ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
MINUTES

Thursday, January 18, 2018

Chair Dale Amaral called the meeting to order at 2:02 p.m.

Trustees Present:	Dale Amaral Ophelia Basgal Annette Cain-Darnes Tarrell Gamble Henry Levy Elizabeth Rogers George Wood Nancy Reilly (*Alternate*) Darryl Walker (*Alternate*)
Trustees Excused:	Keith Carson Liz Koppenhaver
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 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

Chief Executive Officer Dave Nelsen presented a plaque to Chair Dale Amaral and thanked him for his service to the members as the 2017 Board Chair. Trustee Amaral thanked Staff for all of their hard work and specifically recognized Assistant Chief Executive Officer Kathy Foster for always being available to help with the members, especially those members who require immediate assistance.

Chair Dale Amaral opened the meeting with the annual election of Board Officers for 2018. The nominations were held in the following order.

18-01

It was moved by Elizabeth Rogers and seconded by George Wood to nominate Henry Levy as Second Vice-Chair of the Board of Retirement for 2018.

There were no further nominations. The nominations were closed.

Henry Levy was elected as Second Vice-Chair of the Board of Retirement by a vote of 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Levy, Reilly, Rogers, Wood),* 0 no, and 0 abstentions.

Chair Amaral recognized Annette Cain-Darnes as one of the Board's hardest working Trustees and noted that although Trustee Annette Cain-Darnes chose not to serve as the Board's First Vice-Chair due to other commitments, she will still serve as a Trustee on the Board until the end of her term.

18-02

It was moved by Elizabeth Rogers and seconded by Annette Cain-Darnes to nominate George Wood as First Vice-Chair of the Board of Retirement for 2018.

There were no further nominations. The nominations were closed.

George Wood was elected as First Vice-Chair of the Board of Retirement by a vote of 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Levy, Reilly, Rogers, Wood),* 0 no, and 0 abstentions.

18-03

It was moved by Ophelia Basgal and seconded by George Wood to nominate Tarrell Gamble as Chair of the Board of Retirement for 2018.

There were no further nominations. The nominations were closed.

Tarrell Gamble was elected as Chair of the Board of Retirement by a vote of 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Levy, Reilly, Rogers, Wood),* 0 no, and 0 abstentions.

Newly elected Board Chair Tarrell Gamble took over and led the remainder of the Board meeting.

18-04

The minutes of the regular meeting December 21, 2017, were accepted on a motion, by Ophelia Basgal, seconded by Elizabeth Rogers, and approved by a vote of 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Levy, Reilly, Rogers, Wood)*, 0 no, and 0 abstentions.

CONSENT CALENDAR

REPORTS AND ACTION ITEMS

APPLICATION FOR SERVICE RETIREMENT
Appendix A

APPLICATION FOR RETIREMENT, DEFERRED
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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 COMMITTEE MINUTES
June 14, 2017, Actuarial Committee Minutes
December 21, 2017 Actuarial Committee Minutes

MISCELLANOUS MATTERS:
None

18-05

It was moved by Ophelia Basgal, seconded by Elizabeth Rogers, and approved by a vote of 8 yes (*Basgal, Cain-Darnes, Gamble, Levy, Reilly, Rogers, Walker, Wood),* 0 no, and 0 abstentions that the following resolution is adopted (*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.

REGULAR CALENDAR – REPORTS AND ACTION ITEMS

DISABILITIES, CURRENT AND CONTINUING RECOMMENDATIONS AND MOTIONS

None.

COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS

*Note: Per Committee Chairs, copies of the Committee meeting minutes were available for attendees. All **June/December** Committee meeting minutes are posted on the ACERA website (www.acera.org) after approval at the **January 18, 2018**, Board meeting. This month's Committee reports were presented in the following order:*

Investment:

George Wood reported that the Investment Committee met on January 10, 2018, at 9:32 a.m. and highlighted the following:

> At the beginning of the Committee Meeting Trustee Caine-Darnes, Committee Chair requested that Trustee Wood conduct the Investment Committee Meeting.
>
> The discussion of these items was changed by Trustee Wood (the acting Committee Chair), so that the Sycamore item was presented first and the Interview of ACERA's General Investment Consultant Finalists was presented second. However, in these Minutes, the items will follow the order in the meeting agenda.
>
> On December 21, 2017, the Board of Retirement approved a motion to select Meketa Investment Group (Meketa), NEPC LLC (NEPC), and Verus Advisory Inc. (Verus) as the short-listed candidates for ACERA's General Investment Consultant Search. After the on-site due diligence conducted last month, Staff still considers Meketa, NEPC and Verus as the top three candidates and has recommended them to the Investment Committee for consideration as finalists in this General Investment Consultant Search.

The following are highlights from each of the three finalists' presentations and their responses to the Committee's questions:

Meketa

The Representatives from Meketa presenting were Mika Malone, Steve McCourt, and Paola Nealon. The following is a brief summary of their presentations:

Meketa is a 100% employee-owned firm with 31 current owner-employees (Meketa has about 144 employees). General Investment Consulting is Meketa's primary focus with over 160 total clients representing $590 billion in assets, including 42 public fund clients.

Meketa works in a team approach and uses the Investor Force database, similar to that of ACERA's current general investment consultant. Meketa's research staff would be available to support ACERA's Trustees and Staff.

Meketa went on to describe its approach to Investment Policy and Asset Allocation; Investment Manager Search and Selection; Client Service and Education; Investment Consulting Services relative to ACERA's Emerging Investment Manager Program; and Performance Monitoring and Reporting.

Meketa emphasized its passion in serving its clients' needs for emerging managers.

NEPC

The Representatives from NEPC presenting were Carolyn Smith and Sam Austin. The following is a brief summary of their presentations:

NEPC is a 100% employee-owned firm with 36 current owner-employees (NEPC has about 270 employees). General Investment Consulting is NEPC's primary focus with over 358 total institutional clients representing $954 billion in assets, including 62 public fund clients.

NEPC provides customized solutions to each of its clients, and indicated that Asset Allocation is a very important decision in the investment decision-making process.

NEPC discussed its approach to advising clients, which includes its many resources; the number of employees dedicated solely to research (47); its high clients' satisfaction ratings in the Greenwich Quality Survey (where it has ranked in the top three for 11 of the last 13 years); NEPC's Investment Philosophy and Asset Allocation Approach; and its key Market Themes and Current Market Opportunities.

NEPC also shared its views on ACERA's current portfolio and provided a sample of portfolio construction that may provide expected lower risk and higher returns over a 5 to 7 year and a 30-year timeframes.

Verus

The Representatives from Verus presenting were Barry Dennis, Margaret Jadallah, and Faraz Shooshani. The following is a brief summary of their presentations:

Verus is a 100% employee-owned firm with 19 current owner-employees (Verus has about 83 employees). General Investment Consulting is Verus's primary focus with over 147 total clients representing $353 billion in assets, including 20 public fund clients.

A representative from Verus discussed his belief in managing the good intentions of human nature and avoid doing stupid things. Namely, 1) Don't churn or hire too many fund managers, 2) Build consensus decisions, 3) Be smart about fees, and 4) Build trust which is an important component of any relationship.

Verus also went on to describe its approach to Investment Policy and Asset Allocation; Investment Manager Search, Manager Selection and Review; Client Service and Education; and Performance Monitoring and Reporting.

During the presentations, one of the Trustees requested that each candidate explain why its fee proposals were increasing, rather than staying flat. The responses from the consultants ranged from keeping up with inflation to providing additional services to help manage an increasingly complex portfolio for ACERA.

18-06

It was moved by George Wood and seconded by Elizabeth Rogers to select Verus Advisory, Inc. as ACERA's General Investment Consultant pending completion of legal due diligence, background investigations, and successful contract negotiation. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Levy, Reilly, Rogers, Wood*), 0 no, and 0 abstentions.

A representative from Sycamore explained its investment philosophy, strategy, process and objectives of Fund III. Sycamore has been managing its funds under the name strategy and team since Fund I. Sycamore explained the current market environment for consumer retail companies as well as the associated opportunities and challenges.

18-07

It was moved by George Wood and seconded by Annette Cain-Darnes to adopt an up to $44 million Investment in Sycamore Partners III, L.P. as part of ACERA's Private Equity Investment Portfolio pending completion of legal due diligence, background investigations, and successful contract negotiation. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Levy, Reilly, Rogers, Wood*), 0 no, and 0 abstentions.

The Proposed Investment Committee Workplan for 2018 will be rescheduled as an information item at the February 14, 2018 Investment Committee meeting.

18-08

It was moved by George Wood and seconded by Ophelia Basgal that the Board approve the January 10, 2018 Investment Committee minutes. The motion carried 7 yes (*Amaral, Basgal, Gamble, Levy, Reilly, Rogers, Wood*), 0 no, and 0 abstentions. (*Annette Cain-Darnes left shortly before this motion and returned after it was completed*.)

Operations:

Elizabeth Rogers reported that the Operations Committee met on January 10, 2018, at 1:44 p.m. and highlighted the following:

Staff presented a proposal to the Operations Committee to recommend to the Board of Retirement that the Board adopt Pay Code 220, 221, and 222 for Alameda Health System.

18-09

It was moved by Elizabeth Rogers and seconded by Ophelia Basgal that the Board of Retirement designate Pay Item 220 – Training Pay Group 1, Pay Item 221 – Training Pay Group 2, and Pay Item 222 – Training Pay Group 3, as compensation earnable and pensionable compensation for members (PEPRA) with entry date on or after January 1, 2013, based on Government Code Section 7522.34, and approve the inclusion of this pay item as compensation earnable for a member (legacy) with an entry date prior to January 1, 2013, based on Government Code Section 31461. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Levy, Reilly, Rogers, Walker*), 0 no, and 0 abstentions. (*Trustee George Wood left the meeting before the vote on this motion and did not return*.)

Staff presented a proposal to the Operations Committee to recommend to the Board of Retirement that the Board adopt Pay Code 41X for Alameda County.

18-10

It was moved by Elizabeth Rogers and seconded by Ophelia Basgal that the Board of Retirement designate Pay Item 41X Care Connect/Whle PersCare Proj. as not pensionable compensation for a member (PEPRA) with an entry date on or after January 1, 2013, based on Government Code Section 7522.34, and approve the inclusion of this pay item as compensation earnable for a member (legacy) with an entry date prior to January 1, 2013, based on Government Code Section 31461. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Levy, Reilly, Rogers, Walker*), 0 no, and 0 abstentions.

Staff presented a proposal to the Operations Committee to recommend to the Board of Retirement that the Board adopt Pay Code 41Y for Alameda County.

18-11

It was moved by Elizabeth Rogers and seconded by Dale Amaral that the Board of Retirement designate Pay Item 41Y Senior Project Manager GSA as not pensionable compensation for a member (PEPRA) with an entry date on or after January 1, 2013, based on Government Code Section 7522.34, and approve the inclusion of this pay item as compensation earnable for a member (legacy) with an entry date prior to January 1, 2013, based on Government Code Section 31461. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Levy, Reilly, Rogers, Walker*), 0 no, and 0 abstentions.

Approval of the addendum to the Keenan & Associates', ACERA's Benefits Consultant, annual contract related to work on ACERA's wellness program project.

18-12

It was moved by Elizabeth Rogers and seconded by Ophelia Basgal to approve the addendum to the Keenan & Associates' annual contract, effective January 1, 2018, for work related to ACERA's wellness program project at a cost of up to $6,500. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Levy, Reilly, Rogers, Walker*), 0 no, and 0 abstentions.

Approval of the addendum to the Keenan & Associates', ACERA's Benefits Consultant, annual contract related to work on the Individual Plan Marketplace request for proposal project. At today's meeting, Ms. Foster provided the correct contract effective date of December 15, 2017.

18-13

It was moved by Elizabeth Rogers and seconded by Annette Cain-Darnes to approve the addendum to the Keenan & Associates' annual contract, effective December 15, 2017, for work related to the Individual Plan Marketplace Request for Proposal project at a cost of up to $32,500. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Levy, Reilly, Rogers, Walker*), 0 no, and 0 abstentions.

Staff presented the year-to-date Budget vs. Actual Operating Expense Report. As of November 30, 2018, actual expenses were $2,855,240 under budget. Budget surpluses noted were Staffing ($1,353K under budget) with 12 unfilled positions, Staff Development ($364K under budget), Professional Fees ($395K under budget), Office Expense ($140K under budget), Insurance ($119K under budget), Member Services ($137K under budget), Systems ($205K under budget), and Board Expenses ($134K under budget).

Staff presented the proposed 2018 Operations Committee work plan.

Staff presented and discussed the quarterly reports on overpayments due to retiree deaths, staff errors, and active member under and overpayments. Trustees provided recommendations to staff regarding a current year audit and ensuring system checks and balances for the Medicare Part B Reimbursement benefits.

On Information Item #3, trustees provided recommendations to staff regarding a current year audit and ensuring system checks and balances for the Medicare Part B Reimbursement benefits.

18-14

It was moved by Elizabeth Rogers and seconded by Dale Amaral that the Board approve the January 10, 2018 Operations Committee minutes. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Levy, Reilly, Rogers, Walker*), 0 no, and 0 abstentions.

Retirees:

Nancy Reilly reported that the Retirees Committee met on January 10, 2018, at 2:13 p.m. and highlighted the following:

Staff provided a proposed 2018 Retirees Committee Work Plan highlighting that Staff suggested 1) cancelling the March meeting since there are no critical/substantive agenda items, and 2) providing the health care reform update report under the miscellaneous updates agenda item when there is information to present. The Trustees did not object to Staff's proposals.

Staff and Keenan & Associates, ACERA's Benefits Consultant, provided an update on the retiree individual medical plan marketplace request for proposal project, including an updated timeline and a list of potential vendors that could provide the requested services.

Staff reported that the 2017 Form 1099-R is scheduled to be mailed to retirees the week of January 22nd, prior to the IRS deadline of January 31st.

Staff provided Retiree Health Fair survey results and information on the Plan Year 2018 Open Enrollment activity for ACERA and OneExchange.

Staff reported that OneExchange will be sending its first communication piece on March 1, 2018, notifying ACERA retirees of its branding name change from OneExchange to Via Benefits™.

18-15

It was moved by Nancy Reilly and seconded by Ophelia Basgal that the Board approve the January 10, 2018 Retirees Committee minutes. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Levy, Reilly, Rogers, Walker*), 0 no, and 0 abstentions.

OLD BUSINESS

None.

NEW BUSINESS

Consideration Alameda Health System's Request to Conduct an Actuarial Study and Change ACERA's Current Methodology

ACERA Chief Executive Officer, Dave Nelsen provided background information regarding Alameda Health System's (AHS) requests regarding ACERA's current practice of apportioning the Unfunded Actuarial Accrued Liability (UAAL) amongst the Participating Employers (PE). Mr. Nelsen explained that ACERA's current methodology is determined by the percentage of payroll meaning the UAAL is divided between each PE based on the percentage of each PE's own payroll.

AHS claims that due to the growth in its payroll over the last decade, which AHS believes is an outsized amount compared to the other PEs, that ACERA's indirect method of apportioning the UAAL requires AHS to pay a higher percentage amount of the UAAL than its active employees actually accrue. For that reason, AHS made two requests. First, AHS requested that the Board approve a study to be conducted by ACERA's Actuary (Segal Consulting), which will be paid for by AHS, to determine AHS's actual liability for its active employees. Mr. Nelsen explained the study would be comprehensive and labor intensive due to the further research Staff would have to perform to obtain and include missing data. It was noted that the issue of the missing data was previously discussed at the June and September 2017 Actuarial Committee meetings. There is also the issue of who is responsible for the pre-separation employee liability as a result of the 1998 separation of the Alameda County Medical Center (ACMC) from the County. It was noted that when the pre-separation employees worked for ACMC, they accrued liability and it would be very difficult to determine whether AHS or the County is responsible for the pre-separation employee liability. AHS believes that the separation agreement between them and the County absolves them from any responsibility regarding the pre-separation employee liability. However, Alameda County disagrees with AHS. Mr. Nelsen explained that before a study can be conducted, the disagreement between AHS and the County must be resolved.

Second, AHS has also requested that ACERA change its policy to move from the current method of UAAL allocation, which is based on the percentage of payroll, to billing AHS based solely on AHS's actual liability. Mr. Nelsen reported that the current methodology has been used since 1948 and is predominately used amongst pension systems across the Country. The current methodology pools the liabilities amongst all the PEs and smooths contribution rate fluctuations based on experience changes with the PEs over time. After Mr. Nelsen's presentation, he recommended that the Board not move forward with the study given the concerns regarding the missing data and because the pre-separation liability issue between AHS and the County is unresolved, as the results of the study would not be able to definitively determine AHS's actual liability. Mr. Nelsen further recommended that the Board not change ACERA's current indirect methodology, as it is actuarially sound and fiscally prudent for all PEs.

Trustees Levy and Walker inquired, and Mr. Nelsen explained, that PEs (AHS) are allowed to terminate from ACERA, but that the termination liability associated with that PE would have to be recovered from the departing PE or assigned to the other PEs. It was noted that if AHS decided to terminate from ACERA, they would most likely need legislative approval. In addition, if AHS decided to conduct its own independent study, it is at their discretion to do so. However, AHS would need the cooperation of ACERA and the County to obtain the missing data to determine the amount of service credit actually accrued by the employees who worked for the ACMC prior to 1998 (pre-separation). It was noted that AHS could chose to seek legal action to obtain the missing data if ACERA and/or the County are unwilling to cooperate.

Trustees Amaral and Cain-Darnes reminded the Board that before a study can be conducted, AHS and the County must come to some type of resolution regarding the interpretation of the language and/or the terms contained in the pre-separation agreement, which may help to determine what liability belongs to whom and to determine what data should be included in the study. ACERA Chief Counsel Kathy Mount explained that the Board's only constitutional legal and fiduciary responsibility is to ensure that it creates and maintains a fiscally sound and prudent policy for all of its stakeholders and to ensure that ACERA has the funding available to meet its obligation to its members. Ms. Mount stated it is at the Board's discretion to make independent determinations regarding what is best for its plan and explained that there are several sources of statutory authority and a master contract between AHS and the County that can be reviewed to determine the obligations between the County and AHS. It was noted that ACERA is not a party to the master contract.

Alameda County Auditor-Controller Steve Manning recited Alameda County Board of Supervisor Wilma Chan's January 16, 2018 Letter supporting the ACERA CEO's position, which reads as follows:

> "The ACERA Board's January 18, 2018 monthly meeting agenda includes as Item 9 consideration of the request by the Alameda Health System (AHS) for further actuarial study and to change ACERA's employer cost allocation methodology from a percentage of payroll to a percentage of liability.
>
> This reaffirms that the County of Alameda supports the ACERA CEO's recommendations in his attached memorandum to your Board dated January 18, 2018, to deny the request by AHS for a further actuarial study and that the ACERA Board exercise its discretion to deny AHS'Ss request for a change to the existing cost allocation methodology. The County as the largest member employer supports ACERA's longstanding cost allocation methodology as actuarially sound and fiscally prudent.
>
> The County appreciates the significant time and effort that ACERA and its actuaries have invested in reviewing and considering the AHS request for a change in cost allocation methodology and now urges your Board to support your CEO's recommendations on this matter.
>
> Thank you for the opportunity to provide written comments on this important issue to all ACERA member employers and plan participants.
>
> Sincerely yours, Wilma Chain, President, Board of Supervisors"

Mr. Manning echoed Supervisor Chan's sentiments contained in Ms. Chan's January 16th Letter by stating that the County as a whole urges the support of the ACERA CEO's recommendations.

AHS General Counsel Michael D. Moye addressed the Board on behalf of AHS and stated that although Mr. Nelsen and Ms. Mount's recommendations and legal analyses were accurate regarding the issues AHS is facing, he disagreed on a few points and presented AHS's position to the Board for its consideration. Mr. Moye pointed out that the initial study appeared to have a $15 million difference between AHS's actual liability and the amount allocated to AHS with respect to the UAAL. The $15 million was based upon assumptions where information was unavailable at the time the study was conducted and stated that the study identified a period of time, and that going forward, under the percentage of payroll methodology, AHS will continue to pay $15 million more annually than what appears to be AHS's actual liability. Mr. Moye noted that the initial study included the following groups: **1*)*** employees who worked for ACMC and continued to work for AHS after its creation and ***2)*** employees who only worked for AHS after its creation, which determined the $15 million difference. However, the study did not include employees who worked for ACMC and retired before AHS was created.

AHS believes that further analyses should be conducted to determine whether or not the $15 million is the correct amount of liability being assessed to AHS due to the use of the current methodology and because of the pre-separation employee issue. AHS also believes the current methodology may not be a reasonable approach in determining AHS's actual liability and recognizes that in a cost-sharing allocation system, which is the methodology adopted and used by ACERA, that there will be cross subsidies amongst the PEs that participate in ACERA's Plan (*i.e.*, the $15 million differential results in a subsidy AHS is required to pay to other PEs).

Mr. Moye suggested that the study could be conducted under the assumption that all the employees who worked for ACMC or AHS be apportioned under the liability of AHS to determine what impact the $15 million difference would have on employees: *1)* who worked for ACMC and continued to work for AHS after its creation and *2)* who only worked for AHS after its creation. Mr. Moye indicated that the Board initially agreed with AHS's request to perform further analyses due to insufficient information contained in the initial study, but when it came down to going forward with AHS's request, AHS began experiencing the issues at hand. Mr. Manning announced that the County never agreed to any data contained in the original study and found that the study was quite flawed on a number of levels. Mr. Moye stressed that a study is required in this instance, and believes the ACERA Board is *obligated* to undertake another study, because the issue before the ACERA Board has circumstances that indicate that a $15 million premium is being paid by one (1) PE (AHS) to subsidize other PEs and it is unclear how the Board can decide the question of whether or not its current methodology should be continued or be changed.

ACERA Legal Dept. Staff will conduct further research to address ACRE President Pete Albert's inquiry regarding whether or not an employer can make an independent decision to withdraw from ACERA or does a withdrawal require employee/member approval.

Mr. Nelsen reported that the original study that was conducted by Segal included a number of assumptions, but was missing information regarding the pre-separation employee liability, as AHS employees were not separately reported to ACERA from the time of separation up to 2001.

ACERA's Actuary Andy Yeung (Segal) explained that the original "point in time" study used data from 2014 where Segal followed certain assumptions to determine which employees belonged to which employer and used that information to divide the liability amongst the PEs. It was noted that AHS had 30% of the salaries for its active employees, but according to the assumptions used in the original study, AHS was only allotted 15% of employee liability. Therefore, the $15 million difference reflects the non-inclusion of the liability calculation for employees who worked for ACMC before the creation of AHS. It was noted that AHS increased its active employees by 10% over the last five years and its payroll increased more than the other PEs. Mr. Yeung reported that Segal could not determine how much of AHS's liability was created due to higher salary increases or because AHS hired new employees. Mr. Yeung responded to Trustee Levy's inquiry stating that the current methodology is fair and reasonable and there is no need to change the current methodology, because all PEs operate under the same cost-sharing, multi-employer Plan wherein all PEs share in the actuarial experience.

So AHS can determine its next steps, Mr. Moye requested that the Board please provide AHS with its rationale if the Board decides not to move forward with conducting another study and/or changing ACERA's current methodology. Mr. Moye stated that if the Board is unwilling to grant AHS's request for another study, AHS will have to take into considerations the issues at hand to determine AHS's next steps (*i.e.*, possible litigation).

18-16

It was moved by Dale Amaral moved and seconded by Ophelia Basgal that for the reasons summarized in the CEO's report and its accompanying materials, the Board adopts Staff's recommendation to deny AHS's request for a further actuarial study and to deny AHS's request that the Board direct the ACERA actuary to change ACERA's long-standing methodology for determining UAAL obligations to be paid by ACERA's Participating Employers. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Levy, Reilly, Rogers, Walker*), 0 no, and 0 abstentions.

David Nelsen, Chief Executive Officer's Report

Mr. Nelsen presented his January 18, 2018, written Chief Executive Officer's Report which provided an update on the following items: ***1)*** Senior Manager Recruitment informing the Board that all vacancies have been filed; ***2)*** Committee/Board Action Items; ***3)*** Conference Schedule; ***4)*** CEO Outreach; and ***5)*** Other Items.

Mr. Nelsen provided an update on the time gap between the Retirees and Operations Committee meetings. Mr. Nelsen reported that in 2017, there were only two (2) instances where the Operations Committee meeting ended significantly before the published start time of the Retirees Committee meeting. Ms. Mount stated that no Committee or Board meeting can start before the noticed start time. This issue will be brought back to the Retirees Committee for it to make a decision to retain or change the current start time.

CONFERENCE REPORTS

None.

ANNOUNCEMENTS

None.

PUBLIC INPUT

None.

BOARD INPUT

Board Chair Tarrell Gamble recognized the passing of ACERA employee Lunelia Tayo and expressed his condolences to her family on behalf of the Board and Staff.

CLOSED SESSION

- Government Code Section 54956.9(d)(1), Existing Litigation. Name of case: *ALAMEDA COUNTY DEPUTY SHERIFF'S ASSOCIATION et al., Plaintiffs and Appellants, v. ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSN. AND BD. OF THE ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSN. et al.*, Case No. A141913.

REPORT ON ACTION TAKEN IN CLOSED SESSION

The Board reconvened into Open Session and announced the following:

The Board provided direction to Staff and Legal Counsel regarding the next steps regarding the *DSA, et al v. ACERA, et al* matter.

ADJOURNMENT

The meeting adjourned at approximately 4:12 p.m.

Respectfully Submitted,

David Nelsen

2/15/18

David Nelsen
Chief Executive Officer

Date Adopted

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

BOWMAN, Rissa R.
Effective: 11/06/2017
Human Resources Services – DEF

CHIN, Parker
Effective: 08/26/2017
Health Care Services Agency

DANBY, Carla C.
Effective: 07/08/2017
Health Care Services Agency

DE ROSA, Katheren
Effective: 06/01/2017
LARPD

DE ROSA, Richard
Effective: 06/03/2017
LARPD

ENQUIST, Sharyn M.
Effective: 06/17/2017
Alameda Health System

EOFF, Donna
Effective: 07/15/2017
Community Development Agency

GONZALES, Donna
Effective: 05/06/2017
Alameda Health System

HARRISON, Brenda
Effective: 06/04/2017
Alameda Health System

HENDRICKSON, Elizabeth A.
Effective: 07/12/2017
Superior Court

HUTTON JR., Alonzo
Effective: 10/06/2017
Non-Member (Spouse of Vera Hutton)

JACOBY, Sonya R.
Effective: 09/01/2017
Sheriff's Office – DEF

LIVING HAYNES, Geraldine
Effective: 01/28/2017
Human Resources Services

LOGGINS, L. C.
Effective: 04/01/2017
Community Development Agency

MABINI, Lourdes M.
Effective: 06/03/2017
Information Technology

MARTINEAU, Evan K.
Effective: 09/02/2017
Health Care Services Agency

MCCARTHY, Caitlin
Effective: 07/29/2017
Alameda Health System

MENDOZA, Debra F.
Effective: 11/01/2017
Probation – DEF

MOUTON, Elva
Effective: 09/09/2017
Health Care Services Agency

PANGASNAN, Annie S.
Effective: 04/01/2017
Sheriff's Office

TAYLOR, James
Effective: 07/29/2017
Alameda Health System

APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT

BRUNER, Kaitlin L.
Social Services Agency
Effective: 10/06/2017

CABERA, Stephanie A.
Community Development Agency
Effective: 10/04/2017

FINLINSON, Wade
General Services Agency
Effective: 08/18/2017

KABILING, Elaine J.
Superior Court
Effective: 09/05/2017

PERRY, Thomas A.
Sheriff's Office
Effective: 10/27/2017

ROBERTS, Nicholas S.
Auditor Controller
Effective: 10/27/2017

SANDLER, Janine D.
Health Care Services agency
Effective: 09/08.2017

SPENCER, Shalom
Alameda Health System
Effective: 09/22/2017

STARLING, Faylaizia L.
Community Development Agency
Effective: 10/13/2017

STINSON, Shelley L.
Health Care Services Agency
Effective: 11/30/2017

STONE, Lance R.
Alameda Health System
Effective: 11/17/2017

APPENDIX B-1
APPLICATION FOR NON-VESTED DEFERRED

CALIMERIS, Roxanne A.
Social Servies Gency
Effective: 09/29/2017

CARNAHAN, Cassie L.
Social Services Agency
Effective: 12/01/2017

CROCKETT, Melissa L.
County Administrator
Effective: 08/25/2017

GRANT-SMITH, Rakia V.
County Counsel
Effective: 10/06/2017

JUAN, Beverly J.
Health Care Services Agency
Effective: 11/30/2017

LAWSON, Gregory O.
Treasurer-Tax Collector
Effective: 08/18/2017

LYNCH, Anna Marie
Social Services Agency
Effective: 08/24/2017

ROAN, Fred
Alameda Health System
Effective: 08/17/2017

TRUONG, Vu
Alameda County Retirement Association
Effective: 09/22/2017

WEST, Justin A. J.
Zone 7
Effective: 10/02/2017

WINSTON, Alexandra B.
Health Care Services Agency
Effective: 11/22/2017

APPENDIX D
LIST OF DECEASED MEMBERS

ARNOLD, Mildred D.
Alameda County
11/28/2017

BRADSTREET, Diana
Alameda County Medical Center
11/30/2017

COOK, Montford G.
Non-Member Survivor of Thelma Cook
12/19/2017

DAVIS, Fred H.
Public Works Agency Maintenace & Operations
12/11/2017

GOODMAN, Leland R.
Alameda County
12/17/2017

HARIAN, Connie J.
Alameda County
10/21/2017

HAUGNER, Rita
Non-Member Survivor of Richard Haugner
12/26/2017

HOESCHEN, Kenneth J.
Alamda County
11/09/2017

JOHNSON, L. Kay
Non-Member Survivor of Thomas Pierce
11/24/2017

LIAO, D. Y.
Alameda County
11/05/2017

MC GARRY, Joseph T.
Non-Member Survivor of Cora Mc Garry
11/15/2017

NAVONE, Dick L.
Alameda County
07/10/2017

SETO, Ruth
Alameda County
11/14/2017

SINEX, Joan
Alameda County
11/19/2017

SMART, Jean E.
Non-Member Survivor of Edwerad Smart
11/19/2017

STORMS, Burney L.
General Services Agency
07/17/2017

THOMAS, John
Alameda County
11/19/2017

TRUEX, Paul
Alameda County
11/19/2017

WIEGARDT, Alfred
Alameda County
11/25/2017

WILSON, Clementine
Alameda County
11/17/2017

WOLFE, Irene
Alameda County
12/06/2017

ZANDER, Henry
Alameda County
11/28/2017

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: **Adams, Eric**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. Adams's application for a service connected disability and requiring future annual medical examinations and questionnaires.

Name: **Bobino, Twila**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in the Medical Advisor's report, including but not limited to, granting Ms. Bobino'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 Ms. Bobino's ability to determine the permanency of her incapacity, to deny Ms. Bobino's request for an earlier effective date.

Name: **Lucas, Kelli**
Type of Claim: Non-Service Connected

Staff's Recommendation:

Approve the recommendation contained in the Medical Advisor's report, including but not limited to, granting Ms. Lucas's application for a non-service connected disability and waiving future annual medical examinations and questionnaires at this time.

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: **Schlegel, Mark**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. Schlegel's application for a service connected disability. Since Mr. Schlegel 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 Mr. Schlegel's ability to determine the permanency of his incapacity, to grant Mr. Schlegel's request for an earlier effective date.