



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
MINUTES

Thursday, May 16, 2019

Chair George Wood called the meeting to order at 2:00 p.m.

Trustees Present: Dale Amaral
Ophelia Basgal
Tarrell Gamble
Jaime Godfrey
Liz Koppenhaver
Henry Levy
Elizabeth Rogers
George Wood
Nancy Reilly (*Alternate*)

Trustees Excused: Keith Carson
Darryl Walker (*Alternate*)

Staff Present: Margo Allen, Fiscal Services Officer
Victoria Arruda, Human Resource Officer
Angela Bradford, Executive Secretary
Sandra Dueñas-Cuevas, Benefits Manager
Kathy Foster, Assistant Chief Executive Officer
Jessica Huffman, Benefits Manager
Harsh Jadhav, Chief of Internal Audit
Vijay Jagar, Retirement Chief Technology Officer, ACERA
Kathy Mount, Chief Counsel
David Nelsen, Chief Executive Officer
Betty Tse, Chief Investment Officer

PUBLIC INPUT

Attorney Denise Eaton-May addressed the Board stating she was appearing at today's Board meeting because she has been retained to represent both Marguerite Malloy and Lori Schnall with respect to the *Notice of Intent to Layoff (Notice)* they both received on April 23, 2019, effective June 3, 2019.

Ms. Eaton-May stated she is available to work with the Board and/or Staff to discuss and come-up with an alternative resolution to meet ACERA's business needs that would not substantially impact Ms. Malloy and Ms. Schnall and in an effort to avoid protracted litigation, which may include civil litigation and/or complaints filed with the Department of Fair Employment and Housing, etc. Ms. Eaton-May appealed to the Board and Staff asking that the decision to layoff Ms. Malloy and Ms. Schnall be deferred so the Board can have time to "see the big picture", because there are a lot of facts the Board may want to consider that they may not have been privy to previously.

Ms. Eaton-May expressed her appreciation to the Board for taking the time in allowing her to address this issue.

Zone 7 Water Facilities Supervisor, and former Water Plant Operator 3, Allan Dahlquist stated that approximately ten (10) years ago, Zone 7 misidentified/miscoded "Short Notice Pay" as "Shift Call Back" which was an overtime, non-pensionable compensation item. This issue was discovered by a Zone 7 employee who retired ten (10) years ago and learned at the time he retired, he would not receive service credit for the hours he worked under "Shift Call Back". As a result of requesting service credit audits from ACERA, Mr. Dahlquist learned that he was also affected by the "Shift Call Back" issue stating he is approximately six (6) weeks short on his service credit that dates back to when he was a Zone 7 Water Plant Operator. Mr. Dahlquist stated he would like to buy the six (6) weeks back and for it to be counted towards his service credit.

Alameda County Retired Employees (ACRE) President, Pete Albert said he remembers when Zone 7 Water Plant Operator 3, Steven Rohrer retired ten (10) years ago and learned he was approximately one (1) year shy of service credit due to the "Short Notice Pay" (non-pensionable) issue. Due to the implementation of PEPR, ACERA Staff learned that the "Short Notice Pay" issue had not been resolved and was still considered a non-pensionable item.

**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 and COMMITTEE MINUTES

*April 17, 2019 Investment Committee Minutes
April 18, 2019 Actuarial Committee Minutes
April 18, 2019 Governance Committee Minutes
April 18, 2019 Audit Committee Minutes
April 18, 2019 Minutes of the Regular Board Meeting*

MISCELLANEOUS MATTERS:

Operations Committee Information Item(s):

1. Quarterly Financial Statements as of March 31, 2019
2. Operating Expenses as of March 31, 2019
3. Quarterly Cash Forecast Report as of March 31, 2019
4. Board Member Conference Expense Report for 1st Qtr. 2019
5. Senior Manager Conference and Training Expense Report for 1st Qtr. 2019

19-31

It was moved by Elizabeth Rogers seconded by Henry Levy, and approved by a vote of 7 yes (*Basgal, Gamble, Godfrey, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions (*Dale Amaral recused himself because one or more of the consent calendar items involved his employing Department*):

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

(Item(s) will be heard in Closed Executive Session)

None.

COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS

This month's Committee reports were presented in the following order:

Investment:

Elizabeth Rogers gave an oral report stating that the Investment Committee met on May 15, 2019 and was presented with, reviewed information for, and discussed an up to \$60 million Investment in Great Hill Equity Partners VII as part of ACERA's Private Equity Portfolio – Buyouts and Venture Capital. Trustee Rogers reported that ACERA has invested with Great Hill Partners in the past and is very familiar with the firm and their investment strategy.

19-32

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver that the Board approve an up to \$60 million Investment in Great Hill Equity Partners VII as part of ACERA's Private Equity Portfolio – Buyouts and Venture Capital pending completion of legal and investment due diligence and successful contract negotiations. The motion carried 8 yes (*Amaral, Basgal, Gamble, Godfrey, Koppenhaver, Levy, Rogers Wood*), 0 no, and 0 abstentions.

At yesterday's Investment Committee meeting, and earlier this year, ACERA's General Investment Consultant Verus Advisory, Inc. highlighted key points in ACERA's Asset – Liability Integration Study (Study). Staff and Verus recommended that the Board adopt Alternative #2 in the Study because: **1)** it has the same expected return as ACERA's current Investment Policy based on the capital market's expectations; **2)** it has a more conservative asset mix; **3)** its expected return is slightly lower; and **4)** its volatility risks are slightly lower compared to Alternative #1. Verus also pointed out that ACERA's Enterprise Risk Tolerance Survey shows a minimization of the funding status, which is one of the most important long-term objectives of the ACERA Board.

19-33

It was moved by Elizabeth Rogers and seconded by Jaime Godfrey that the Board adopt Alternative #2 in the Asset – Liability Integration Study. The motion carried 8 yes (*Amaral, Basgal, Gamble, Godfrey, Koppenhaver, Levy, Rogers Wood*), 0 no, and 0 abstentions.

Information Items discussed: **1)** Education Session on Timberland: a representative from Verus provided an overview presentation which included a summary of the firm's return drivers, history, ESG and other investment considerations, etc.; and **2)** Real Assets Policy Update: Modification of Index Name in Benchmark Composite. The *S&P Global Large Mid-Cap Natural Resources Index* was changed to the *S&P Global Large Mid-Cap Commodity and Resources Index*.

Minutes of the meeting will be presented to the Board for adoption on the consent calendar at the June 20, 2019 Board meeting.

Actuarial:

Dale Amaral gave an oral report stating that the Actuarial Committee met today and that at the April 18, 2019 Actuarial Committee meeting, the Committee was presented with, reviewed information for and/or discussed ACERA's draft Actuarial Valuation and Review as of December 31, 2018, prepared by Segal Consulting (Actuarial Valuation), at the April Actuarial Committee meeting.

19-34

It was moved by Dale Amaral and seconded by Elizabeth Rogers that the Board adopt the Actuarial Valuation and Review as of December 31, 2018, including the employer and employee contribution rates. The motion carried 8 yes (*Amaral, Basgal, Gamble, Godfrey, Koppenhaver, Levy, Rogers Wood*), 0 no, and 0 abstentions.

An information item was presented and discussed about the results of the Actuarial Standard of Practice No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions. The Actuarial Committee reviewed and discussed the results of the survey and all the potential possibilities and risks to the fund. The Trustees felt that the information received was very educational and valuable. Trustee Ophelia Basgal suggested that ASOP No. 51 be included as a training item at the Joint Board of Supervisors and Board of Retirement meeting.

Minutes of the meeting will be presented to the Board for adoption on the consent calendar at the June 20, 2019 Board meeting.

Audit:

Henry Levy gave an oral report stating that the Audit Committee met today and was presented with, reviewed information for and discussed the **1) December 31, 2018 audited Financial Statements and Independent Auditors' Report; 2) Governmental Accounting Standards Board (GASB) Statement No. 67 Actuarial Valuation as of December 31, 2018; 3) GASB Statement No. 74 Actuarial Valuation as of December 31, 2018; and 4) Addendums to the Governmental Accounting Standards Board (GASB) Statement No. 67 and Statement No 74 Actuarial Valuations as of December 31, 2018.**

19-35

It was moved by Henry Levy and seconded by Liz Koppenhaver that the Board accept and file the December 31, 2018, audited Financial Statement and Independent Auditors' Report. The motion carried 8 yes (*Amaral, Basgal, Gamble, Godfrey, Koppenhaver, Levy, Rogers Wood*), 0 no, and 0 abstentions.

19-36

It was moved by Henry Levy and seconded by Dale Amaral that the Board adopt the GASB Statement No. 67 Actuarial Valuation as of December 31, 2018. The motion carried 8 yes (*Amaral, Basgal, Gamble, Godfrey, Koppenhaver, Levy, Rogers Wood*), 0 no, and 0 abstentions.

19-37

It was moved by Henry Levy and seconded by Dale Amaral that the Board adopt the GASB Statement No. 74 Actuarial Valuation as of December 31, 2018. The motion carried 8 yes (*Amaral, Basgal, Gamble, Godfrey, Koppenhaver, Levy, Rogers Wood*), 0 no, and 0 abstentions.

19-38

It was moved by Henry Levy and seconded by Liz Koppenhaver that the Board adopt the Addendums to the GASB Statement No. 67 and Statement No 74 Actuarial Valuations as of December 31, 2018. The motion carried 8 yes (*Amaral, Basgal, Gamble, Godfrey, Koppenhaver, Levy, Rogers Wood*), 0 no, and 0 abstentions.

Trustee Levy also reported that the Audit Committee was also presented with, reviewed and discussed the following Information Items: **1) Progress report on the Internal Audit Plan; and 2) an update on Cyber Security.**

Minutes of the meeting will be presented to the Board for adoption on the consent calendar at the June 20, 2019 Board meeting.

NEW BUSINESS:

Participating Employers' Recommended Contribution to Their ACERA 401(h) Accounts for the 2019-2020 Fiscal Year

Fiscal Services Officer Margo Allen presented her May 16, 2019 memo; specifically page 2, which provided the background, history and percentage amounts for contributions to the Participating Employers' (PE) 401(h) accounts. Ms. Allen reported that ACERA's Actuary, Segal Consulting, did not change its methodology in arriving at the projected contribution amount to ACERA's 401(h) account, which is \$54,596,000.00. After adjusting this amount by the estimated balance remaining in the 401(h) account for each PE, the net contribution amount is projected to be \$44,004,615.50. It was noted that PE contributions to the 401(h) accounts are necessary in order to continue to pay for non-vested healthcare benefits on a tax-free basis.

19-39

It was moved by Tarrell Gamble and seconded by Liz Koppenhaver that after contributions are made to the 401(h) accounts by the respective Participating Employers, ACERA, in accordance with the County Employees' Retirement Law, treat an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions and transfer the amount equal to the pro rata share of the 401(h) contributions for the 2019-2020 fiscal year for each Participating Employer. The exact amount will be adjusted by the balance remaining in each of the 401(h) accounts and is contingent upon receipt by ACERA of an authorizing resolution from the Participating Employers' governing bodies. The motion carried 8 yes (*Amaral, Basgal, Gamble, Godfrey, Koppenhaver, Levy, Rogers Wood*), 0 no, and 0 abstentions.

David Nelsen, Chief Executive Officer's Report

Mr. Nelsen presented his May 16, 2019, written CEO Report which provided an update on the following items: **1) Senior Manager Recruitment; 2) Committee/Board Action Items; 3) Conference Schedule:** Mr. Nelsen will be attending the NCPERS Conference on May 20 thru 22, 2019; **4) Other Items,** which included an update on the Team Engagement Survey; **5) Pension Administration System (PAS) Replacement; 6) Process Excellence Activities; and 7) 2019 Board Off-Site Event Conference Schedule.**

Mr. Nelsen requested that the Trustees please provide him with any feedback regarding what topics/speakers they would like presented at this year's Board Off-Site. Mr. Nelsen recommended that ASOP No. 51 be included as one of the discussion items. It was noted that the Board Off-Site is on Friday, November 1, 2019 and tentatively scheduled to take place at the same location as last year, Scott's Restaurant.

Trustee Ophelia Basgal reported that she learned of two bills whereby the State Legislature directed CalSTRS and CalPERS to dis-invest. Trustee Basgal inquired about how the State Legislature has the authority to direct plans to dis-invest, and is interested in learning more about their process, and how dis-investing will impact Trustees' fiduciary responsibilities to their plans.

CONFERENCE/ORAL REPORTS

Trustees Elizabeth Rogers and Liz Koppenhaver reported they both attended the SACRS Spring Conference and that the Breakout Sessions were very good, especially the Affiliates Breakout Session, where Trustee Henry Levy was one of the speakers who talked about 457 Plans, investments.

Trustee George Wood reported he attended the Milken Conference and felt that the sessions he attended were excellent.

Trustee Levy reported he attended the following Conferences and that they were all very educational:

- Callan’s College Educational Course. Trustee Levy recommended that Callan present at this year’s Board Off-Site.
- Institutional Investor’s Public Funds Roundtable. Topic of discussion was the movement to delegate investment decisions to Staff.
- Wharton’s (IFEBP) Refresher and Advanced Investments Management Courses. Topic of discussion was asset allocation.

Trustee Basgal inquired about the process used when a Trustee has been invited to speak on a topic at an event in a non-ACERA Board Trustee capacity. Trustee Rogers recommended that a disclaimer stating that the Trustee is not acting on behalf of ACERA be included in ACERA’s *Board Communications Policy*.

ANNOUNCEMENTS

None.

BOARD INPUT

None.

CLOSED SESSION

- A) Pursuant to Government Code § 54957:**
Public Employee Discipline/Dismissal/Release

REPORT ON ACTION TAKEN IN CLOSED SESSION

The Board reconvened into Open Session and Chair George Wood announced that the Board took no action.

ADJOURNMENT

The meeting adjourned at approximately 3:45 p.m.

Respectfully Submitted,



David Nelsen
Chief Executive Officer

6/20/19

Date Adopted

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

ALMENDRAL, Angelina
Alameda Health System
Effective: 3/7/2018

DOUNG, Tuan
General Services Agency
Effective: 1/24/2019

ARBUCKLE, Jason H.
Sheriff's Office
Effective: 3/23/2019

DUNSTON, Bobbie J.
Alameda Health System
Effective: 3/9/2019

BALCE, Brenda
Alameda Health System
Effective: 12/20/2018

ESCARSEGA, Yvonne D
Alameda Health System
Effective: 8/12/2017

BERRYMAN, Alan P.
Sheriff's Office
Effective: 3/6/2019

FAN, Amy
Social Services Agency
Effective: 3/5/2019

BOWERS, Riddic M.
Sheriff's Office
Effective: 3/23/2019

GEORGE, Margaret A.
General Services Agency
Effective: 3/23/2019

BROWN, Dana J.
Social Services Agency
Effective: 2/23/2019

GRAVES, Valerie L.
Sheriff's Office
Effective: 12/1/2018

CALVIN, Michael
Probation
Effective: 3/9/2019

GREIF, Cynthia R.
Health Care Services Agency
Effective: 3/2/2019

CAMPBELL, Wendelyn A.
Child Support Services
Effective: 3/23/2019

JACKSON, Brenda
Alameda Health System
Effective: 11/28/2018

DE LEON, Mercedes A.
Alameda Health System
Effective: 11/14/2018

JUNG, Colman
District Attorney
Effective: 3/23/2019

DEBOSE, Christopher
Alameda Health System
Effective: 10/5/2018

KOELSCH, Sharon M.
Child Support Services
Effective: 2/23/2019

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

LEFEVRE, Frederick W.
Health Care Services Agency
Effective: 3/23/2019

ROBERTS, Danette M.
Probation
Effective: 3/23/2019

MCCARTNEY, Marilyn
Alameda Health System
Effective: 3/7/2019

SCHWARTZ, Harvey N.
Information Technology Department
Effective: 3/23/2019

MCCOWAN, Denise L.
Social Services Agency
Effective: 3/9/2019

SEQUEIRA, Kenneth M.
Public Works
Effective: 3/23/2019

MCNULTY, Carmen Z.
Alameda Health System
Effective: 1/30/2019

SEQUEIRA, Sherry A.
Child Support Services
Effective: 3/23/2019

MORODOMI, Abraham R.
Sheriff's Office
Effective: 3/23/2019

SHANKAR, Anand
Community Development Agency
Effective: 3/9/2019

MORRISON, Doris
Social Services Agency
Effective: 3/9/2019

SIDES, Mary J.
Child Support Services
Effective: 3/23/2019

MOSES, Porcia
Alameda Health System
Effective: 3/9/2019

SMITH , Louis P.
General Services Agency
Effective: 1/4/2019

OVALLE, Esther
General Services Agency
Effective: 9/21/2018

SMITH, Yolanda C.
Child Support Services
Effective: 3/23/2019

PANORI, Michael C.
General Services Agency
Effective: 3/23/2019

SOTO, Maria
Social Services Agency
Effective: 3/23/2019

PETERS, Janet D.
Sheriff's Office
Effective: 3/15/2019

STEPHENS, Robert L.
Superior Court
Effective: 3/14/2019

RICHARDSON, Debra F.
Health Care Services Agency
Effective: 3/23/2019

TAYLOR, Maurice
Assessor
Effective: 3/23/2019

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

TRAM, Ha T.
General Services Agency
Effective: 3/9/2019

WARING, Robert L.
Community Development Agency
Effective: 3/22/2019

URBI, Eleanor A.
Child Support Services
Effective: 3/23/2019

ZAMORA, Noemilyn C.
Alameda Health System
Effective: 4/1/2018

WALES, Sarah H.
Social Services Agency
Effective: 3/23/2019

ZIMMERMAN, Scott A.
Social Services Agency
Effective: 3/9/2019

WANG, Yen C.
Alameda Health System
Effective: 2/2/2019

ZINK, Richard G.
Information Technology Department
Effective: 3/23/2019

**APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT**

HOOVER, Joshua A.
Sheriff's Office
Effective Date: 3/8/2019

KESSLER, Kelley D.
Social Services Agency
Effective: 3/8/2019

SMITH, Adrian
Alameda Health System
Effective: 10/5/2018

WHATLEY, Sara A.
Zone 7
Effective: 6/20/2019

YANG, Wei F.
Treasurer-Tax Collector
Effective: 2/22/2019

APPENDIX B - 1
APPLICATION FOR NON-VESTED DEFERRED

ANDREWS, Julie A.
Social Services Agency
Effective: 6/29/2018

DAVIS, Allysha M.
Health Care Services Agency
Effective: 2/8/2019

DICKENS, Charles E.
Sheriff's Office
Effective: 2/21/2019

APPENDIX D
LIST OF DECEASED MEMBERS

ALVA, Imelda A.
Auditor-Controller
3/3/2019

HATCHETT, Annie B.
Alameda Health System
2/19/2019

BROWN, Kevin B.
Sheriff's Office
3/3/2019

HOUT, Carmel
Superior Court
2/27/2019

CHELCIU, Paul D.
Livermore Area Recreation & Parks
Dept. 11/1/2016

ISAAC, Jennifer
Non-Member Survivor of James Isaac Jr
3/21/2019

COLLIER, Mary T.
Superior Court
3/5/2019

JACKSON, Dorene M.
Social Services Agency
1/3/2019

COMPTON, Sara F.
Assessor
3/11/2019

JOHNSON, Wilma
Health Care Services Agency
3/3/2019

FREELAND, Ruby G.
Alameda Health System
3/5/2019

MENA, Angelie
Social Services Agency
1/19/2019

GIANNELL, Marilyn M.
Social Services Agency
2/27/2019

MEANS, Bud
Public Works Agency
1/31/2019

APPENDIX D
LIST OF DECEASED MEMBERS

MENDOZA, Esther
Health Care Services Agency
3/7/2019

ROTERMUND, Nicholas R.
Sheriff's Office
2/17/2019

MURASE, Marilyn
Social Services Agency
1/31/2019

SCHRAMM, Catherine
Alameda Health System
2/17/2019

NGUYEN, Phung D.
Social Services Agency
1/6/2019

SCHWARTZ, Barbara
Probation
3/10/2019

PATTERSON, Joice E.
Community Development Agency
3/7/2019

SCOTT, Louisa B.
Non-Member Survivor of James Scott
3/21/2019

PEARSON, Tilda G.
Non-Member Survivor of Benit Pearson
2/19/2019

SHEPPARD, Jeanette D.
Library
1/23/2019

PORTER, John C.
Superior Court
2/1/2019

SMITH, James
General Services Agency
2/16/2019

RESBURG, Thomas E.
Health Care Services Agency
3/20/2019

WILSON, Marie J.
Social Services Agency
2/24/2019

ROBINSON, Esther
Registrar of Voters
1/19/2019

WYSOCK, Jo-Anne
Non-Member Survivor of David Wysock
3/23/2019

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: Garcia, Andrew
Type of Claim: Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. Garcia's application for a service connected disability, and requiring future annual medical examinations and questionnaires.

Name: Knox-Banks, Janay
Type of Claim: Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Ms. Knox-Banks's application for a service connected disability, and requiring future annual medical examinations and questionnaires.
