogers, Safer, White, Wood*), (*Amaral recused*), 0 no, 0 abstention, that the following resolution is adopted:

**15-53**

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

**REGULAR CALENDAR – REPORTS AND ACTION ITEMS  
DISABILITIES, CURRENT AND CONTINUING RECOMMENDATIONS AND  
MOTIONS**

None.

## **COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS**

*Note: Per Committee Chairs, copies of the Committee meeting minutes were available for attendees. All **May** Committee meeting minutes are posted on the ACERA website ([www.acera.org](http://www.acera.org)) after approval at the **May 21, 2015**, Board meeting. This month's Committee reports were presented in the following order:*

### ***Actuarial:***

The formal Actuarial Committee minutes for April 16, 2015 AND for May 21, 2015 will be included on the June 18, 2015 Board Consent Calendar for approval.

### ***Operations:***

Dale Amaral reported that the Operations Committee met on May 6, 2015, at 9:33 a.m. and highlighted the following:

Staff presented a request from Alameda County to review new pay item Management of Two Branch Libraries – code 41E.

After staff's evaluation, it was determined since Pay Code 41E is for one member in this classification, it will not be considered pensionable compensation according to Government Code Section 7522.34, which applies to new members (PEPRA members) as of January 1, 2013. However, it will be considered compensation earnable for members (legacy members) with entry dates prior to January 1, 2013 based on Government Code Section 31461.

### **15-54**

**It was moved by Dale Amaral and seconded by Ophelia Basgal that pay item 41E, Management of Two Branch Libraries, is not pensionable compensation for a member (PEPRA member) with an entry date on or after January 1, 2013. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Rogers, Safer, White, Wood*), 0 no, and 0 abstentions.**

### **15-55**

**It was moved by Dale Amaral and seconded by David Safer that pay item 41E, Management of Two Branch Libraries, is compensation earnable for a member (legacy member) with an entry date prior to January 1, 2013. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Rogers, Safer, White, Wood*), 0 no, and 0 abstentions.**

Staff presented the quarterly financial statements. For the period ending March 31, 2015 the net assets held in trust for pension benefits total \$6,881,606,099. Trustee Safer requested that a footnote be added to the Statement of Changes in Fiduciary Net Position for the Death Benefits line item.

Staff presented the year-to-date operating expenses – budget vs. actual. As of March 31, 2015 actual expenses are \$656,852 under budget. Trustee Carson requested additional information about why Member Services is over budget by \$1,470 year-to-date.

Staff presented the cash forecast report for the 1<sup>st</sup> quarter. The trustees remarked that the report was useful and want to continue receiving it on a quarterly basis. Trustee Cain-Darnes directed staff to produce a semi-annual report that provides the transactional costs associated with the liquidation of assets for payment of the monthly retiree payroll.

Staff presented the Board Member Conference Attendance Report for the 1<sup>st</sup> quarter 2015.

Staff presented the Senior Manager Travel Expense Report for the 1<sup>st</sup> quarter 2015.

Staff presented a draft agenda for the 2015 Board off-site scheduled for October 23, 2015 and asked the trustees for feedback. Trustee Cain-Darnes replied that she wants more interface with the staff at the off-site rather than listen to an outside presenter. Trustee Wood stated that the agenda should contain topics that are not normally addressed at the committee and board meetings. The topics that staff will add to the agenda include discussions of the benefits workflow analysis, enterprise-wide technology plan, and three year business plan.

Committee Chair Amaral asked why a report on overpayments to members has not been given to the trustees as directed by the committee. Staff replied that they have been working on the errors and omissions policy and the write-off policy. Staff has also been working on reconciling the Benefits Department overpayment due to death report with the Fiscal Services receivables report.

Trustee Cain-Darnes stated that the trustees have a fiduciary obligation to review and approve all write-offs. Staff replied that there has not been any discharge of receivables and that Fiscal Services has been accruing for receivables as far back as 1996. There is \$301,000 in receivables as of March 31, 2015 in the financial statements. Trustee Cain-Darnes directed staff to report on the checks and balances to mitigate overpayments when benefit calculations are made and when a member dies. Chair Amaral stated that ACERA's Chief Internal Auditor should be auditing these process and procedures and report on best practices.

In July, staff will bring a detailed report on the overpayments, the process for the overpayments, the error correction policy and write-off policy, and staff's recommendation.

Staff reported on the 1<sup>st</sup> quarter position vacancies that were approved in the 2015 budget.

Staff reported on the call center service levels during the 1<sup>st</sup> quarter.

**15-56**

**It was moved by Dale Amaral and seconded by David Safer that the Board approve the May 6, 2015, Operations Committee minutes. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Koppenhaver, Rogers, White, Wood*), 0 no, and 0 abstentions.**

***Retirees:***

David Safer reported that the Retirees Committee met on May 6, 2015, at 10:40 a.m. and highlighted the following:

Staff presented information regarding the 401(h) contributions for the 2015-2016 fiscal year. The projected contribution that will be required is \$41,414,000. After adjusting this amount by the estimated balance remaining in the 401(h) account for each Participating Employer, the net contribution amount is projected to be \$33,121,891.

**15-57**

**It was moved by David Safer and seconded by Ophelia Basgal that after contributions are made to the 401(h) accounts by the respective Participating Employers, ACERA, in accordance with the CERL, treat an equal amount of Supplemental Retiree Benefit Reserve (SRBR) assets as employer contributions for pensions and transfer the amount equal to the pro rata share of the 401(h) contributions for the 2015-2016 fiscal year for each Participating Employer. The exact amount will be adjusted by the balance remaining in each of their 401(h) accounts and is contingent upon receipt by ACERA of an authorizing resolution from each of the Participating Employers' governing bodies. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Rogers, Safer, White, Wood*), 0 no, and 0 abstentions.**

Staff provided a letter from Alameda County stating that the final Implicit Subsidy amount for 2014 is \$5,320,953. This amount was verified by Keenan & Associates, ACERA's Benefits Consultant.

**15-58**

**It was moved by David Safer and seconded by Dale Amaral to direct Staff to transfer \$5,320,953 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 2014. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Rogers, Safer, White, Wood*), 0 no, and 0 abstentions.**

Staff recommended that ACERA state its intent to fund the Implicit Subsidy Program for plan year 2016. The Implicit Subsidy cost for plan year 2015 is estimated by Alameda County to be \$5,324,502. The estimated cost of the Implicit Subsidy for plan year 2016 will not be known until the County has completed its medical plan contract negotiations.

**15-59**

**It was moved by David Safer and seconded by Ophelia Basgal to adopt a Statement of Intent to continue the Implicit Subsidy Program for health Plan Year 2016, following a determination by ACERA at the end of plan year 2016 that the amount is not greater than the actual retiree Implicit Subsidy. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Rogers, Safer, White, Wood*), 0 no, and 0 abstentions.**

Staff provided a summary of the information that was presented at the April Retirees Committee meeting regarding individual plan coverage for early retirees who live outside of an ACERA-Sponsored HMO plan service area. Staff is also exploring the possibility of offering Kaiser individual plans to those who currently have medical coverage through a Kaiser multi-site plan.

**15-60**

**It was moved by David Safer and seconded by Ophelia Basgal to allow ACERA to establish a contract with OneExchange for the facilitation of enrollment into individual medical plans and Health Reimbursement Arrangement (HRA) reimbursement of the Monthly Medical Allowance for retirees who do not live within the ACERA-Sponsored HMO plan service areas. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Rogers, Safer, White, Wood*), 0 no, and 0 abstentions.**

The Segal Company, ACERA's Actuary, provided a preliminary report of the Supplemental Retiree Benefit Reserve (SRBR) financial status, which indicates that the terminal year of Other Post-Employment Benefits (OPEB) is projected to be 2037 with full benefits paid through 2036, for a total of 22 full years and one partial year. The terminal year of the SRBR for non-OPEB is projected to be 2034, for a total of 19 full years and one partial year. The increased projection of years from the 2013 report for the OPEB assets are due mainly to the 29.3% rate of return on the SRBR assets for 2014, and fewer than expected retirements in 2014.

OneExchange provided information on the 2014 enrollment and call statistics; Health Reimbursement Arrangement (HRA) account activity; claims information; service levels and satisfaction survey results; and OneExchange's internal enhancements. In addition, Staff provided information on retirees' 2014 HRA account balances categorized by years of service contribution levels and cost analysis as of March 31, 2015.

Staff reported that the medical plan renewal requests to Alameda County included inquiries related to disease management/wellness, fraud/security breach, strategy for the upcoming Cadillac Tax, recent Centers for Medicare & Medicaid Services (CMS) audit reports, performance guarantees, prescription drugs, and pricing.

Staff provided an update on the dental and vision Request for Proposal (RFP) process, stating that interviews with the top two carriers for the dental and vision plan benefits are scheduled through Monday, May 11<sup>th</sup>. The results and a recommendation will be presented at the June Retirees Committee meeting.

**15-61**

**It was moved by David Safer and seconded by George Wood that the Board approve the May 6, 2015, Retirees Committee minutes. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Rogers, Safer, White, Wood*), 0 no, and 0 abstentions.**

***NEW BUSINESS:***

***Kathy Foster, Interim Chief Executive Officer's Oral Report.***

The Interim CEO reported on the following items:

- New microphone installed in order to provide improved sound and clarity.
- Congratulations to the Board for approval of individual plan coverage for retirees living outside ACERA-sponsored HMO service areas.
- Announced SACRS presidential election results.
- Noted that staff is aware of the Board of Supervisor's approval of the County Pension Liability Fund.
- Reminder that ACERA is holding a Participating Employers meeting on Tuesday, May 26<sup>th</sup> regarding the Actuarial and GASB valuations.
- ACERA's Legal staff and outside Tax Counsel are preparing for our IRS compliance review for 2016.
- Staff is working on its 2015 Budget Forecast and are beginning to plan for the 2016 annual budget, which will be presented at the Board Off-site.
- The Investment Committee meeting for June has been rescheduled to June 16<sup>th</sup> at 9:30 a.m.

### **TRUSTEE/PUBLIC INPUT**

Trustee Wood stated that he personally invited Patrick Thomas to the Board meeting, as Mr. Thomas is leaving SIS to become the Chief Investment Officer at Sutter Health. The Trustees expressed their gratitude to Mr. Thomas for his many years of service to ACERA and said they are sad to see him go.

Kathy Foster, Interim Chief Executive Officer, and Betty Tse, ACERA Chief Investment Officer, congratulated Mr. Thomas on his new position and expressed their gratitude to Mr. Thomas for all of his contributions to ACERA. For example Ms. Tse stated that as of 4/30/2015, ACERA's Total Fund had surpassed \$7 billion, a new peak in the Total Fund's asset value. Ms. Tse continued to add that ACERA would not have been able to grow its fund continuing without Mr. Thomas' expertise.

Mr. Thomas said that it was an honor to work with ACERA Staff and that ACERA is in "good hands" with his successor, Barry Dennis of SIS.

Pete Albert, Retiree, thanked Mr. Thomas for all of his hard work.

Harsh Jadhav, ACERA Chief of Internal Audit, informed the Board that the ACERA Internal Audit Department is working on its Audit Plan and Scope of Work regarding over/under payments and will provide this information to the Board.

Margo Allen reported that ACERA has started its Board Elections Process for Seat No. 2 (General Member).

### **ESTABLISHMENT OF THE NEXT MEETING**

Thursday, June 18, 2015, at 2 p.m.

### **ADJOURNMENT INTO CLOSED EXECUTIVE SESSION:**

A) Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section § 54956.9:

- *Hubble vs. ACERA*, Alameda County Superior Court Case No. RG15765775

### **RECONVENE INTO OPEN SESSION TO REPORT ON ACTION TAKEN IN CLOSED EXECUTIVE SESSION:**

The Board reconvened into Open Session and announced that no action was taken by the Board.



**ADJOURNMENT**

The meeting adjourned at 2:50 p.m.

Respectfully Submitted,



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Kathy Foster  
Interim Chief Executive Officer

6/18/15

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Date Adopted

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**APPENDIX A**  
**APPLICATION FOR SERVICE RETIREMENT**

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ABATE, Aster  
Effective: 1/6/2015  
Alameda Health System

LYSAGHT, Cathy N.  
Effective: 7/11/2014  
Probation - DEF

BALLENGEE, Lauralyn  
Effective: 10/11/2014  
LARP

MA, Nancy H.  
Effective: 9/9/2014  
Alameda Health System

BYERS, Lawrence  
Effective: 3/17/2015  
Sheriff's Office - DEF

METCALFE, Patricia A.  
Effective: 11/8/2014  
Alameda Health System

DEL ROSARIO, Ferdinand B.  
Effective: 12/29/2014  
Public Works Agency - DEF

MIAKHAIL, Wakil  
Effective: 12/6/2014  
Social Services Agency

FIERRO, James M.  
Effective: 11/1/2014  
Superior Court

O'CONNELL, Patrick J.  
Effective: 1/6/2015  
Auditor-Controller

FOXX, Janet  
Effective: 10/2/2014  
Alameda Health System

PHELPS, Judy E.  
Effective: 4/1/2015  
Superior Court - DEF

HAMILTON, William R.  
Effective: 10/1/2014  
Zone 7 - DEF

RAFFETTO, William J.  
Effective: 1/3/2015  
Alameda Health System

KINCAID, Danith L.  
Effective: 7/11/2014  
Superior Court

RAY, Steven C.  
Effective: 12/20/2014  
Alameda Health System - DEF

LA TORRE, Frances C.  
Effective: 7/11/2014  
Superior Court

TERRY, David A.  
Effective: 11/1/2014  
Probation

LEE, Norman K.  
Effective: 11/19/2014  
Alameda Health System

WILLIAMS, Georgia M.  
Effective: 1/21/2015  
Probation - DEF

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

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NG, Conway  
Alameda Health System  
Effective: 3/6/2015

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**APPENDIX C**  
**APPLICATION FOR DEFERRED TRANSFER**

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GLODDE, Amy B.  
Public Health  
Effective: 4/1/2014  
Transferred to: CalPERS

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**APPENDIX D**  
**LIST OF DECEASED MEMBERS**

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BELL, Hartley B.  
4/1/2015  
Alameda Health System

ERLACH, Sarah G.  
4/11/2015  
Public Health

BLACK, Fabia  
4/3/2015  
Survivor of Robert Black

GREEN, Robert  
4/5/2015  
Probation

BODINE, Roberta  
4/6/2015  
Alameda Health System

HANSEN, Robert G.  
3/3/2015  
District Attorney

CARLSON, Constance S.  
4/6/2015  
Superior Court

HAWKINS, Eugene  
4/14/2015  
Alameda Health System

DAVIS, Reginald M.  
4/12/2015  
Probation

LUCAS, Marie T.  
3/19/2015  
Survivor of Peter Carbone

DOLSBY, Gale F.  
3/31/2015  
Sheriff's Office

LUU, Chi V.  
4/8/2015  
Alameda Health System

ELIASON, Kathrine D.  
3/12/2015  
DRO

MC INTYRE, Robert P.  
4/14/2015  
General Services Agency

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**APPENDIX D  
LIST OF DECEASED MEMBERS**

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MITCHELL, Freddie L.  
4/2/2015  
Public Works Agency

WEST, Gwendolyn  
4/11/2015  
Social Services Agency

MORRISON, Buster  
4/1/2015  
Social Services Agency

WILSON, Lois E.  
3/29/2015  
Alameda Health System

NORRIS, Francis B.  
1/7/2015  
Survivor of Percy H. Norris

WOODSON, Robert  
3/25/2015  
Alameda Health System

SEIDELL, Selma E.  
4/18/2015  
Alameda Health System

YAMADA, Masako I.  
4/26/2015  
Information Technology Department

SHARROCK, Gerald N.  
4/4/2015  
Social Services Agency

SHEFSHICK, Bruce L.  
4/7/2015  
Social Services Agency

SIA, Ponciano C.  
3/7/2015  
General Services Agency

STEEDMAN, George C.  
4/17/2015  
Probation

TAYLOR, Coesther L.  
3/29/2015  
Alameda Health System

WASHINGTON, Joyce A.  
4/4/2015  
Sheriff's Office

WATSON, Mae P.  
4/2/2015  
Probation

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**APPENDIX F**  
**APPLICATION FOR DISABILITY RETIREMENT**

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**Name:** **Butler, Jeffrey**  
Type of Claim: Annual Review for SCD (Granted on 2/20/2014)

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report to continue the allowance for service connected disability and to not require future annual reviews at this time.

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**Name:** **Foster, Charles**  
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report to grant Mr. Foster a service connected disability. Since Mr. Foster is over 55 years old, future medical examinations and questionnaires will not be required.

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**Name:** **Magallon, Maria**  
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report to grant Ms. Magallon a service connected disability and to not require future annual medical examinations and questionnaires at this time.

Based on Dr. Wagner's and Staff's review and determination of Ms. Magallon's ability to determine the permanency of her incapacity, to deny Ms. Magallon's request for an earlier effective date.

Approve Ms. Magallon to receive a supplemental disability allowance in lieu of the disability retirement allowance.

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