



Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

NOTICE and AGENDA

ACERA MISSION:

To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

**Thursday, January 17, 2019
2:00 p.m.**

LOCATION	BOARD OF RETIREMENT - MEMBERS	
ACERA C.G. "BUD" QUIST BOARD ROOM 475 14 TH STREET, 10 TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574	TARRELL GAMBLE CHAIR	APPOINTED
	GEORGE WOOD FIRST VICE-CHAIR	ELECTED GENERAL
	HENRY LEVY SECOND VICE-CHAIR	TREASURER
	DALE AMARAL	ELECTED SAFETY
	OPHELIA BASGAL	APPOINTED
	KEITH CARSON	APPOINTED
	JAIME GODFREY	APPOINTED
	LIZ KOPPENHAVER	ELECTED RETIRED
	ELIZABETH ROGERS	ELECTED GENERAL
	NANCY REILLY	ALTERNATE RETIRED ¹
	DARRYL L. WALKER	ALTERNATE SAFETY ²

¹ Alternate Retired Member (Votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General members, or the Elected Safety Member and an Elected General member, are absent.

² Alternate Safety Member (Votes in the absence of (1) the Elected Safety, (2) either of the two Elected General Members, or (3) both the Retired and Alternate Retired members).

Note regarding accommodations: The Board of Retirement will provide reasonable accommodations for persons with special needs of accessibility who plan to attend Board meetings. Please contact ACERA at (510) 628-3000 to arrange for accommodation.

Note regarding public comments: Public comments are limited to four (4) minutes per person in total.

The order of agenda items is subject to change without notice. Board and Committee agendas and minutes are available online at www.acera.org.

1. **CALL TO ORDER:**
2. **ROLL CALL:**
3. **PUBLIC COMMENT:**
4. **ELECTION OF BOARD OFFICERS FOR 2019 AND POSSIBLE COMMITTEE ASSIGNMENTS:**
5. **REVIEW AND APPROVAL:** Minutes of the Regular Board Meeting:
December 20, 2018
6. **CONSENT CALENDAR:**
 - A. **APPLICATION FOR SERVICE RETIREMENT:**
Appendix A
 - B. **APPLICATION FOR RETIREMENT, DEFERRED:**
Appendix B
Appendix B-1
 - C. **APPLICATION FOR DEFERRED TRANSFER:**
Appendix C
 - D. **LIST OF DECEASED MEMBERS:**
Appendix D
 - E. **REQUESTS FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT:**
Appendix E
 - F. **APPLICATION FOR DISABILITY RETIREMENT – NON CONTESTED ITEMS:**
Appendix F
 - G. **APPLICATION FOR DISABILITY RETIREMENT – HEARING OFFICER RECOMMENDATIONS:**
Appendix G
 - H. **APPROVAL OF COMMITTEE MINUTES:**
December 20, 2018 Governance Committee Minutes
 - I. **MISCELLENIOUS MATTERS:**
None

-----End of Consent Calendar-----
(MOTION)

REGULAR CALENDAR
REPORTS AND ACTION ITEMS

7. DISABILITIES, RECOMMENDATIONS AND MOTIONS:

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

- None.

8. COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS:

A. Investment:

1. Summary and Approval of the Minutes of the January 9, 2019, Meeting.
2. Motion that the Board approve one Finalist for ACERA's U.S. Small Cap Growth Manager Search – Domestic Equities.

9. OLD BUSINESS:

None.

10. NEW BUSINESS:

- A.** Motion that the Board of Retirement approve the 2018 Discharge Request of Benefit Overpayments in the Amount of \$59,230.
- B.** Operating Expenses as of November 30, 2018 (Operations Committee Informational Item)
- C.** Update on Adding Items to Consent Calendar (Informational Item).
- D.** Motion to approve contract with Levi, Ray, and Shoup, Inc., for development of requirements for replacement of pension administration software in an amount not to exceed \$275,000 for a period from January 1, 2019 through December 31, 2019.
- E.** Chief Executive Officer's Report.

11. CONFERENCE REPORTS/ORAL REPORTS:

12. ANNOUNCEMENTS:

13. BOARD INPUT:

14. ESTABLISHMENT OF NEXT MEETING:

Thursday, February 21, 2019 at 2:00 p.m.

15. ADJOURNMENT:

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

BIRKS, Bobby D.
Effective: 11/3/2018
General Services Agency

LEONES, Ramon
Effective: 11/3/2018
Alameda Health System

DE LEMOS, Anne
Effective: 11/3/2018
Superior Court

LIN, Roxanne Y.
Effective: 10/4/2018
Superior Court

DEVINE, Katherine A.
Effective: 11/1/2018
Health Care Services Agency

OPERIO, Ruben A.
Effective: 11/3/2018
Social Services Agency

DOYLE, Brigid M.
Effective: 9/4/2018
Alameda Health System

QUESADA, James J.
Effective: 10/30/2018
Public Works Agency

DUNMORE, Jerryann M.
Effective: 7/29/2017
Alameda Health System

ROSS, Karen P.
Effective: 10/19/2018
Alameda Health System

FENG, Li-Shan
Effective: 11/3/2018
Superior Court

SPIKER, Sandra
Effective: 10/12/2018
Alameda Health System

FERGUSON, Jeff J.
Effective: 11/3/2018
District Attorney

STOVER, Juslyn L.
Effective: 11/1/2017
Alameda Health System

FONG, Marjorie T.
Effective: 10/28/2017
Superior Court

HAYNES, Uveli
Effective: 10/26/2018
Probation

HOWELL, Anne O.
Effective: 10/6/2018
Social Services Agency

LACER, Ralph M.
Effective: 11/3/2018
Sheriff's Office

**APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT**

AQUITANIA, Jaime S.
Superior Court
Effective Date: 7/27/2018

HWANG, Christine Y.
First 5
Effective Date: 9/4/2018

BENJAMIN, Brandi R.
Health Care Service Agency
Effective Date: 9/14/2018

JACKSON, Alexander E.
Health Care Service Agency
Effective Date: 10/5/2018

BRAINERD, Inta P.
Public Works Agency
Effective Date: 10/12/2018

JOHNSON, Brian K.
Public Works Agency
Effective Date: 8/2/2018

BUENO, Nadia
District Attorney
Effective Date: 8/10/2018

JOHNSON, Stephanie D.
Alameda Health System
Effective Date: 6/18/2018

ECLIPSE, Victoria O.
Alameda Health System
Effective Date: 8/8/2018

JONES, Tanisha V.
Superior Court
Effective Date: 8/3/2018

GREGG, Elizabeth S.
Alameda Health System
Effective Date: 8/24/2018

KESSLER, Keith D.
Superior Court
Effective Date: 7/27/2018

GUICHARD, Michelle C.
Sheriff's Office
Effective Date: 10/26/2018

LAM, Thao N.
Social Services Agency
Effective Date: 7/31/2018

GUNERATNE, Kathleen
Public Defender
Effective Date: 9/4/2018

LEW, Jerry
Human Resource Services
Effective Date: 11/2/2018

GUO, Xiao Q.
Social Services Agency
Effective Date: 10/5/2018

MACINTIRE, Ilene R.
Public Works Agency
Effective Date: 11/30/2018

HALLOWELL, Jessica
Alameda Health System
Effective Date: 9/28/2018

MOSKOWITZ, David M.
Alameda Health System
Effective Date: 7/13/2018

HAYNES, Michael
Alameda Health System
Effective Date: 10/30/2018

OPERIO, Mayra A.
Children Support Services
Effective Date: 10/8/2018

**APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT**

ORTIZ-TURCIOS, Oscar A.
Assessor
Effective Date: 8/24/2018

ROUCHE, Lynde A
Alameda Health System
Effective Date: 9/28/2018

PALAIMA, Kevin A.
Information Technology
Effective Date: 11/16/2018

SILVA, Arthur J.
Information Technology
Effective Date: 8/27/2018

ROBERTSON, Linda J.
General Services Agency
Effective Date: 10/31/2018

VAN WETTER, Kevin G
General Services Agency
Effective Date: 8/23/2018

RODRIGUEZ, Blanca
Superior Court
Effective Date: 8/31/2018

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

AMBION, Germe Anthony R.
Alameda Health System
Effective Date: 10/24/2018

BAUTISTA, Clarissa Anne O.
Library
Effective Date: 9/7/2018

AMEZQUITA, Thomas M.
Information Technology
Effective Date: 7/31/2018

BLACKBURN, Chameka C. C
Social Services Agency
Effective Date: 7/11/2018

AMOLI, Rajkumar
Information Technology
Effective Date: 9/26/2018

BOWENS, Stephanie
Social Services Agency
Effective Date: 10/17/2018

ANDERSON, Halimah P.
Health Care Services Agency
Effective Date: 10/19/2018

BRESLIN, Ryan A.
ACERA
Effective Date: 11/30/2018

AVILA, Joseph M.
Sheriff's Office
Effective Date: 10/18/2018

BROOKENS, Elana
Superior Court
Effective Date: 11/9/2018

AZEVEDO, Kaitlyn
Superior Court
Effective Date: 11/16/2018

BRYSON, Sisi K.
Social Services Agency
Effective Date: 8/27/2018

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

GACULA, Joseph
Superior Court
Effective Date: 11/16/2018

HEGLER, Terrell P.
Board of Supervisors
Effective Date: 9/28/2018

GARCIA, Ralph J.
Alameda Health System
Effective Date: 10/24/2018

HEISHAN, Ashraf K.
General Services Agency
Effective Date: 9/8/2018

GHAUSSY, Olivia S.
Alameda Health System
Effective Date: 7/22/2018

HICKEY, Brian T.
General Services Agency
Effective Date: 7/27/2018

GONZALEZ, Xavier S.
Social Services Agency
Effective Date: 7/11/2018

IZQUIERDO, Anibal H.
Community Development Agency
Effective Date: 10/5/2018

GOSWAMI, Bulbul B.
Community Development Agency
Effective Date: 8/6/2018

JAIN, Maighna
Superior Court
Effective Date: 10/26/2018

GREENBERG, Blair
Superior Court
Effective Date: 11/16/2018

JIMENEZ RUIZ, Jessica J.
Sheriff's Office
Effective Date: 9/11/2018

GRIFFIN, Racheal A.
Sheriff's Office
Effective Date: 11/9/2018

JORDAN, Tasha B.
Social Services Agency
Effective Date: 9/7/2018

GUO, Lei
Alameda Health System
Effective Date: 10/1/2018

KRUTHOFF, Tina J.
Health Care Services Agency
Effective Date: 11/2/2018

GUREVICH, Alexander
Alameda Health System
Effective Date: 9/12/2018

LACZKO, Brian D.
General Services Agency
Effective Date: 9/21/2018

GURUSAMY, Saravanan V.
Information Technology
Effective Date: 11/13/2018

LEHOCKY, Kaitlin M.
District Attorney
Effective Date: 11/2/2018

HAMBURG, Brandon M.
District Attorney
Effective Date: 9/7/2018

MASOOD, Suleman I.
District Attorney
Effective Date: 11/30/2018

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

MCDADE, Theresa H.
Social Services Agency
Effective Date: 10/30/2018

PARKER, Avisus L.
Alameda Health System
Effective Date: 8/24/2018

MCGUIRE, Michael F.
Health Care Services Agency
Effective Date: 10/12/2018

PATTERSON, Jonathan R.
Health Care Services Agency
Effective Date: 11/2/2018

MCLAUGHLIN, Erin M.
Health Care Services Agency
Effective Date: 09/28/2018

PERALTA, Josue A.
Child Support Services
Effective Date: 9/7/2018

MELGAR, Ivonne J.
Social Services Agency
Effective Date: 8/24/2018

PERALTA, Sherry L.
Social Services Agency
Effective Date: 10/19/2018

MENDOZA, Alejandro O.
Alameda Health System
Effective Date: 11/3/2018

PUGH, Jasmine M.
District Attorney
Effective Date: 9/21/2018

MICHEL-VALADEZ, Agustin S.
General Services Agency
Effective Date: 11/23/2018

RAVARE-EVANS, Natasha E.
Alameda Health System
Effective Date: 7/6/2018

MOFFITT, Sarah K.
Sheriff's Office
Effective Date: 7/6/2018

REED, Nakpangi
Alameda Health System
Effective Date: 11/13/2018

MOORE, Chantal J.
Social Services Agency
Effective Date: 8/7/2018

ROMERO, Onieda D.
Health Care Services Agency
Effective Date: 11/12/2018

OLIVER, Jesus R.
Sheriff's Office
Effective Date: 10/20/2018

ROWDEN, Damon D.
Alameda Health System
Effective Date: 8/2/2018

OTO, Emma L. RUBIO, Lea B.
Auditor-Controller
Effective Date: 9/24/2018

RUBIO, Lea B.
Alameda Health System
Effective Date: 8/10/2018

PARANGUEO DOMINGUEZ, Jennifer
Child Support Services
Effective Date: 11/2/2018

TRAN, Nancy T.
Probation
Effective Date: 10/26/2018

**APPENDIX D
LIST OF DECEASED MEMBERS**

ATTAWAY, Mary
11/27/2018
Social Services Agency

SEAGREN, Dorothy
9/20/2018
Social Services Agency

DODDS, Betty
7/3/2018
Non-Mbr Survivor of Rudy Dodds

SEIDERS, Evalyn
11/1/2018
Social Services Agency

LEVIN, Aaron
8/3/2018
Social Services Agency

STEWART, Armanda
7/30/2018
Alameda Health System

MAGER, Jr., Herbert
10/16/2018
Non-Mbr Survivor of Bonnie Mager

THOMPSON, Jr., Sims
10/17/2018
General Services Agency

O'DONNELL, Elizabeth
11/16/2018
Superior Court

VAUGHNS Sadie
11/4/2018
Superior Court

REILLY, Rosemary
9/17/2018
Social Services Agency

WEITZMAN, Joel
1/4/2018
HCSA Behaviorial Care

ROSA, Louis
11/13/2018
Probation

WILLIAMS, Jameela
9/6/2018
Non-Mbr Survivor of Ronald Williams

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: Barga, Jasmine
Type of Claim: Non-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. Barga's application for a non-service connected disability and waiving future annual medical examinations and questionnaires.

Based on the Medical Advisor's and Staff's review and determination of Ms. Barga's ability to determine the permanency of her incapacity, to grant Ms. Barga's request for an earlier effective date.

Name: Clemons, Kevin
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. Clemons' application for a service connected disability and waiving future annual medical examinations and questionnaires at this time.

Based on the Medical Advisor's and Staff's review and determination of Mr. Clemons' ability to determine the permanency of his incapacity, to grant Mr. Clemons' request for an earlier effective date.

Name: Cummings, Barbara
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. Cummings' application for a service connected disability. Since Ms. Cummings' is over 55 years old, future annual medical examinations and questionnaires will not be required.

Based on the Medical Advisor's and Staff's review and determination of Ms. Cummings' ability to determine the permanency of her incapacity, to grant Ms. Cummings' request for an earlier effective date.

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: **Harper, Rashida**
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. Harper's application for a service connected disability and requiring future annual medical examinations and questionnaires.

Name: **Hill, Latosha**
Type of Claim: Non-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. Hill's application for a non-service connected disability and waiving future annual medical examinations and questionnaires at this time.

Based on the Medical Advisor's and Staff's review and determination of Ms. Hill's ability to determine the permanency of her incapacity, to grant Ms. Hill's request for an earlier effective date.

Name: **Kniffin, John**
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. Kniffin's application for a service connected disability and requiring future annual medical examinations and questionnaires.

Based on the Medical Advisor's and Staff's review and determination of Mr. Kniffin's ability to determine the permanency of his incapacity, to grant Mr. Kniffin's request for an earlier effective date.

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: Miller, Barbara
Type of Claim: Non-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. Miller's application for a non-service connected disability. Since Ms. Miller is over 55 years old, future annual medical examinations and questionnaires will not be required.

Based on the Medical Advisor's and Staff's review and determination of Ms. Miller's ability to determine the permanency of her incapacity, to grant Ms. Miller's request for an earlier effective date.

Name: Pope, Tania
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. Pope's application for a service connected disability and requiring future annual medical examinations and questionnaires.

Name: Skidgel, Matthew
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. Skidgel's application for a service connected disability and requiring future annual medical examinations and questionnaires.



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

Thursday, December 20, 2018

Chair Tarrell Gamble called the meeting to order at 2:00 p.m.

Trustees Present: Dale Amaral
Ophelia Basgal
Keith Carson
Tarrell Gamble
Jaime Godfrey
Liz Koppenhaver
Henry Levy
George Wood
Darryl Walker (*Alternate*)

Trustees Excused: Elizabeth Rogers
Nancy Reilly (*Alternate*)

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

PUBLIC INPUT

ACRE President Pete Albert announced that the ACRE Holiday Luncheon was a success and thanked ACERA Board Trustees and Staff for their attendance.

Mr. Albert reported that long-time member and former ACRE President Olga Kempton passed away. The Board and Staff expressed their condolences and said Ms. Kempton will be truly missed.

**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 COMMITTEE MINUTES

November 7, Investment Committee Minutes

November 8, Budget Committee Minutes

MISCELLANEOUS MATTERS:

None

18-146

It was moved by Ophelia Basgal seconded by Keith Carson, and approved by a vote of 8 yes (*Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions (*Dale Amaral recused 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.

18-147

The minutes of the regular meeting of November 8, 2018, were accepted on a motion, by Jaime Godfrey, seconded by Ophelia Basgal and approved by a vote of 7 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Levy, Wood*), 0 no, and 2 abstentions (*Koppenhaver, Walker*).

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 **November/December** Committee meeting minutes are posted on the ACERA website (www.acera.org) after approval at the **December 20, 2018**, Board meeting. This month's Committee reports were presented in the following order:*

Operations:

Ophelia Basgal reported that the Operations Committee met on December 5, 2018, at 9:34 a.m. and highlighted the following:

The Discharge of Benefits Overpayments Policy has been reviewed and revised. The revised policy provides management reasonable authority to discharge benefit overpayments from financial records in a timely and consistent manner, so as not to overstate assets into perpetuity that are deemed to be uncollectable.

18-148

It was moved by Ophelia Basgal and seconded by Liz Koppenhaver that the Board approve the updated *Discharge of Benefit Overpayments Policy*. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

LEAP's 2019 scope of work will focus on new and ongoing strategic initiatives. The 2019 LEAP contract is for \$155,000, of which \$100,000 will be capitalized into the Pension Administration System capital upgrade project, with the remaining \$55,000 allocated in the 2019 budget for ongoing performance excellence initiatives.

18-149

It was moved by Ophelia Basgal and seconded by George Wood that the Board approve ACERA's 2019 LEAP Technologies (Process Excellence) contract. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

ACERA's contract with Keenan expires on December 31, 2018. Due to reoccurring issues with quality and timeliness of work, staff is recommending to not renew their contract. Instead, Staff recommends to contract the services of the second ranked firm from the 2017 bidding process, which is Segal Consulting for \$123,000 effective January 1, 2019.

18-150

It was moved by Ophelia Basgal and seconded by George Wood that the Board approve ACERA's Benefits Consultant annual contract. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

At the Board of Retirement Off-Site, the topic of consolidating the work of the Board into fewer Committees was introduced. Currently, the Board has eight standing committees, two Ad-Hoc Committees and monthly Board meetings. Staff presented a memo discussing the positive and possible negative impacts to consolidating the committees.

After discussion, there was no motion. When possible, committee chairs will work with committee liaisons on developing efficient 2019 committee work plans, which may lead to fewer monthly meetings.

Staff presented the Total Operating Expense Budget Summary for October 31, 2018. As of October 31, 2018, actual expenses were \$260K under budget. Budget overages noted were Staffing (\$266K over budget). Budget surpluses noted were Staff Development (\$213K under budget), Professional Fees (\$13K under budget), Office Expense (\$12K under budget), Insurance (\$4K under budget), Member Services (\$49K under budget), Systems (\$111K under budget), Depreciation (\$6K under budget), and Board Expenses (\$118K under budget).

Staff reported on the call center service levels for the 3rd quarter of 2018.

Staff provided a memo describing possible additional items for inclusion of an expanded consent calendar.

The Board will review possible items to be moved to the consent calendar. The Board chair will determine what, if any, changes will be made to the consent calendar for future Board meetings. There was no motion. At today's Board meeting, Trustee Basgal reported that staff provided a survey to the Board asking for Trustee input into items that could be moved to the consent calendar. The compiled results will be provided to the Board at the next meeting. It was noted that any Board member may remove an item from the consent calendar to be heard on the regular calendar.

18-151

It was moved by Ophelia Basgal and seconded by Liz Koppenhaver that the Board approve the December 5, 2018 Operations Committee minutes. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

Retirees:

Liz Koppenhaver reported that the Retirees Committee met on December 5, 2018, at 10:43 a.m. and highlighted the following:

Staff provided information on ACERA's Medicare Part B Reimbursement Plan (MBRP) benefit, including retirees' out-of-pocket costs, and the percentage of retirees affected at each of the designated income levels, based on the retirees' ACERA retirement allowances only. Staff recommends to continue the benefit for 2019 based on the reimbursement at the lowest standard premium rate of \$135.50.

18-152

It was moved by Liz Koppenhaver and seconded by George Wood that the Board continue to provide the Medicare Part B Reimbursement Plan (MBRP) benefit to eligible retirees in 2019, and approve the reimbursement based on the lowest standard monthly Medicare Part B premium at the rate of \$135.50. The MBRP benefit is a non-vested benefit funded by contributions from ACERA Employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

Staff stated that in order for Resolution No. 07-29 to remain current for the upcoming 2019 Plan Year, Appendix A was amended to reflect the Board of Retirement's (Board) decisions regarding the Monthly Medical Allowance amounts for Group and Individual plans; and medical, dental, and vision premium amounts as adopted by the Board.

18-153

It was moved by Liz Koppenhaver and seconded by George Wood that the Board adopt the revised and updated Appendix A to Resolution No. 07-29, which reflects the changes approved by the Board to the Monthly Medical Allowance amounts for Group and Individual Plans as well as the Retiree Health Benefit contribution amounts for Plan Year 2019. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

Staff provided information on the number and amount of the Retired Member (lump sum) Death Benefit payments made to eligible beneficiaries of retirees for the 12-month period December 1, 2017 through November 30, 2018, including the payments made by reciprocal agencies. This \$1,000 benefit is funded by the Supplemental Retiree Benefit Reserve and is a vested benefit, as long as there are funds available. Trustees directed Staff to provide information at a future meeting for consideration to increase the amount of this benefit.

Staff provided a report on the results of the Retiree Health and Wellness Fair (Fair), which was held on October 25, 2018 at the Albert H. DeWitt Officer's Club in Alameda, California. This year, Staff implemented online pre-registration for the Fair. Of the 142 retirees who pre-registered, 93 retirees attended, and an additional 235 registered the day of the Fair. So far, Staff has received 125 Open Enrollment forms. A more detailed report on ACERA's medical, dental and vision, and Via Benefits' enrollment plan changes will be provided at the February 2019 Committee meeting.

There were no benefit topics impacting both retirees and ACERA Staff to report at this time.

Trustee Koppenhaver stated that she recently learned that ACERA retiree, Olga Kempton, had passed away. Ms. Kempton was very active in the Alameda County Retired Employees retiree association, and was willing to help everyone. Trustee Koppenhaver also stated that a couple of retirees had contacted her regarding medical expense reimbursements through Via Benefits, which she is working on with Staff to resolve.

18-154

It was moved by Liz Koppenhaver and seconded by Ophelia Basgal that Board approve the December 5, 2018 Retirees Committee minutes. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

Investment:

Liz Koppenhaver reported that the Investment Committee met on December 12, 2018, at 9:33 a.m. and highlighted the following:

This item was presented as an information item at the last Investment Committee Meeting on November 7, 2018. Staff and ACERA's Real Estate Investment Consultant Callan Associates ("Callan") recommended adding debt real estate and international real estate into the policy to reflect the flexibility allowed in some of the current real estate investments and to provide greater diversification, but within defined limits. Both Debt Real Estate and International Real Estate are each limited to 15 percent of the real estate asset allocation. Staff and Callan also added a compliance checklist for private real estate placements.

18-155

It was moved by Tarrell Gamble and seconded by George Wood that the Board adopt the Amended ACERA Real Estate Investment Guidelines, Policies and Procedures. The motion carried 8 yes (*Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 1 abstention (*Amaral*).

Avery Robinson of Callan presented the 2019-2020 Real Estate Investment Plan. He provided a portfolio overview, a market overview, and certain investment plan recommendations. In all categories ACERA is in compliance for return targets, investment style allocation, and risk policies. Given the Total Fund's market value as of 3Q2018, Callan recommends that ACERA commit \$100 million to Core/Core-Plus strategies before the end of 2Q2019. Callan also recommends that ACERA commit \$75 million to Value-Added/Opportunistic strategies –with approximately \$25 million to be committed before Mid-Year 2019, and an additional \$50 million by year end 2019.

18-156

It was moved by Tarrell Gamble and seconded by George Wood that the Board adopt the 2019 – 2020 Investment Plan for ACERA's Real Estate Asset Class. The motion carried 8 yes (*Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 1 abstention (*Amaral*).

Staff and Verus discussed their findings from the on-site visits to the U.S. Equity Small Cap Growth Managers (Domestic Equities), the changes in finalist scores after the site visits, and the reasons behind their suggestion to reduce the finalist list from four managers to two. The relative merits of the two proposed finalists – Virtus/KAR and William Blair – were discussed, along with the issues related to the two managers – Granahan and Pier Capital - that were not proposed to move forward as finalists. Examples of the issues discussed included performance attribution, sector weightings, tracking error, investment process, and manager resources.

After further discussion, the Trustees concurred with Staff and Verus's suggestion to reduce the finalist list to the two managers, Virtus/KAR and William Blair, who will present at the January 2019 ICM as the final candidates for ACERA's U.S. Equity Small Cap Growth Manager Search.

Staff presented the information required by California Government Code Section 7514.7. The two charts presented were: 1) Section 7514.7 which discloses certain fees and expense (and is mandatory for all contracts entered into after January 1, 2017) and 2) Section 6254.26 which provides performance data and other information for all Alternative Investment Vehicles. The charts were made available to the public during the meeting.

Verus provided a brief overview of the Private Equity Program through June 30, 2018. As of that date, the Private Equity Portfolio had a total market value of \$500.8 million. This reported market value represents 6.2% of the Total Fund¹ in comparison to the 9.0% asset allocation target for Private Equity. For the one-year period and since inception periods ending June 30, 2018, ACERA's Private Equity Portfolio returned 18.1% and 15.6% vs. the Thomson Reuters C|A Global All Private Equity Benchmark which returned 18.8% and 14.0%, respectively.

As of 6/30/2018, total commitments in the Private Equity Program aggregated \$1,105.1 million or 13.6% of its class target.

¹ The Total Fund Market Value as of June 30, 2018 was \$8,103,814,742.

Verus provided a brief overview of the Absolute Return (AR) Program through June 30, 2018. As of that date, the AR Portfolio had a total market value of \$597.7 million, representing 7.4% of ACERA's Total Fund (class target is 9.0%). For the one-year period ending June 30, 2018, ACERA's AR Portfolio returned 1.4% versus the HFRI Fund of Funds Composite Index Benchmark of 5.2%.

As of 6/30/2018, total commitments to the AR Program aggregated approximately \$669.7 million or 8.3% of its class target. The AR Portfolio has returned an estimated 3.8% return (net) since inception.

Verus provided a brief overview of the Real Assets Program as of June 30, 2018. As of that date, the Real Assets Asset Class had a total market value of \$318.9 million; representing about 3.9% of ACERA's Total Fund (class target is 5.0%). For the one-year period ending June 30, 2018, ACERA's Real Assets Portfolio returned 11.3% vs. the blended S&P Global Natural Resources/S&P Global Infrastructure/Bloomberg Commodities Benchmark of 13.8%.

As of 6/30/2018, total commitments to the Real Assets Portfolio, was \$496.7 million or 6.1% of its class target. Since inception through the period ending 06/30/2018, the Real Assets Asset Class returned -3.9% (net).

The representative from Callan presented the 3Q2018 Portfolio Measurement Report. As of 9/30/2018. ACERA's Real Estate portfolio (including the Oakland building) returned 1.8% (net) for 3Q2018 and up 8.7% (net) for 1-year period ending 9/30/2018 versus the NCREIF-ODCE benchmark of 1.9% (net) and 7.7% (net), respectively.

As of 09/30/2018, the market value of ACERA's real estate portfolio was \$555.9 million comprising 6.7% of the Total Fund² (class target is 8.0%). ACERA's Funded & Committed level to Core is 74.6% and to Non-Core 25.4%.

18-157

It was moved by Liz Koppenhaver and seconded by Keith Carson that the Board approve the December 12, 2018 Investment Committee minutes. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

Governance:

Ophelia Basgal gave an oral report stating that the Governance Committee met today and reviewed and discussed Staff's proposed revisions to the *1) Membership, 2) Board Regulations and 3) Conflict of Interest Policies*. Staff proposed that the following revisions be made to conform to the law and policy:

² The Total Fund Market Value as of September 30, 2018 was \$8,278,112,157.

Membership: Delete the reference to members who withdraw their funds after being terminated from employment and subsequently reinstated. It was noted that the rules for this process are addressed in the *ACERA Termination Form (Form)* and that the *Form* be referenced in the *Policy*; revise the rules regarding the purchase of service credit due to military leaves of absence; and clarify language that ACERA cannot seek repayment of an overpayment through deductions from a death benefit, except in the case of a surviving spouse.

Board Regulations: Revised due to the California Legislature granting authority giving greater quorum and voting rights to the Alternate Retiree Member. It was noted that the Board Regulations also require approval by the Alameda County Board of Supervisors.

Conflict of Interest: Revised to prohibit all professional ACERA Staff from engaging in professional activities that are incompatible with their employment, not just in-house ACERA attorneys; change the frequency of ACERA's vendor list distribution timeline from quarterly to annually to coincide with the issuance of Form 700 materials. Trustee Basgal requested that a form be developed for Trustees to sign annually certifying that they have no conflict with the vendors listed on the report. She confirmed that this will not be part of the Conflict of Interest Policy, but instead is an internal practice she would like to see developed. Trustee Basgal directed Staff to find out whether or not there is a threshold amount that would require Trustees to recuse themselves from voting on an action item involving investments held by both the Trustee(s) and by ACERA.

Staff also proposed formatting and title changes, grouping together certain *Policies* for Committee/Board consideration and changing the review period from two to three years for all Board *Policies* except those which must be reviewed on a different schedule for legal or policy reasons. Policies can still be reviewed on a more frequent basis if there are changes in law, practice or procedure or to improve clarity.

18-158

It was moved by Ophelia Basgal and seconded by Liz Koppenhaver that the Board adopt the *Membership Policy* with revisions as recommended by Staff and the Committee. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

18-159

It was moved by Ophelia Basgal and seconded by Jaime Godfrey that the Board adopt the *Board Regulations Policy* with revisions as recommended by Staff and the Committee and forward the *Board Regulations Policy* to the Alameda County Board of Supervisors for approval. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

18-160

It was moved by Ophelia Basgal and seconded by Liz Koppenhaver that the Board adopt the *Conflict of Interest Policy* with revisions as recommended by Staff and the Committee. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

NEW BUSINESS:

David Nelsen, Chief Executive Officer's Report

Mr. Nelsen presented his December 20, 2018, written Chief Executive Officer's (CEO) Report which provided an update on the following items: **1)** Senior Manager Recruitment; **2)** Committee/Board Action Items; **3)** Conference Schedule; and **4)** Other Items.

Mr. Nelsen announced that he was asked, and he agreed, to co-chair along with Sacramento County Employees' Retirement System CEO Eric Stern on the State Association of County Retirement Systems' (SACRS) Legislative Committee starting in 2019.

Mr. Nelsen explained that Staff will start development of the *Pre-Payment Contributions by Employer Policy (Policy)* in early 2019. The *Policy* will expand on existing language regarding obligation bond requirements to allow employers to pre-fund contributions as opposed to paying contributions with monthly payroll.

Board Election Results

Mr. Nelsen announced that Elizabeth Rogers was reelected to the second seat (General Member) on the Board of Retirement with approximately 75% of the vote. It was noted that there was approximately 13% voter turnout.

CONFERENCE REPORTS

Trustee Jaime Godfrey reported that he attended the Markets Group's 6th Annual Global Institutional Real Estate Investor Forum stating it was very informative and encouraged other Trustees to attend a future Real Estate Investor Forum.

ANNOUNCEMENTS

Trustees inquired about the impact to ACERA's portfolio as a result of the Government Shutdown. Chief Investment Officer Betty Tse responded that there is more pressure on the market due to the downturn and the Federal interest rate increase and that Investment Staff is monitoring/tracking ACERA's portfolio on a daily basis. It was noted that the total Fund is currently at \$7.7 billion. Ms. Tse stated that ACERA Investment Staff has not received any extraordinary reports from ACERA's investment managers. Ms. Tse has organized several planning sessions and has come up with a very extensive Work Plan for 2019 and will provide the Board with status updates upon receipt of any new information.

Trustee Darryl Walker announced that participants who attended the San Francisco Event where Ms. Tse was one of the speakers were very impressed with Ms. Tse's presentation.

BOARD INPUT

None.

CLOSED SESSION

- A) Pursuant to Government Code (GC) Section 54956.9 (d)(2): Discuss Anticipated Litigation.
- B) Pursuant to GC §54957(b)(1): Consider ACERA Chief Executive Officer's Annual Performance.

REPORT ON ACTION TAKEN IN CLOSED SESSION

The Board reconvened into Open Session and Chair Gamble announced that the Board took no action in closed session.

ADJOURNMENT

The meeting adjourned at approximately 4:03 p.m.

Respectfully Submitted,



David Nelsen
Chief Executive Officer

1/17/19

Date Adopted

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

AGUILUZ, Hector A.
Effective Date: 12/30/2017
General Services Agency

DENOBRIGA, Michael J.
Effective Date: 10/20/2018
Sheriff's Office

ALBERTO, Jacquelyn A.
Effective Date: 2/22/2018
Alameda Health System

DORN, Dianne J.
Effective Date: 10/20/2018
Superior Court

ANDERSON, Smiley A.
Effective Date: 9/22/2018
Sheriff's Office

DUARTE, Elizabeth D.
Effective Date: 10/27/2018
Superior Court

ANTONIO, Francisoco Jr.
Effective Date: 3/30/2018
Superior Court

EDWARDS, Don R.
Effective Date: 9/22/2018
Information Technology

BERMUDEZ, Edwin A.
Effective Date: 9/15/2018
District Attorney

ENEBOE, Craig A.
Effective Date: 1/4/2018
Alameda Health System

BOLTON, George M.
Effective Date: 8/20/2018
Public Works Agency

FOCKLER, Henry M.
Effective Date: 9/22/2018
Public Works Agency

BUGARIN, Maria
Effective Date: 10/19/2018
Alameda Health Systems

HARTEAU, MICHAEL J.
Effective Date: 9/22/2018
General Services aAgency

BURGESS, Patricia I.
Effective Date: 9/22/2018
Social Services Agency

HASKINS, Francell K.
Effective Date: 9/9/2017
Health Care Services Agency

CARDOZA, Roy A.
Effective Date: 9/7/2018
Sheriff's Office

HAWKINS, Carol D.
Effective Date: 10/20/2018
Library

CRUTCHFIELD, Nesbit
Effective Date: 9/29/2018
Alameda Health System

HOWARD, Raymond B.
Effective Date: 10/20/2018
Information Technology

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

ISHIDA, Marc T.
Effective Date: 3/24/2018
General Services Agency

PADILLA, Sylvester F.
Effective Date: 3/8/2018
Alameda Health System

KELLY, Dana L.
Effective Date: 6/1/2017
Alameda Health System

RIRAY, Nerissa G.
Effective Date: 9/22/2018
County Administrators Office

LAWRENCE, Annemarie I.
Effective Date: 10/20/2018
District Attorney

ROEHL, Darlene K.
Effective Date: 9/29/2018
Information Technology

LEON, Robin L.
Effective Date: 9/22/2018
Public Works Agency

ROSS, Patrica M.
Effective Date: 9/22/2018
Assessor

LIMPEROPULOS, Anthony
Effective Date: 10/6/2018
Health Care Services Agency

SADIQ, Renne Deanna
Effective Date: 10/6/2018
Health Care Services Agency

LOPEZ, Patricia M.
Effective Date: 9/29/2018
Health Care Services Agency

SCHROTH, Margaret
Effective Date: 9/22/2018
Alameda Health System

MACHADO, Robert A.
Effective Date: 9/21/2018
Public Works Agency

SLACK, Valerie D.
Effective Date: 9/8/2018
Alameda Health System

MANCHESTER, Blane R.
Effective Date: 9/29/2018
Community Development Agency

SPANGLER, Robert E.
Effective Date: 9/8/2018
Auditor-Controller

MBANUGO, Akachukwu O.
Effective Date: 2/1/2018
Alameda Health System

STAROSKY, Michelle D.
Effective Date: 10/1/2018
Alameda Health Systems

NANNIZZI, Jill P.
Effective Date: 9/15/2018
Information Technology Dept. Admin

TILLOSTON, Roy R.
Effective Date: 10/20/2018
Sheriff's Office

OBIDAH, Karen E.
Effective Date: 9/22/2018
Social Services Agency

URBI-SHORTTRIDGE, Juvy F.
Effective Date: 10/20/2018
Social Services Agency

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

WASHINGTON, Veda C.
Effective Date: 9/22/2018
Probation

YIU, Nancy M.
Effective Date: 9/29/2018
Alameda Health Systems

WILLIAMS, Diane
Effective Date: 8/25/2018
Social Services Agency

YUE, John D.
Effective Date: 10/6/2018
General Services Agency

**APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT**

JOHNSON, Michelle A.
Alameda Health System
Effective Date: 10/19/2018

NEWBALL, Ninfa
Alameda Health System
Effective Date: 09/26/2018

STROUD, Jennifer S.
Alameda Health System
Effective Date: 8/31/2018

WELLMAN, Timothy J.
District Attorney
Effective Date: 8/10/2018

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

AIELLO, Brian R.
Health Care Services Agency
Effective Date: 10/5/2018

CARLISE, Andrea S.
County Counsel
Effective Date:

CHAN, Godfrey K.
Health Care Services Agency
Effective Date: 10/12/2018

JOSY SIMON, Alphi
Alameda Health System
Effective Date: 8/20/2018

MCCALL, Natalie R.
Library
Effective Date: 7/14/2018

MOODY, Caprisha
Health Care Services Agency
Effective Date: 9/5/2018

WARNER, Suzanne C.
Health Care Services Agency
Effective Date: 9/23/2017

WONG, Albert K.
Social Services Agency
Effective Date: 9/28/2018

YATTAW, Erin M.
Social Services Agency
Effective Date: 6/29/2018

**APPENDIX C
APPLICATION FOR DEFERRED TRANSFER**

NGUYEN, Loan T.
Assessor's Office
Effective Date: 10/5/2018

**APPENDIX D
LIST OF DECEASED MEMBERS**

BETTS, Helen H.
Non-Member Survivor of Archie Betts
8/30/2018

DAVIS, Audrey C.
Social Services Agency Administration
11/08/2018

DE PERALTA, Eliana A.
Alameda County
10/28/2018

REMBERT, Thelma E.
Non-Member Survivor of Melvin Rembert
10/10/2018

TURNER, Bernice L.
Alameda County
09/11/2018

VALENCIA, Edward A.
Juv. Field Juvenile Services
10/07/2018

WARD, Julia M.
Alameda County
10/22/2018

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: **Black, Sandra**
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. Black's application for a service connected disability and to waive future annual medical examinations and questionnaires at this time.

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

Name: **Cho, Kit-Ching**
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. Cho's application for a service connected disability and to waive future annual medical examinations and questionnaires at this time.

Based on the Medical Advisor's and Staff's review and determination of Ms. Cho's ability to determine the permanency of her incapacity, to grant Ms. Cho's request for an earlier effective date.

Name: **Fiscus, James**
Type of Claim: Annual Review for SCD (Granted on 7/20/17)

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report to continue the allowance for Mr. Fiscus's service connected disability and to waive future annual medical examinations and questionnaires.

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: Fox, Cori
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 to continue the allowance for Ms. Fox's service connected disability and to require future annual medical examinations and questionnaires.

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

Name: Moss, Faith
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. Moss's application for a service connected disability and to waive future annual medical examinations and questionnaires.

Based on the Medical Advisor's and Staff's review and determination of Ms. Moss's ability to determine the permanency of her incapacity, to grant Ms. Moss's request for an earlier effective date.

Name: Peterson, Douglas
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. Douglas's application for a service connected disability and to waive future annual medical examinations and questionnaires.

Staff's Recommendation:

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Staff's Recommendation:

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009 1010 1011 1012 1013 1014 1015 1016 1017 1018 1019 1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032 1033 1034 1035 1036 1037 1038 1039 1040 1

December 20, 2018
Governance Committee Minutes
For approval under January 17, 2019
Board “Consent Calendar”



Date: December 20, 2018

To: Members of the Board of Retirement

From: Ophelia Basgal, Vice Chair
Governance Committee

Subject: Summary of the December 20, 2018, Governance Committee Meeting

Governance Committee Vice-Chair, Ophelia Basgal, called the December 20, 2018, meeting to order at 1:01 p.m. Committee Members present were Ophelia Basgal, Jaime Godfrey, and Liz Koppenhaver. Other Board members present were Dale Amaral, Keith Carson, Tarrell Gamble (arrived 1:15 p.m.), Henry Levy, and alternate member Darryl Walker (arrived 1:15 p.m.). Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Kathy Mount, Chief Counsel; Margo Allen, Fiscal Services Officer; Harsh Jadhav, Chief of Internal Audit; Victoria Arruda, Human Resources Officer; and Lori Schnall, Associate Counsel.

ACTION ITEMS

1. Review, discussion and possible motion to update the *Membership Policy* with or without revisions.

The Committee reviewed Staff's December 20, 2018, memorandum and its recommendation regarding proposed revisions to the *Membership Policy*. The revisions focused on the following:

- Deleting the reference to members who withdraw their funds after being terminated from employment and are subsequently reinstated, as the relevant information is provided for in the *Termination Election of Membership Form*;
- Including the Federal rules on purchasing of military service credit; and
- Clarifying that ACERA cannot seek repayment of an overpayment through deductions from a death benefits except in the case of a surviving spouse.
- Other changes were to extend the review period for the policy from 2 to 3 years, and to make non-substantive changes to improve clarity of language.

Following discussion on the *Policy*, the Committee requested staff to include a reference to the *Termination Election of Membership Form* in Section II.F. *Terminated Employees*. The Termination Form contain the procedure for how members who have been reinstated from termination of employment may redeposit their withdrawn funds.

A motion was moved by Trustee Koppenhaver and seconded by Trustee Godfrey that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and to update the *Membership Policy*, with revisions, as recommended by the Committee and Staff. The motion was approved by a vote of 5 in favor (Basgal, Godfrey, Koppenhaver, Levy, and Amaral), 0 against, 0 abstaining.

2. Review, discussion and possible motion to update the *Regulations of the Board of Retirement* with or without revisions.

The Committee reviewed Staff's December 20, 2018, memorandum and its recommendation regarding proposed revisions to the *Regulations of the Board of Retirement*.

The *Regulations* are generally only updated when there is a change in law or policy. Since the last revision of these *Regulations*, the Legislature granted authority to retirement boards to give greater quorum and voting rights to alternate members. The revisions to the *Regulations* incorporate these changes. The *Regulations*, once adopted by the Retirement Board, will go to the Board of Supervisors for approval.

A motion was moved by Trustee Levy and seconded by Trustee Koppenhaver that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and to update the *Regulations of the Board of Retirement*, with revisions, as recommended by the Committee and Staff. The motion was approved by a vote of 5 in favor (Basgal, Godfrey, Koppenhaver, Levy, and Amaral), 0 against, 0 abstaining.

3. Review, discussion and possible motion to update the *Conflict of Interest Policy* with or without revisions.

The Committee reviewed Staff's December 20, 2018, memorandum and its recommendation regarding proposed revisions to the *Conflict of Interest Policy*. The revisions focus on the following:

- Eliminating the provision specifically prohibiting in-house ACERA attorneys from engaging in professional activities that are incompatible with their employment as ACERA attorneys, as all professional staff are prohibited from this activity.
- Revising the frequency of reports listing the individuals and entities with whom ACERA is currently contracting from quarterly to annual coinciding with distribution of the Form 700 materials.
- Other changes were to extend the review period for the policy from 2 to 3 years, and to make non-substantive changes to improve clarity of language.

Following discussion on the policy, the Committee recommended that as a procedure, but not specifically part of the policy, that the Trustees subject to Form 700 filing complete an annual one page affirmation that neither they nor their immediate family members have any conflict of interest related to any of the vendors on the annual list provided by the legal department. Staff noted two drafting errors that would be corrected as follows: In Section III.C. state “conflicts of interest, bribes, gifts, or favors that elevate private gains over the duty of Trustees and Staff to ACERA participants and beneficiaries are unacceptable.” In Section VI delete the duplicative phrase “including ACERA trustees.”

A motion was moved by Trustee Godfrey and seconded by Trustee Koppenhaver that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and to update the *Conflict of Interest Policy*, with revisions, by the Committee and Staff. The motion was approved by a vote of 6 in favor (Basgal, Godfrey, Koppenhaver, Levy, Gamble, and Amaral), 0 against, 1 abstaining (Walker).

INFORMATION ITEMS

Finally, as an information item, the Committee received an update on planned changes to the format of Board policies, new titles, moving review of policies from 2 years to 3 years consistent with the Board Development Policy Process, and setting a review schedule that groups related policies together for Board and Committee consideration.

TRUSTEE / PUBLIC INPUT

- None

FUTURE DISCUSSION ITEMS

- *Board Elections Policy*
- *Board Policy Development Process*
- *Board and Committee Operations Policy*

ESTABLISHMENT OF NEXT MEETING DATE

- TBD

ADJOURNMENT

- The meeting adjourned at 1:42 p.m.



Date: January 17, 2019

To: Members of the Board of Retirement

From: Angela Bradford

A handwritten signature in blue ink that reads "Angela Bradford".

Subject: January Committee Minutes

Due to the unusual scheduling of Committee meetings this month, the following Committee minutes will be sent under separate cover for this month's Board meeting.

- Investment Committee (1/9/19)

Thank you.

NEW BUSINESS

- 10.A. Motion that the Board of Retirement approve the 2018 Discharge Request of Benefit Overpayments in the Amount of \$59,230.**
- 10.B. Operating Expenses as of November 30, 2018 (Operations Committee Informational Item).**
- 10.C. Update on Adding Items to Consent Calendar (Informational Item).**
- 10.D. Motion to approve contract with Levi, Ray, and Shoup, Inc., for development of requirements for replacement of pension administration software in an amount not to exceed \$275,000 for a period from January 1, 2019 through December 31, 2019.**
- 10.E. Chief Executive Officer's Report.**

NEW BUSINESS

10.A. Motion that the Board of Retirement approve the 2018 Discharge Request of Benefit Overpayments in the Amount of \$59,230.



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: January 17, 2019

TO: Members of the Board of Retirement

FROM: Margo Allen, Fiscal Services Officer *MA*

SUBJECT: 2018 Discharge Request of Uncollectable Benefit Overpayments

Executive Summary

In December 2018, the Board adopted a revised Discharge of Benefit Overpayments Policy to provide management with a means to discharge all types of uncollectable benefit overpayments from ACERA's financial records.

The initial discharge of uncollectable benefit overpayments was completed during the 2016 financial reporting period, in the sum of \$182,693.28, for overpayments generated during January 1, 1996, through December 31, 2012. The second discharge of uncollectable benefit overpayments occurred during the 2017 financial reporting period and covered overpayments generated from January 1 through December 31, 2013, and totaled \$648.12. Both of these actions occurred under previous Board policy which stipulated a four-year waiting period to discharge an account(s) after it was deemed uncollectable. However, revised Board policy eliminates the four-year waiting period and allows staff to make immediate discharge of accounts currently deemed uncollectable (the 2018 discharge request removes overpayment accruals generated through year-end 2016).

For the 2018 financial reporting period, benefits' management has deemed 51 accounts uncollectable, for a total net uncollectable amount of \$55,568.30¹. The following table summarizes the type, quantity, and respective accrual amounts of each uncollectable account type in the 2018 discharge request.

2018 Discharge Summary				
Type of Benefit Overpayment	QTY	Total Net Uncollectable	Average Net Uncollectable	Largest Net Uncollectable
Continuance	8	\$ 27,935.74	\$ 3,491.97	\$ 14,355.03
Duty Related Disability Retirement	1	451.75		
Non Duty Related Disability Retirement	4	3,167.48	791.87	1,221.48
Service Retirement	13	15,155.00	1,165.77	2,376.32
Survivorship	1	2,971.92		
Health Reimbursement Account (HRA)	16	5,886.41	367.90	1,271.76
All Other Benefit Related Items	8	3,661.70	457.71	1,500.00
	51	\$ 59,230.00		

¹ The \$3,661.70 difference between the benefits' management overpayment amount and the requested discharge amount in the 2018 Discharge Summary is the net uncollectable accruals of payroll tax payments made to state and federal tax authorities. The Fiscal Services Officer needs approval to discharge \$3,661.70, since the accruals are still in the general ledger.

Budget and Financial Statement Impact

When preparing the 2018 budget, fiscal services staff created a budget expense line item to discharge benefit overpayments in the amount of \$43K. However, due to the recent policy change, management is requesting approval to discharge \$59K of uncollectable accruals, which will clear all uncollectable accruals through 2016, but will exceed the 2018 budget amount by \$16K. Notwithstanding, there is enough surplus in the 2018 budget to absorb the additional expense. Therefore, the Fiscal Services Officer is requesting approval to discharge \$59,230 of uncollectable accruals from ACERA's stated assets.

The impact to the financial statements will be approximately \$100K of accrued receivables remaining on the unaudited 2018 end-of-year Statement of Fiduciary Net Position, under "Other Receivables" (Note 8).

Recommendation

The Board of Retirement approve the 2018 discharge request of benefit overpayments in the amount of \$59,230.

Attachments:

- 1). Benefits Department Uncollectable Account Summary
- 2). Discharge of Benefits Overpayments Receivables Policy



Date: December 28, 2018
To: Margo Allen, Fiscal Services Officer
CC: Sandra Dueñas-Cuevas, Benefits Manager
Jessica Huffman, Benefits Manager
From: Kathy Foster, Assistant Chief Executive Officer
Subject: Discharge of Benefit Overpayments for 2018

A handwritten signature in cursive script, likely belonging to Kathy Foster, is positioned to the right of the "From:" line.

Attached is a list of benefit overpayments due to death to be discharged as of December 31, 2018.

Due to the recent policy change, which eliminates the four-year delay, we are including overpayments for 2013, 2014, 2015, and 2016. Next year only 2017 will be discharged.

In addition, in early 2017, we completed a project and procedure identifying overpayments of medical subsidies (Monthly Medical Allowance) made through HRA's by Via Benefits. These overpayments are also mainly due to retiree deaths. The same process is used to attempt to collect these benefits as is used for the overpayments made through retiree payroll. A list of HRA overpayments is also provided for discharge, which includes the years 2013, 2014, 2015 and 2016. There were no overpayments prior to 2013, as this was the date we began using HRA's with the Medicare Exchange.

The total discharge for both groups is \$55,568.30.

Attachment

2018 Discharge List

Retirement Payroll Overpayments Due to Death

Benefit Type	Date of Death	Last Check	Final Discharge Amount After Prorate Offset
Service Retirement	7/26/2013	9/30/2013	\$ (1,629.08)
Continuance	8/29/2013	8/31/2013	\$ (19.80)
Continuance	9/27/2013	9/30/2013	\$ (13.42)
NonDuty Related Disability Retirement	10/19/2013	10/31/2013	\$ (733.34)
Continuance	12/10/2013	10/31/2015	\$ (14,355.03)
Continuance	1/24/2014	1/31/2014	\$ (984.87)
Service Retirement	2/26/2014	2/28/2014	\$ (531.58)
Service Retirement	4/17/2014	4/30/2014	\$ (1,518.10)
Service Retirement	4/25/2014	4/30/2014	\$ (1,535.58)
Service Retirement	4/25/2014	4/30/2014	\$ (1,167.78)
NonDuty Related Disability Retirement	7/30/2014	7/31/2014	\$ (627.02)
Continuance	8/30/2014	8/31/2014	\$ (67.86)
Service Retirement	11/26/2014	11/30/2014	\$ (1,067.76)
Service Retirement	12/30/2014	12/31/2014	\$ (77.78)
Continuance	1/7/2015	3/31/2015	\$ (4,518.97)
Service Retirement	1/27/2015	1/31/2015	\$ (970.89)
Service Retirement	2/13/2015	3/31/2015	\$ (2,376.32)
Continuance	4/3/2015	6/30/2016	\$ (7,929.44)
Survivorship	6/14/2015	6/30/2015	\$ (2,971.92)
Service Retirement	7/31/2015	8/31/2015	\$ (1,254.22)
Service Retirement	11/12/2015	11/30/2015	\$ (1,084.56)
NonDuty Related Disability Retirement	12/12/2015	12/31/2015	\$ (1,221.48)
Continuance	3/28/2016	3/31/2016	\$ (46.35)
Duty Related Disability Retirement	3/30/2016	3/31/2016	\$ (451.75)
Service Retirement	5/29/2016	5/31/2016	\$ (42.08)
Service Retirement	11/22/2016	11/30/2016	\$ (1,899.27)
NonDuty Related Disability Retirement	12/28/2016	12/31/2016	\$ (585.64)
TOTAL			\$ (49,681.89)

HRA Overpayments	Final Discharge Amount
Plan Year 2013	
HRA Overpayments	\$ (1,271.76)
HRA Overpayments	\$ (242.10)
HRA Overpayments	\$ (229.90)
HRA Overpayments	\$ (47.40)
HRA Overpayments	\$ (61.20)
Plan Year 2014	
HRA Overpayments	\$ (427.54)
HRA Overpayments	\$ (568.20)
HRA Overpayments	\$ (33.80)
HRA Overpayments	\$ (179.46)
HRA Overpayments	\$ (204.72)
HRA Overpayments	\$ (400.00)
HRA Overpayments	\$ (222.95)
Plan Year 2015	
HRA Overpayments	\$ (376.02)
HRA Overpayments	\$ (191.37)
HRA Overpayments	\$ (358.93)
Plan Year 2016	
HRA Overpayments	\$ (1,071.06)
TOTAL	\$ (5,886.41)



Discharge of Benefit Overpayments Policy

I. Purpose

- A. This policy sets forth procedures for discharge of uncollectable benefit overpayments. For purposes of this policy, “benefit overpayments” include retirement benefits, health care premiums, credit union deductions, and taxes.
- B. The primary objective of this policy is to ensure that uncollectable benefit overpayments to a member or a beneficiary are properly identified, tracked and, when appropriate, discharged from ACERA’s financial accounting records.
- C. Therefore, the principal focus of this policy is to ensure that management and staff follow consistent, Board approved guidelines to objectively determine that an account due is deemed uncollectable, and therefore qualifies to be discharged from ACERA’s financial accounting records.

II. Assumptions

- A. Benefit overpayments deemed uncollectable should be discharged from ACERA’s financial accounting records as “receivables” in accordance with generally accepted accounting principles.
- B. Discharging uncollectable benefit overpayments from ACERA’s financial accounting records does not prevent the Board from exercising its fiduciary responsibility to recoup the resulting shortfall to the plan, participants, and beneficiaries by transferring the shortfall to the unfunded liability.
- C. Moreover, ACERA can later accept repayment of the overpayments from the member even after discharging them.

III. Guidelines

- A. Upon discovery of an overpayment of benefits, the Benefits Department will (when necessary) suspend or reduce ongoing payment of benefits, document the overpayment, and proceed to collect all overpayments in accordance with applicable policies and procedures regarding collection activities.
- B. When the Benefits Department, in consultation with the Legal Department, determines that an overpayment is uncollectable following exhaustion of all reasonable efforts (taking into account the statute of limitations for court filings), the Benefits Manager shall notify the Fiscal Services Officer in writing.
- C. Included in that writing shall be name of the recipient, amount of the receivable, the cause of the overpayment, the date on which the Benefits Department initially became aware of the overpayment circumstance, the steps taken to collect the overpayment, and the determination that the overpayment is uncollectable consistent with applicable procedures.
- D. Upon receipt of the writing, the Fiscal Services Department shall track the uncollectable accrued overpayment until approval by the Board of Retirement to discharge the overpayment is received.
- E. At the beginning of each calendar year, the Fiscal Services Officer shall prepare a Notice of Uncollectable Receivables to present to the Operations Committee to request a recommendation to the Board of Retirement that it authorize the discharge of accounts that have been deemed uncollectable receivables for the previous calendar year ending December 31.

IV. Policy Review

The Operations Committee shall review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

V. Policy History

- A. The Board adopted this policy on November 17, 2016.
- B. The Board updated this policy on December 20, 2018.

NEW BUSINESS


10.B. Operating Expenses as of November 30, 2018 (Operations Committee Informational Item).



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: January 17, 2019

TO: Members of the Board of Retirement

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Total Operating Expense Budget Summary for November 30, 2018

ACERA's operating expenses are \$316K under budget for the period ending November 30, 2018. Budget overages and surpluses worth noting are as follows:

Budget Overage

1. *Staffing*: Staffing is \$206K over budget. This amount comprises overages in fringe benefits of \$8K due to excesses in the fringe benefit rate and temporary staffing of \$592K due to vacant positions filled by temporary staff, which are offset by surplus in staff vacancies of (\$394K).

Budget Surplus

1. *Staff Development*: Staff Development is \$208K under budget. The is due to savings from unattended staff trainings and reductions in headcount.
2. *Professional Fees*: Professional Fees are \$7K under budget. This amount comprises overage in actuarial fee of \$10K due to timing difference, which is offset by surpluses in legal fees of (\$14K), external audit fees of (\$2K) and operations consulting of (\$1K).
3. *Office Expense*: Office Expense is \$12K under budget. This amount comprises surpluses in bank charges and miscellaneous administrative expenses of (\$9K), office maintenance and supplies of (\$21K), communication expense of (\$4K), and minor equipment and furniture of (\$3K), which are offset by overages in building expenses of \$9K, equipment lease and maintenance of \$3K and printing and postage of \$13K.
4. *Insurance*: Insurance is \$5K under budget. This entire amount is a saving due to negotiated reduction of premiums for insurance purchased through Arthur Gallagher.
5. *Member Services*: Member Services are \$48K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$16K), health reimbursement account of (\$6K), members training and education of (\$5K) and members printing and postage of (\$46K), which are offset by overage in disability medical expense of \$25K.
6. *Systems*: Systems are \$89K under budget. This amount comprises surpluses in software maintenance and support of (\$98K) due to delays in database migration project, computer

maintenance of (\$4K), which are offset by overages in business continuity expense of \$2K and county data processing of \$11K.

7. *Depreciation:* Depreciation is \$6K under budget. This is primarily due to fully depreciated fixed assets included in office equipment, EDMS and disaster recovery equipment.
8. *Board of Retirement:* Board of Retirement is \$147K under budget. This amount comprises surpluses in board miscellaneous expense of (\$23K) primarily due to delays in software upgrade for trustees and board room recording upgrade, board compensation of (\$6K), board election of (\$13K), board strategic planning of (\$14K), board conferences & training of (\$22K) and savings of (\$69K) from 2017 board employer reimbursement accruals.

Staffing Detail

As of November 30, 2018, ACERA had the following vacant positions:

Department	Position	QTY	Comments
Administration	Assistant CEO	1	Work out of class – currently budgeted until 12/2018
Benefits	Retirement Specialist	3	Filled by temporary staff - budget allocation started in 09/2018
Benefits	Retirement Specialist	3	Filled by temporary staff - currently budgeted until 12/2018
Benefits	Retirement Support Specialist	1	Filled by temporary staff – budget allocation started in 09/2018
Fiscal Services	Assistant Retirement Accounting Manager	1	Retired - currently budgeted until 12/2018
Fiscal Services	Retirement Accountant II	1	Retired - currently budgeted until 12/2018
Fiscal Services	Retirement Accountant III	1	Filled by temporary staff - currently budgeted until 12/2018
Investments	Admin Support Specialist	1	Resigned - currently budgeted until 12/2018
Investments	Investment Analyst	1	Resigned - currently budgeted until 12/2018
Total Positions		13	



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TOTAL OPERATING EXPENSE SUMMARY

YEAR TO DATE - ACTUAL VS. BUDGET					
<u>November 30, 2018</u>					
	<u>Actual</u> <u>Year-To-Date</u>	<u>Budget</u> <u>Year-To-Date</u>	<u>YTD</u> <u>Variance</u> <u>(Under)/Over</u>	<u>2018</u> <u>Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
Staffing	\$ 12,897,532	\$ 12,691,900	\$ 205,632	\$ 13,850,200	93.1%
Staff Development	325,432	533,220	(207,788)	559,000	58.2%
Professional Fees (Next Page)	1,065,227	1,072,030	(6,803)	1,143,000	93.2%
Office Expense	469,331	481,510	(12,179)	530,000	88.6%
Insurance	1,163,965	1,169,390	(5,425)	1,278,000	91.1%
Member Services	388,574	436,400	(47,826)	470,800	82.5%
Systems	999,873	1,088,700	(88,827)	1,191,000	84.0%
Depreciation	109,992	115,670	(5,678)	126,000	87.3%
Board of Retirement	448,509	595,320	(146,811)	628,000	71.4%
Uncollectable Benefit Payments	-	-	-	30,000	0.0%
Total Operating Expense	\$ 17,868,435	\$ 18,184,140	\$ (315,705)	\$ 19,806,000	90.2%



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET

November 30, 2018

	<u>Actual Year-To-Date</u>	<u>Budget Year-To-Date</u>	<u>YTD Variance (Under)/Over</u>	<u>2018 Annual Budget</u>	<u>% Actual to Annual Budget</u>
<u>Professional Fees</u>					
Consultant Fees - Operations and Projects ¹	\$ 333,052	\$ 334,100	\$ (1,048)	\$ 360,000	92.5%
Actuarial Fees ²	392,614	382,930	9,684	408,000	96.2%
External Audit ³	144,585	146,000	(1,416)	146,000	99.0%
Legal Fees ⁴	194,976	209,000	(14,024)	229,000	85.1%
Total Professional Fees	\$ 1,065,227	\$ 1,072,030	\$ (6,803)	\$ 1,143,000	93.2%

	<u>Actual Year-To-Date</u>	<u>Budget Year-To-Date</u>	<u>YTD Variance (Under)/Over</u>	<u>2018 Annual Budget</u>	<u>% Actual to Annual Budget</u>
<u>¹ CONSULTANT FEES - OPERATIONS AND PROJECTS:</u>					
Benefits					
Keenan (Benefit Consultant/Retiree Open Enrollment)	105,588	105,600	(12)	115,000	91.8%
Keenan (Retirees Health Insurance Benefit)	38,500	36,000	2,500	36,000	106.9%
Benefit Consultant (County Retirees Medical)	115,500	115,500	-	126,000	91.7%
Total Benefits	259,588	257,100	2,488	277,000	93.7%
Human Resources					
Lakeside Group (County Personnel)	70,583	71,000	(417)	77,000	91.7%
Total Human Resources	70,583	71,000	(417)	77,000	91.7%
Internal Audit					
IDEA Consulting for software	-	3,000	(3,000)	3,000	0.0%
Peer Review - Internal Audit Quality	2,881	3,000	(119)	3,000	96.0%
Total Internal Audit	2,881	6,000	(3,119)	6,000	48.0%
Total Consultant Fees - Operations	\$ 333,052	\$ 334,100	\$ (1,048)	\$ 360,000	92.5%

<u>² ACTUARIAL FEES</u>					
Actuarial fees (562-00-005)	295,114	290,800	4,314	311,000	94.9%
GASB 67 & 68 Valuation (562-00-005)	44,500	41,250	3,250	45,000	98.9%
GASB 74 & 75-Actuarial (562-00-005)	13,000	11,880	1,120	13,000	100.0%
Actuarial fees-SRBR (562-00-007)	39,000	39,000	-	39,000	100.0%
Actuarial Audit (562-90-415)	1,000	-	1,000	-	0.0%
Total Actuarial Fees	\$ 392,614	\$ 382,930	\$ 9,684	\$ 408,000	96.2%

<u>³ EXTERNAL AUDIT</u>					
External audit (562-00-004)	122,520	123,000	(480)	123,000	99.6%
GASB 67 & 68 (562-00-004)	11,388	12,000	(612)	12,000	94.9%
GASB 74 & 75-External Audit (562-00-004)	10,676	11,000	(324)	11,000	97.1%
Total External Audit Fees	\$ 144,585	\$ 146,000	\$ (1,416)	\$ 146,000	99.0%

<u>⁴ LEGAL FEES</u>					
<u>Fiduciary Counseling</u>					
Manatt, Phelps & Phillips	-	110,000	(110,000)	121,000	
Nossaman, LLP	84,853	-	84,853	-	
Baker Hostetler	3,981	-	3,981	-	
Kroll LLC	7,270	-	7,270	-	
Meyers/Nave Professional Law Corporation	6,375	-	6,375	-	
Reed Smith (ACD Sheriff's)	59,574	-	59,574	-	
Subtotal	162,053	110,000	52,053	121,000	133.9%
<u>Tax and Benefit Issues</u>					
Hanson, Bridgett, LLP	2,018	38,500	(36,482)	42,000	
Subtotal	2,018	38,500	(36,482)	42,000	4.8%
<u>Litigation</u>					
Byers/Richardson	980	-	980	-	
The Law offices of Elizabeth F. McDonald	20,513	-	20,513	-	
Subtotal	21,493	60,500	(39,007)	66,000	32.6%
<u>Investigation Services</u>					
Law offices of Amy Oppenheimer	9,412	-	9,412	-	
Subtotal	9,412	-	9,412	-	0.0%
Total Legal Fees	\$ 194,976	\$ 209,000	\$ (14,024)	\$ 229,000	85.1%

NEW BUSINESS

**10.C. Update on Adding Items to Consent Calendar
(Informational Item).**



Date: January 17, 2019

To: Board of Trustees

From: Kathy E. Mount, Chief Counsel

allent

Subject: Report regarding inclusion of items on consent calendar

This report summarizes the input received from Trustees regarding proposed additions to the consent calendar. A Survey Monkey survey was sent to all Trustees on December 17, 2018 and 7 responses were received as of January 4, 2019. A summary of the responses is attached to this report.

A majority of Trustees indicated support to include the following items in the consent calendar:

- Approval of board and committee minutes 4 yes, 3 no
- Routine committee and staff reports 5 Yes, 2 no
- Routine financial reports 4 yes, 3 no
- Final or formal approval of items that have been thoroughly discussed previously 4 yes, 3 no
- Information only items 4 yes, 2 no, 1 no opinion
- Approval of contracts that fall within the organization's policy guidelines 4 yes, 3 no
- Confirmation of pro forma items or actions that need no discussion but are required to be approved by the board 5 yes, 2 no
- Date of future meetings 5 yes, 2 no

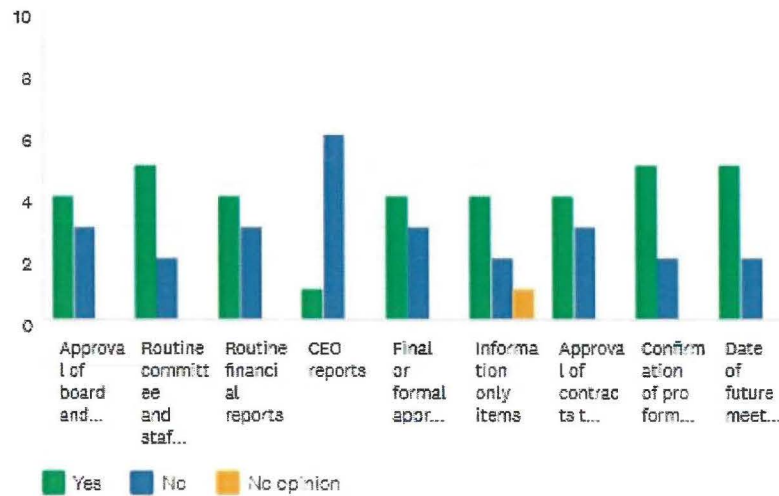
Those items which did not receive majority support in favor of inclusion were:

- CEO reports 1 yes, 6 no

Based on this survey, staff proposes to work with the Board Chair starting with the February 2019 agenda to include the items receiving a majority indication of support. At all times, staff will exercise judgment to ensure that items which might warrant discussion by the Board are not included on the consent calendar. Staff will also work closely with the Board Chair to obtain input and guidance about any items proposed to be included on the consent calendar. As a reminder, any Board member can pull any item from the consent calendar before the vote, and that matter will be heard and acted upon separately from the consent calendar.

Please give your opinion on the following:

Answered: 7 Skipped: 0



Memo - Report regarding inclusion of items on consent calendar

January 17, 2019

Page 3 of 4

	YES	NO	NO OPINION	TOTAL	WEIGHTED AVERAGE
Approval of board and committee minutes	57.14% 4	42.86% 3	0.00% 0	7	1.43
Routine committee and staff reports	71.43% 5	28.57% 2	0.00% 0	7	1.29
Routine financial reports	57.14% 4	42.86% 3	0.00% 0	7	1.43
CEO reports	14.29% 1	85.71% 6	0.00% 0	7	1.86
Final or formal approval of items that have been thoroughly discussed previously	57.14% 4	42.86% 3	0.00% 0	7	1.43
Information only items	57.14% 4	28.57% 2	14.29% 1	7	1.57
Approval of contracts that fall within the organization's policy guidelines	57.14% 4	42.86% 3	0.00% 0	7	1.43
Confirmation of pro forma items or actions that need no discussion but are required to be approved by the board	71.43% 5	28.57% 2	0.00% 0	7	1.29
Date of future meetings	71.43% 5	28.57% 2	0.00% 0	7	1.29

Comments

Answered: 2 Skipped: 5

RESPONSES (2) WORD CLOUD TAGS (0)



Apply to Selected ▾

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Search responses



Showing 2 responses



a. I prefer that that the CEO reports remain on the Board agenda to encourage transparent public interaction between the Board and the CEO. b. We don't have that many contracts that come to the Board and I would prefer to vote on them in public. If they are non-controversial they won't take that much time.

12/19/2018 8:46 PM

[View respondent's answers](#)

[Add tags ▾](#)



Its a New World!! Very glad this is happening!!

12/17/2018 4:33 PM

[View respondent's answers](#)


[Add tags ▾](#)

NEW BUSINESS

10.D. Motion to approve contract with Levi, Ray, and Shoup, Inc., for development of requirements for replacement of pension administration software in an amount not to exceed \$275,000 for a period from January 1, 2019 through December 31, 2019.



Staff Report

Date: January 17, 2019
To: Members of the Board of Retirement
From: David Nelsen, Chief Executive Officer 
Subject: Levi, Ray, and Shoup, Inc. (LRS) Contract

In August 2018, your Board was presented with and approved an overall proposal for a software vendor, Levi, Ray and Shoup, Inc. (LRS), to manage and replace the ACERA pension administration software. The first phase of the project is to develop a comprehensive list of business and system requirements needed for replacement of the new pension administration software. For this phase, Staff has negotiated a proposed one year contract with LRS from January 1, 2019 through December 31, 2019 for an amount not to exceed \$275,000. Staff recommends approval of this contract.

NEW BUSINESS

10.E. Chief Executive Officer's Report.



*Office of the Chief Executive Officer
Office of Administration*

DATE: January 17, 2019
TO: Members of the Board of Retirement
FROM: Dave Nelsen, Chief Executive Officer
SUBJECT: Chief Executive Officer's Report

DN

Senior Manager Recruitment

No vacancies needing recruitment.

ASSIGNED FOLLOW-UP ITEMS				
Follow-Up Board Item	Assigned Senior Leader	Estimated Completion Date	Completion Date	Notes
Develop a policy regarding pre-payment of contributions by employers.	Dave Nelsen	April 2019		A new law passed in 2017 expanded the circumstances regarding employers pre-paying retirement contributions. ACERA needs to develop a policy regarding this option.
Revise Format of the Statement of Reserves Report	Margo Allen	With the next Semi-annual report		Revise the format of the report to increase readability, particularly for those accessing the report electronically.
Expand the Use of the Consent Calendar	Kathy Mount	December January	The survey results will be presented at the January Board meeting.	Discuss some items that could be included on the Consent Calendar rather than individual Board action items.
Discuss Modifying the Delegated Investment Authority to Staff	Betty Tse	To be determined by new ICM chair		By modifying the delegated investment authority it may free up more time for other discussions or education at the Investment Committee meetings.

Conference Schedule

None in January.

Other

At the Fall SACRS Conference, I was asked to Co-Chair the SACRS Legislative Committee with Eric Stern, the CEO of the Sacramento Employees' Retirement System. The full SACRS Board voted to formally approve this action at their Board Meeting on December 18, 2018. Our first Legislative Committee meeting is on Friday, January 18, 2019.

Process Excellence Activities:

- The second project is completing work developing employee personal development plan templates and processes. This will be implemented in early 2019.
- Senior Leaders continue their work on two initiatives: **1)** developing agency-wide operational effectiveness measures, and **2)** developing a process to identify, prioritize and balance resources for the many projects of the Association. High level measures being implemented include:
 - Adherence to budget
 - Team engagement survey scores-The results of the survey were shared with all employees and individual work teams have chosen activities to improve an area listed on the survey.
 - Customer satisfaction survey scores-A survey has been developed and was provided at the Health Fair, as well as given to new retirees.
 - Meeting investment benchmark performance on a rolling 10-year basis.

Projects identified for 2019 include: definition requirements for the Pension Administration System Replacement Project, benefits process optimization using lean process improvement, departmental organization optimization, and implementing performance development and training tools. Updated project tracking tools and regular status reporting processes are being implemented this month.