



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
MINUTES

Thursday, June 20, 2013

Chair Dale Amaral called the meeting to order at 2:00 p.m.

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

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
Betty Tse, Chief Investment Officer
Latrena Walker, Project and Information Services Manager

Staff Excused: Catherine Walker, Assistant Chief Executive Officer

13-58

The minutes of the regular meeting of May 20, 2013 were accepted on a motion by Annette Cain-Darnes, seconded by Elizabeth Rogers and approved by a vote of 8 (*White excused*) 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

Appendix C

LIST OF DECEASED MEMBERS

Appendix D

**REQUESTS FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT
CONTRIBUTIONS AND GAIN CREDIT**

Appendix E

NEW EMPLOYER PAY ITEMS

Appendix F

APPLICATION FOR DISABILITY RETIREMENT – NON CONTESTED ITEMS

Appendix G

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

Appendix H

DISABILITIES STATUS REPORT

APPROVAL OF COMMITTEE MINUTES

Chair Dale Amaral recused himself from the Board's vote on the Consent calendar. First Vice Chair Keith Carson chaired the Board's discussion and action regarding the Consent Calendar.

It was moved by George Wood, seconded by Elizabeth Rogers and approved by a vote of 8 (Amaral and Koppenhaver recused; Safer and Walker voted; White excused) yes, 0 no, 0 abstentions, that the following resolution is adopted:

13-59

BE IT RESOLVED BY THIS BOARD with the exception of Appendix F, which was removed from the Consent Calendar at Trustee request, the Consent Calendar is approved.

Dale Amaral resumed as chair of the meeting.

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 **June** Committee meeting minutes are posted on the ACERA website (www.acera.org) after approval at the **June 20, 2013** Board meeting. This month's Committee reports were presented in the following order:*

Retirees:

Liz Koppenhaver noted that the Retirees Committee met on June 5, 2013 at 10:05 a.m., and highlighted the following:

Kathy Foster, Assistant Chief Executive Officer, presented new projections provided by The Segal Company (Segal), ACERA's Actuary, which indicate that the terminal year of the fund is projected to be 2027 with full benefits paid through 2026, for a total of 14 full years and one partial year. The Trustees directed Staff to verify whether Segal's revised report includes retirees through December 31, 2012.

Kathy Foster, Assistant Chief Executive Officer, reported on healthcare inflation factors for 2013 and 2014 based on the information provided by The Segal Company, ACERA's Actuary, and Keenan and Associates, ACERA's Benefits Consultant. The trend assumptions provided have been reset to start at 8.5% for non-Medicare and Medicare Advantage plans. The trend used for dental, vision and Medicare Part B is 5%. The Trustees directed Staff to provide information on the percentage of early retirees compared to the total number of retirees. In addition, the Trustees directed Staff to provide additional information on trends at the July 2013 Retirees Committee meeting.

Kathy Foster, Assistant Chief Executive Officer, presented Group and Individual plan enrollment Monthly Medical Allowance (MMA) cost comparisons for the 2013 and 2014 plan year. This item will be brought back to the Retirees Committee for further discussion and possible approval of the 2014 MMA at the July 2013 meeting.

Sharen Stanek-Lowe, Assistant Benefits Manager, provided a report regarding the first quarter of the newly established Health Reimbursement Arrangement (HRA), which included the actual costs paid by ACERA; claim item summary; methods retirees used to remit their claims; reasons Extend Health provided to retirees for denial of claims; and a cost assessment.

Sharen Stanek-Lowe, Assistant Benefits Manager, provided information on the 2012 DeltaCare USA dental plan missed performance guarantee; and the second quarter meetings with the Vision Service Plan (VSP), ACERA's vision plan carrier, and Delta Dental, ACERA's dental plan carrier. She also provided an update on Extend Health, Inc., and the information to be provided to Medicare eligible members in the newly developed ACERA Medicare Exchange Update booklet.

13-60

It was moved by Liz Koppenhaver and seconded by George Dewey that the Board approve the June 5, 2013 Retirees Committee minutes. The motion carried 9 yes, 0 no, and 0 abstentions.

Investment:

Annette Cain-Darnes reported that the Investment Committee met on June 12, 2013 at 9 a.m., and highlighted the following:

CEO Vincent Brown discussed the initiation of a work load study of the Investment Department; Human Resources' current study on investment staff compensation and turnover; and a follow-up on the topic regarding Outsourcing. By establishing a baseline understanding of these items, the CEO will provide the Investment Committee with decision making options to manage the future anticipated growth of the Investment Department's workload while meeting the Board's fiduciary obligation.

Representatives of Bivium presented an overview of their organization, investment strategy, process, and performance. The central focus of the discussion related to the changes the manager had made to its process to enhance future results. The review found Bivium to be in compliance with ACERA's investment guidelines.

Representatives from Pzena discussed its long-term value investment philosophy, investment strategy, portfolio characteristics, and performance. The review found Pzena to be in compliance; however staff will closely monitor their performance as Pzena continues to remain on Watchlist and Probation status.

ACERA's total Fund returned 6.1% in the first quarter of 2013 and was ranked in the upper 15th percentile of the eVestment Alliance style universe.
As of 3/31/2013, the market value of the total Fund was \$5,972,100,437.00.

For the quarter, ACERA's equity portfolio, fixed income and real return pool were up 11.3%, 1.2%, and down -2.0% (gross), respectively.

As of 3/31/13, the total market value of ACERA's real estate portfolio was about \$312.8 million; approximately 5.2% of ACERA's total Fund.

ACERA's real estate portfolio was up 4.2% (gross) for Q1 2013.
The total market value of ACERA's PEARLS Portfolio was about \$369.7 million, representing 6.5% of the total Fund.

As of 12/31/12, the ACERA PEARLS program reflected a meaningful performance measure with a positive 11.53% annualized IRR.

13-61

It was moved by Annette Cain-Darnes and seconded by George Dewey that the Board approve the June 12, 2013 Investment Committee minutes. The motion carried 9 yes, 0 no, and 0 abstentions.

Actuarial:

George Wood noted that the Actuarial Committee met on June 20, 2013 at 1p.m., and noted the following:

Paul Angelo of The Segal Company discussed the Actuarial Valuation and Review as of December 31, 2012. Margo Allen, Fiscal Services Officer, reminded the Committee that the valuation report was first presented and discussed by The Segal Company at the Actuarial Committee meeting on April 22, 2013 and again at the Participating Employers meeting on May 21, 2013. Mr. Angelo also discussed projected future contribution rates under two alternative economic scenarios.

13-62

It was moved by George Wood and seconded by Ophelia Basgal that the Board adopt the Actuarial Valuation and Review as of December 31, 2012 including the employer and employee contribution rates. The motion carried 9 yes, 0 no, and 0 abstentions.

13-63

It was moved by George Wood and seconded by Liz Koppenhaver that the Board approve the June 20, 2013 Actuarial Committee minutes. The motion carried 9 yes, 0 no, and 0 abstentions.

NEW BUSINESS

Discussion and possible motion to approve the annual contract for Keenan & Associates, ACERA's Benefits Consultants

ACERA has negotiated a new contract for benefits consulting services with Keenan & Associates effective June 1, 2013 through May 31, 2014. The previous contract was approved based on an annual cost of \$139,125, which included open enrollment communications development and distribution. For the upcoming annual open enrollment communications development, ACERA's Communications Department has expressed its ability and desire to perform this work instead, which would result in lower costs and improved efficiency. Therefore, as a result of the reduction in services with Keenan & Associates, Staff is requesting approval for an annual amount of \$116,609 for benefits consulting services for the new contract.

Ophelia Basgal requested an analysis of the cost savings for the Communications Department. Staff will present the report at the August Operations Committee meeting.

13-64

It was moved by George Dewey and seconded by Annette Cain-Darnes that the Board approve the annual contract effective June 1, 2013 for ACERA Benefits Consultants Keenan & Associates. The motion carried 9 yes, 0 no, and 0 abstentions.

Operating Expenses – Budget vs. Actual as of April 30, 2013

Margo Allen, Fiscal Services Officer, presented the year-to-date operating expenses budget vs. actual. As of April 30, 2013 actual expenses under budget are \$365,408.

Vince Brown, Chief Executive Officer Report

CEO Vince Brown reported on the following items:

- Strategic Planning Assessment Project
- Senior Managers Ethics Training
- Business Continuity Planning
- Summer Vacation Schedules

CONFERENCE REPORT

None.

ESTABLISHMENT OF THE NEXT MEETING

Thursday, July 18, 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

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:

Counsel advised the Board regarding the status of the *DSA v. ACERA* litigation. The Board took no action.

Counsel advised the Board regarding potential litigation. The Board took no action.

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

ARREDONDO, Martin M.
Effective: 12/1/2011
Social Services Agency

DUNCAN, Robert A.
Effective: 12/22/2012
Alameda County Medical Center

ASPINALL, Deana E.
Effective: 12/29/2012
Public Health

ENGLAND, Joseph H.
Effective: 12/27/2012
Sheriff's Office

BISHOP, Kathleen A.
Effective: 3/14/2013
Social Services Agency - DEF

FARROW, Gerard M.
Effective: 12/22/2012
General Services Agency

BOULIGNY, Charlene D.
Effective: 3/4/2013
Alameda County Medical Center

FIERRO, Mary J.
Effective: 12/29/2012
Social Services Agency

BROWN, Stephen C.
Effective: 2/2/2013
Sheriff's Office

FLOUTON, Emily T.
Effective: 3/31/2013
DRO - DEF

CANTORIA, Angel R.
Effective: 12/22/2012
Social Services Agency

FRANKE, Carol M.
Effective: 12/20/2012
Sheriff's Office

CROSSLEY, James W.
Effective: 12/27/2012
Sheriff's Office

FREEMAN, Dorothy L.
Effective: 12/19/2012
Public Health- DEF

DAVIS, Michael K.
Effective: 12/22/2012
Sheriff's Office

GARCIA, Donna R.
Effective: 12/29/2012
Social Services Agency

DAVIS, Reginald M.
Effective: 12/22/2012
Probation

GIRMA, Elias Z.
Effective: 12/22/2012
Social Services Agency

DAVIS, Ronnie E.
Effective: 12/29/2012
Library

GODLEWSKI, Michael R.
Effective: 12/22/2012
Sheriff's Office

DOYLE, Colleen M.
Effective: 12/22/2012
Child Support Services

GOITIA, Jorge D.
Effective: 12/22/2012
Environmental Health

DUKES, Ann
Effective: 12/31/2012
Alameda County Medical Center - DEF

GOLDEN, Neil L.
Effective: 12/31/2012
Sheriff's Office

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

GOMES, Roger L.
Effective: 12/18/2012
Zone 7 - DEF

KOHLER, Susan M.
Effective: 3/5/2013
Board of Supervisors - DEF

HAMMOND, Cynthia
Effective: 12/27/2012
Alameda County Medical Center - DEF

KOO, Lily
Effective: 1/26/2013
Social Services Agency

HAZELTINE, JC
Effective: 12/22/2012
District Attorney

LAMB, Allan J.
Effective: 12/29/2012
Sheriff's Office

HEMENWAY, Daniel A.
Effective: 12/29/2012
Sheriff's Office

LAMBERT, James W.
Effective: 3/9/2013
Sheriff's Office - DEF

HENCKEN, Kathleen S.
Effective: 12/22/2012
Probation

LEGASPI, Renato A.
Effective: 12/29/2012
Alameda County Medical Center

HODGES, Lavon A.
Effective: 12/22/2012
Superior Court

LOVELY, Gwendolyn C.
Effective: 12/22/2012
Alameda County Medical Center

HUFF JR., Clyde
Effective: 12/31/2012
Alameda County Medical Center

LUCIA, Richard T.
Effective: 12/29/2012
Sheriff's Office

JACKSON, Glenn E.
Effective: 12/22/2012
Sheriff's Office

MAJAK, Barbara J.
Effective: 12/22/2012
Behavioral Health Care Services

JACKSON, Kerry D.
Effective: 12/29/2012
Sheriff's Office

MAKIN, Thomas
Effective: 12/21/2012
Housing Authority

JARQUIN, Wanda Kay
Effective: 12/22/2012
Superior Court

MARTINEZ, Maria D.
Effective: 12/22/2012
Superior Court

JOHNSTON, Byron L.
Effective: 12/21/2012
Sheriff's Office

MENA-ALVAREZ, Lily E.
Effective: 12/29/2012
Alameda County Medical Center

JONES, Deborah A.
Effective: 12/29/2012
Public Health

MOORE, John H.
Effective: 12/29/2012
Superior Court

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

NGUYEN, Ngan K.
Effective: 3/2/2013
Alameda County Medical Center - DEF

STEWART, La Zetta N.
Effective: 12/29/2012
General Services Agency

OCAMPO, Martha D.
Effective: 12/29/2012
Alameda County Medical Center

SUCHMAN, Edwin J.
Effective: 12/23/2012
Sheriff's Office

PARAISO, Clem D.
Effective: 12/31/2012
Alameda County Medical Center

SWEETEN, Pat S.
Effective: 12/29/2012
Superior Court

REYES, Lourdes Nancy C.
Effective: 12/29/2012
Superior Court

TAVARES, Maria A.
Effective: 12/22/2012
Public Health

ROBINSON, Deborah
Effective: 3/30/2013
Social Services Agency - DEF

TAYLOR, Danetta M.
Effective: 12/22/2012
Public Health

SAINI, Surinder K.
Effective: 12/31/2012
Alameda County Medical Center

THOMSEN, Martina
Effective: 3/7/2013
DRO - DEF

SCARLETT, Mark
Effective: 12/29/2012
District Attorney

TOLENTINO-TAKADA, Regina
Effective: 12/22/2012
Alameda County Medical Center

SCHENCK, Holly
Effective: 12/29/2012
Alameda County Medical Center

WASHINGTON, Ben E.
Effective: 12/29/2012
Sheriff's Office - DEF

SHEFAYEE, Said A.
Effective: 12/22/2012
Behavioral Health Care Services

WEISS, Hazel L.
Effective: 12/8/2012
Community Development Agency

SMITH, Sharon D.
Effective: 3/30/2013
Public Works Agency

APPENDIX D
LIST OF DECEASED MEMBERS

BROWN, Ruth N.
5/24/2013
Probation

STORM, Martin W.
5/4/2013
Community Development Agency

CUMPTON, Dean P.
5/3/2013
Sheriff's Office

TOMPKINS, Denny F.
5/3/2013
Probation

GONZALES, Rosa E.
5/26/2013
Sheriff's Office

VATAN, Manizhe M.
4/24/2013
Alameda County Medical Center - DEF

HENRIKSON, Joyce
3/8/2013
Survivor of William L. Henrikson

WHITE, Dorothy M.
5/23/2013
Alameda County Medical Center

HOPPE, Dorothy L.
5/7/2013
Survivor of Leo W. Hoppes

WOOD, David E.
5/9/2013
Sheriff's Office

KINCAID, Robert A.
5/6/2013
District Attorney

WOOD, Evelyn E.
5/16/2013
Alameda County Medical Center

LANGE, Robert E.
4/18/2013
Sheriff's Office

MIRANDA, Sandra L.
5/21/2013
Alameda County Medical Center

PALPALLATOC, Herminia P.
5/2/2013
Auditor-Controller

RAAB, Velma I.
5/4/2013
Survivor of Frank E. Raab

SALEM, Leo
5/30/2013
General Services Agency

STENGEL, Joyce A.
5/17/2013
Public Works Agency

APPENDIX G
APPLICATION FOR DISABILITY RETIREMENT

Name: **Christopulos, Jesse**
Type of Claim: Annual Review for NSCD (Granted on 5/17/2012)

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to continue the allowance for non-service connected disability and to not require future annual medical examinations and questionnaires at this time.

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

Staff's Recommendation:

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

Name: **Scott, Brenda Anne**
Type of Claim: Annual Review for SCD (Granted on 5/17/2012)

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 medical examinations and questionnaires at this time.

Name: **Shavies, Deborah**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report to grant Ms. Shavies a service connected disability and to require future annual medical examinations.