



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
MINUTES

Thursday, February 21, 2013

Chair Dale Amaral called the meeting to order at 2:05 p.m.

Trustees Present: Dale Amaral
Ophelia Basgal
Annette Cain-Darnes
Keith Carson
George Dewey
Elizabeth Rogers
Donald White
David Safer (*Alternate*)
Darryl Walker (*Alternate*)
George Wood

Trustees Excused: Liz Koppenhaver

Staff Present: Margo Allen, Fiscal Services Officer
Victoria Arruda, Human Resources Officer
Vincent Brown, Chief Executive Officer
Kathy Foster, Assistant Chief Executive Officer
Robert Gaumer, Chief Counsel
Harsh Jadhav, Internal Auditor
Rose Kwong, Benefits Manager
Martha Richardson, Executive Secretary

Staff Excused: Betty Tse, Chief Investment Officer
Catherine Walker, Assistant Chief Executive Officer
Latrena Walker, Project and Information Services Manager

13-13

The minutes of the regular meeting of January 17, 2013 were accepted on a motion by Annette Cain-Darnes, seconded by George Dewey and approved by a vote of 7 yes, 0 no, and 0 abstentions.

CONSENT CALENDAR

REPORTS AND ACTION ITEMS

APPLICATION FOR SERVICE RETIREMENT

Appendix A

APPLICATION FOR RETIREMENT, DEFERRED

Appendix B

Appendix B-1

APPLICATION FOR DEFERRED TRANSFER

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LIST OF DECEASED MEMBERS

Appendix D

**REQUESTS FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT
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Appendix E

APPLICATION FOR DISABILITY RETIREMENT – NON CONTESTED ITEMS:

Appendix F

**APPLICATION FOR DISABILITY RETIREMENT – HEARING OFFICER
RECOMMENDATIONS**

Appendix G

DISABILITIES STATUS REPORT

APPROVAL OF COMMITTEE MINUTES

None

It was moved by Donald White, seconded by Annette Cain-Darnes and approved by a vote of 7 yes, (Amaral recused), 0 no, 0 abstentions, that the following resolution is adopted:

13-14

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

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

None.

COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS

*Note: Per Committee Chairs, copies of the Committee meeting minutes were available for attendees. All February Committee meeting minutes are posted on the ACERA website (www.acera.org) after approval at the **February 21, 2013** Board meeting. This month's Committee reports were presented in the following order:*

Operations:

Elizabeth Rogers noted that the Operations Committee met on February 6, 2013 at 9:01 a.m., and highlighted the following:

Vince Brown, CEO, presented the unaudited financial statements. For the period ending December 31, 2012 the unaudited net assets held in trust for pension benefits total \$5,668,126,778. This amount increased by \$594,000 compared to the same time period in 2011.

Vince Brown, CEO, presented the unaudited year-to-date operating expenses – budget vs actual. As of December 31, 2012 actual expenses are under budget \$597,148. This summary also included the first quarterly Senior Manager's travel expense report. The Committee requested that the conference registration fee and the number of days attended be included in the report.

Vince Brown, CEO, presented the Board Member Conference Attendance Report for the 4th quarter 2012.

Vince Brown, CEO, presented the draft 2013 Operations Committee work plan. Following a discussion he stated that the work plan will be revised and brought back to the Committee in March.

Latrena Walker, Project and Information Services Manager, provided an update on the Website Redesign Project schedule. She informed the Committee that Quinlan Consulting will provide project oversight, and assist with the work plans and vendor selection.

Sharen Stanek-Lowe, Assistant Benefits Manager, presented a quarterly update on the Call Center. There was an abnormally high call volume during the 4th quarter due to pension reform, the conversion to the Medicare Exchange through Extend Health, the incorrect UnitedHealthcare coverage termination letters, and the annual open enrollment.

13-15

It was moved by Elizabeth Rogers and seconded by George Dewey that the Board approve the February 6, 2013 Operations Committee minutes. The motion carried 7 yes, 0 no, and 0 abstentions.

Retirees:

David Safer noted that the Retirees Committee met on February 6, 2013 at 11 a.m., and highlighted the following:

Rose Kwong, Benefits Manager, provided information regarding the Supplemental Cost of Living Adjustment (COLA) benefit. For 2012, there were approximately 600 retirees/payees receiving this benefit at a cost of \$2,345,526.96. This annual supplemental benefit is non-vested and is funded by the Supplemental Retiree Benefit Reserve (SRBR).

13-16

It was moved by David Safer and seconded by George Wood that the Board adopt the Supplemental COLA increase for Tier 1 members who retired on or before April 1, 1981 and Tier 2 members who retired on or before April 1, 1991, effective with the April 1, 2013 monthly retirement allowance. This annual supplemental benefit is non-vested and is funded by the Supplemental Retiree Benefit Reserve (SRBR). The motion carried 7 yes, 0 no, and 0 abstentions.

Kathy Foster, Assistant Chief Executive Officer, provided recommended changes to the Supplemental Retiree Benefit Reserve (SRBR) Policy to reflect the elimination of the Active Death Equity Benefit (ADEB) and the Retired Member (Lump Sum) Death Benefit effective January 1, 2013.

13-17

It was moved by David Safer and seconded by Elizabeth Rogers that the Board adopt the revisions to the Supplemental Retiree Benefit Reserve (SRBR) Policy that reflect the elimination of the Active Death Equity Benefit (ADEB) and the Retired Member (Lump Sum) Death Benefit effective with deaths that occur on or after January 1, 2013. The motion carried 6 yes, 1 no (*Amaral*), and 0 abstentions.

Rose Kwong, Benefits Manager, reported that based on information provided by The Segal Company, ACERA's actuaries, the Cost of Living Adjustment (COLA) effective April 1, 2013 results in an increase of 3% for Tier 1 and Tier 3 retirees/payees who retired on or before April 1, 1985. Tier 1 and Tier 3 retirees/payees who retired after April 1, 1985 through on or before April 1, 2013 will receive 2%, and all Tier 2 retirees/payees will receive 2%.

Kathy Foster, Assistant Chief Executive Officer, reported that in order to update retirees' accounts to accurately reflect reciprocal membership information, Staff would need to review approximately 7,000 retiree files, which is estimated to take three months to complete. The Trustees directed Staff to proceed with the retiree file review.

Kathy Foster, Assistant Chief Executive Officer, provided information on the benefits provided by the Supplemental Retiree Benefit Reserve (SRBR), number of recipients, and costs for each benefit based on years of service. In addition, estimated costs savings based on a prorated years of service structure for Medicare Part B Reimbursement Plan (MBRP) benefits, and vision and dental subsidies; as well as a five-year service eligibility requirements were provided. The Trustees directed Staff to bring back information on the MBRP benefit based on the years of service structure and any Staff administrative impacts

at the April Retirees Committee meeting. Also, the Trustees directed Staff to provide information on the impact to the negotiated carriers' premiums and cost for subsidies if an eligibility requirement of five or ten years for dental and vision plan benefits were implemented.

Kathy Foster, Assistant Chief Executive Officer, provided a report on a project plan and timeline to determine feasibility of providing early retirees medical coverage through the California Health Benefit Exchange.

Sharen Stanek-Lowe, Assistant Benefits Manager, presented information regarding the purpose and plans for ACERA's annual health plan meeting with Trustees, retiree representatives, Benefits Consultants, and Alameda County scheduled for March 6, 2013.

Kathy Foster, Assistant Chief Executive Officer; Sharen Stanek-Lowe, Assistant Benefits Manager; and Andrea Comporato, Regional Vice President with Extend Health, Inc.; presented information on the enrollment status, plans selected, average costs, and coverage issues for retirees losing coverage through UnitedHealthcare and enrolling in Individual Plans through Extend Health.

Sharen Stanek-Lowe, Assistant Benefits Manager, gave a presentation on ACERA's Wellness Program, which included the 2013 Wellness Program Work Plan, 2013 changes, goals for 2013, carrier measurements for the period 2008 through August 2012, and 2012 accomplishments.

Sharen Stanek-Lowe, Assistant Benefits Manager, provided an overview of the strategic meeting with Keenan & Associates, ACERA's Benefits Consultant, and recent Delta Dental regulatory enterprise practices postings to ACERA's website.

13-18

It was moved by David Safer and seconded by Elizabeth Rogers that the Board approve the February 6, 2013 Retirees Committee minutes. The motion carried 7 yes, 0 no, and 0 abstentions.

Investment:

Annette Cain-Darnes reported that the Investment Committee met on February 13, 2013 at 9:13 a.m., and highlighted the following:

Representatives from PRISA outlined its organization, investment approach, strategy, process, performance objectives, and other key characteristics. They also addressed the Committee's comments and questions.

On a roll call vote, the Board failed to pass a motion made by Donald White and seconded by David Safer to adopt the recommendation of i) a \$10.0 million commitment to PRISA II, and ii) the full redemption of ACERA's Investment in PRISA II and transfer of the redeemed amount to PRISA III. The vote was 3 yes (*Basgal, Rogers, White*), 5 noes (*Amaral, Cain-Darnes, Carson, Dewey, Wood*), and 1 abstention (*Safer*).

Jennifer Young, representing ACERA's real estate consultant, the Townsend Group, addressed the Board to answer additional questions regarding the recommendation.

13-19

It was moved by Annette Cain-Darnes and seconded by George Wood that the Board liquidate PRISA II and reinvest the funds in PRISA III. The motion carried 7 yes (*Amaral, Basgal, Cain-Darnes, Carson, Rogers, White, Wood*), 1 no (*Dewey*), and 1 abstention (*Safer*).

Information item included a report on ACERA's PEARLS Investment – Venture Capital.

13-20

It was moved by Annette Cain-Darnes and seconded by George Dewey that the Board approve the February 13, 2013 Investment Committee minutes. The motion carried 9 yes, 0 no, and 0 abstentions.

Audit:

Donald White reported that the Audit Committee met on February 13, 2013 at 1:02 p.m., and highlighted the following:

The Committee briefly discussed the external audit scope of work and timeline.

13-21

It was moved by Donald White and seconded by George Wood that the Board approve the External Audit Scope of Work and Timeline of Services to be performed by Williams Adley & Co. LLP. The motion carried 9 yes, 0 no and 0 abstentions.

Robert Griffin, from Williams Adley & Co. LLP, introduced the audit team which will be consistent with last year to ensure continuity on the audit. Mr. Griffin and Ms. Elbert also presented the Audit and Communications Plan for the Year Ended December 31, 2012.

Vincent P. Brown, Chief Executive Officer, presented the proposed 2012 Audit Committee Work Plan.

Harsh Jadhav, Internal Auditor, presented the Internal Audit Plan and the Internal Audit Reports for the Service Provider Remediation Audit and the Prepaid Expense Audit.

13-22

It was moved by Donald White and seconded by George Dewey that the Board approve the February 13, 2013 Audit Committee minutes. The motion carried 9 yes, 0 no and 0 abstentions.

OLD BUSINESS

At the December Board Meeting, Staff presented its recommendation pertaining to adoption of due diligence procedures for evaluating appeals of compensation earnable and pensionable compensation calculations. After discussion, the Board requested additional analysis and transparency before it made final determinations regarding the procedures. After addressing the Board's concerns, Staff again presented its recommended Administrative Procedures. The Board identified several sections where it believed clarification or amendments were needed.

The Board requested that the Administrative Procedures be amended in light of its comments and brought back in March 2013. The Chair opened the discussion to the public for its comments. Staff answered questions from the attending public.

Vince Brown, Chief Executive Officer Report

The CEO reported on the following items:

- CALAPRS Administrators Roundtable attended on January 25 in San Jose
- 2013 Senior Managers, Mid Managers and Staff Trainings
- 2012 Staff Performance Evaluations

CONFERENCE REPORT

None.

ESTABLISHMENT OF THE NEXT MEETING

Thursday, March 21, 2013 at 2 p.m.

ADJOURNMENT INTO CLOSED EXECUTIVE SESSION

Conference with Legal Counsel-Existing Litigation: The Board will convene into Closed Session pursuant to Government Code §54956.9(a) to confer with legal counsel regarding pending litigation in matter of:

- 1) DSA v. ACERA, Case No.: RG12658890

Pursuant Government Code §54957—Public Employee Discipline/Dismissal/ Release.

Conference with Legal Counsel—Anticipated Litigation—Significant exposure to litigation pursuant to subdivision Government Code §54956.9(b) (1 case).

RECONVENE INTO OPEN SESSION TO ANNOUNCE ANY ACTION TAKEN IN CLOSED EXECUTIVE SESSION:

The Board reconvened into Open Session and announced the following:

The Board met with counsel and discussed the identified litigation matter. No action was taken.

The Board consulted with staff regarding an employee discipline matter. No action was taken.

The Board consulted with Counsel regarding a potential litigation matter. No action was taken.

ADJOURNMENT

The meeting adjourned at 3:15 p.m.

Respectfully Submitted,

Vincent P. Brown
Chief Executive Officer

Date Adopted

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

ANDERSON, Apryl L.
Effective: 11/10/2012
Public Defender

HO, Tom
Effective: 10/12/2012
Information Technology Department

ARAYA-TEMELSO, Dahab
Effective: 3/31/2012
Alameda County Medical Center

HWANG, Emily C.
Effective: 10/30/2012
Information Technology Department

ARBITTER, Robert C.
Effective: 9/15/2012
Sheriff's Office

LOUX, John A.
Effective: 11/9/2012
Community Development Agency - DEF

ATKINS, Roxanna
Effective: 12/6/2012
Health Care Services Agency - DEF

MADDEN, Richard A.
Effective: 11/1/2012
LARPD - DEF

AYERS, Cynthia L.
Effective: 11/3/2012
Library

MALDONADO, Yolanda L.
Effective: 10/27/2012
Superior Court

BALLARD, Linda L.
Effective: 9/29/2012
Public Defender

MIRANTE, Chris R.
Effective: 10/13/2012
Auditor-Controller

BERNARDO, Luzviminda S.
Effective: 10/27/2012
Social Services Agency

PEARSON, John A.
Effective: 11/10/2012
Sheriff's Office

CLAY, Stephanie C.
Effective: 9/29/2012
Social Services Agency

SERRANO, Maria Fe T.
Effective: 6/23/2004
Auditor-Controller - DEF

COLEMAN, Grace E.
Effective: 10/27/2012
Social Services Agency

VAN STEENBERGEN, Dana G.
Effective: 11/1/2012
Public Works Agency - DEF

HARRISON, Rae M.
Effective: 8/4/2012
Superior Court

HERNANDEZ, Amelia M.
Effective: 6/30/2012
Social Services Agency - DEF

**APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT**

BAUMGARTEN, Deborah P.
Health Care Service Agency
Effective: 01/21/11

JIMENEZ, Maricela E.
Auditor-Controller
Effective: 03/31/11

BERRY, Rufus S.
Community Development Agency
Effective: 11/11/11

MENDOZA, Debra F.
Probation
Effective: 07/01/11

DI FRAIA, Elizabeth A.
Public Defender
Effective: 04/15/11

MOKGORO, Joan M.
Social Services Agency
Effective: 12/23/11

DITTA, Raj K.
Social Services Agency
Effective: 06/06/11

TOFFT, Irene L.
Superior Courts
Effective: 09/30/11

GASPARAC, Christine A.
Board of Supervisor
Effective: 03/30/12

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

CLARK, Kerry C.
Social Services Agency
Effective: 01/21/2011

MUSTAFA, Sabirah K.
Health Care Services Agency
Effective: 01/13/2011

FULGUERAS, Kaulayao P.
Alameda County Medical Center
Effective: 10/14/2011

ODIYE, Odioh G.
Social Services Agency
Effective: 05/13/11

JONES, Karen R.
Social Services Agency
Effective: 11/18/2011

RICHESON, Ted M.
General Service Agency
Effective: 09/16/2011

MCHUGH, Ryan V.
District Attorney
Effective: 04/29/2011

TOLEDO, Melanie B.
First 5 Alameda County
Effective: 08/05/11

APPENDIX C
APPLICATION FOR DEFERRED TRANSFER

PATEL, Hiren R.
Zone 7
Effective: 04/12/2012

SURRAN, Billie DeAnne
Sheriff's Office
Effective: 02/28/2012

APPENDIX D
LIST OF DECEASED MEMBERS

BARBAGALLO, Eleanor
1/18/2013
District Attorney's

JONES, Donald
1/8/2013
Auditor-Controller - DEF

BILSE, La Verne
7/22/2012
Auditor-Controller

JONES, Mary
1/4/2013
Non-Mbr Survivor of Clifford Jones Jr

BUENO, Jennie
1/5/2013
Health Care Services Agency

KIRCHNER, Carol
1/27/2013
Behavioral Health Care Services
MC INTOSH, Jessie
1/5/2013
Social Services Agency

CUSHING, Barbara
11/7/2012
Alameda County Superior Court

MILLER, Penelope
1/2/2013
Non-Mbr Survivor of Robert Miller

DE RUNTZ, Patricia
12/29/2012
Social Services Agency

MURPHY, Leander
1/18/2013
Probation

EDWARDS, Ray
9/24/2012
Mental Health Services

PARKIN, Donald
12/23/2012
Auditor-Controller

FAHRNER, Dorothy
1/8/2013
Sheriff's Office

PETRONE, Albert
12/24/2012
Probation - DEF

GALINDO, Amparo
12/26/2012
Alameda County Medical Center

PIOTTI, John
1/22/2013
Probation - DEF

GRANROTH, Paula
1/14/2013
Social Services Agency

RUZYLO, Scott
1/17/2013
Sheriff's Office

JONES JR., Charles
1/8/2013
Non-Mbr Survivor of Etna Jones

**APPENDIX D
LIST OF DECEASED MEMBERS**

STEWART, Philomena
12/12/2012
Public Health

WASHINGTON, Sam
12/9/2012
Probation

SUGGS, Constance
12/26/2012
Social Services Agency

YEE, Lillian
12/29/2012
Non-Mbr Survivor of Robert Yee

TOMLEY, Camma
12/30/2012
Alameda County Medical Center

**APPENDIX E
REQUEST FOR 130 BI-WEEKLY PAYMENTS TO
RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT**

MAND, Daljeet K.
Government Code § 31641.5

**APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT**

Name: Cornejo, Josephina
Type of Claim: Service Connected

Staff's Recommendation:

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