



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

Thursday, February 15, 2018

Chair Tarrell Gamble called the meeting to order at 2:01 p.m.

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

Trustees Excused: Ophelia Basgal
Keith Carson

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

18-17

The minutes of the regular meeting January 18, 2018, were accepted on a motion, by Elizabeth Rogers, seconded by Henry Levy, and approved by a vote of 6 yes (*Amaral, Cain-Darnes, Gamble, Levy, Rogers, Wood*), 0 no, and 1 abstention (*Koppenhaver*).

CONSENT CALENDAR

REPORTS AND ACTION ITEMS

APPLICATION FOR SERVICE RETIREMENT

Appendix A

APPLICATION FOR RETIREMENT, DEFERRED

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APPLICATION FOR DEFERRED TRANSFER

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LIST OF DECEASED MEMBERS

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

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APPLICATION FOR DISABILITY RETIREMENT – NON-CONTESTED ITEMS:

Appendix F

APPLICATION FOR DISABILITY RETIREMENT – HEARING OFFICER RECOMMENDATIONS

Appendix G

APPROVAL COMMITTEE MINUTES

None

MISCELLANEOUS MATTERS:

None

18-18

It was moved by George Wood, seconded by Elizabeth Rogers, and approved by a vote of 6 yes (*Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, 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 **February** Committee meeting minutes are posted on the ACERA website (www.acera.org) after approval at the **February 15, 2018**, Board meeting. This month's Committee reports were presented in the following order:*

Operations:

Dale Amaral reported that the Operations Committee met on February 7, 2018, at 9:33 a.m. and highlighted the following:

Staff presented a review of the *Board Business and Travel Policy*. After reviewing the policy, staff had two substantive changes; automatic fixed percentage increase to annual allocation, and review the policy on a three-year cycle. Trustees discussed the policy and recommended additional changes. The revised policy incorporating all Trustee comments is attached to these minutes.

At today's Board meeting, Chief Counsel Kathy Mount noted that there was an additional revision to the policy which was inadvertently left out of the policy presented to the Board, and which should state: "The allotment for each Trustee shall automatically increase by the Consumer Price Index (CPI) for the greater San Francisco area effective January 1 of each year subject to budgetary constraints."

18-19

It was moved by Dale Amaral and seconded by George Wood that the Board approve the *Board Travel Policy* with the suggested revisions, as recommended by Staff and the Committee. The motion carried 7 yes (Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood), 0 no, and 0 abstentions.

Staff presented a review of the *Trustee Education Policy*. The only substantive change was to review the policy on a three-year cycle instead of every year. The revised policy is attached to these minutes.

18-20

It was moved by Dale Amaral and seconded by Henry Levy that the Board approve the *Trustee Education Policy* with the suggested revisions, as recommended by Staff and the Committee. The motion carried 7 yes (Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood), 0 no, and 0 abstentions.

Staff presented a summary of the annual discharge of uncollectable receivables due to death for the 2017 financial reporting period. The sum of discharge for the 2017 financial reporting period is \$648.12.

18-21

It was moved by Dale Amaral and seconded by Elizabeth Rogers that the Board approve the discharge in the amount of \$648.12. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Staff presented the Unaudited Financial Statement for the period ending December 31, 2017. Staff stated the net position held in trust for pension benefits totaled \$8.1 billion. The fiduciary net position held in trust compared to the same period in 2016 increased by \$1.147 million. The year-over-year change in net position increased about \$822 million.

Staff presented the year-to-date Budget vs. Actual Operating Expense Report. As of December 31, 2017, actual expenses were \$2,803,263 under budget. Budget surpluses noted were Staffing (\$1,583K under budget) with 13 unfilled positions, Staff Development (\$308K under budget), Professional Fees (\$268K under budget), Office Expense (\$156K under budget), Insurance (\$123K under budget), Member Services (\$123K under budget), Systems (\$57K under budget), and Board Expenses (\$129K under budget).

Staff presented the Actual Negative Cash Position for 2017. For the year ending December 31, 2017, with the exception of the two three-pay-period months, the average monthly negative cash position for the period is -\$16,068,682.

Staff presented the Board Member Conference and Training Report for the period January 1, 2017 to December 31, 2017. Reported expenses for the period were \$99,170.

Staff presented the Senior Manager Conference and Training Expense Report for the period January 1, 2017 to December 31, 2017. Reported expenses for the period were \$97,897.

Staff presented a sample recommendation report from MMRO, and gave a status update regarding the changes to the disability retirement process. Trustee feedback on the report was positive and there were no suggested changes.

At today's Board meeting, Trustee Amaral reported since the implementation of MMRO's disability retirement process, they have reduced ACERA's retirement disability applications in half and that he has received nothing but positive feedback from members regarding MMRO's process.

Staff reported on the call center service levels for the 4th quarter of 2017.

Darryl Walker requested that PRISM keep the Board updated on current technology based security threats, for ACERA, and other pension systems.

18-22

It was moved by Dale Amaral and seconded by Elizabeth Rogers that the Board approve the February 7, 2018 Operations Committee minutes. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Retirees:

Liz Koppenhaver reported that the Retirees Committee met on February 7, 2018, at 2:13 p.m. and highlighted the following:

Staff provided information regarding the Supplemental Cost of Living Adjustment (COLA) benefit. The Supplemental COLA is provided to retirees who have an accumulated loss of purchasing power of 15% due to inflation. For 2017, there were approximately 328 retirees/payees receiving this benefit at a cost of \$1,229,030.36. Based on the accumulated loss of purchasing power as of December 31, 2017, those Tier 1 members who retired on or before April 1, 1981, and those Tier 2 members who retired on or before April 1, 1998, will receive the Supplemental COLA increase effective with their April 1, 2018 monthly allowance.

18-23

It was moved by Liz Koppenhaver and seconded by Elizabeth Rogers that the Board adopt the Supplemental Cost of Living Adjustment increase for Tier 1 members who retired on or before April 1, 1981, and Tier 2 members who retired on or before April 1, 1998, effective with the April 1, 2018 monthly retirement allowance. This annual supplemental benefit is non-vested and is funded by the Supplemental Retiree Benefit Reserve. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Staff reported that based on information provided by Segal Consulting, ACERA's actuaries, the Cost of Living Adjustment effective April 1, 2018 results in the maximum increase of 3.0% for all Tier 1 and Tier 3 retirees/payees, and all Tier 2 and Tier 4 retirees/payees will receive 2.0%. The Consumer Price Index (CPI) calculation resulted in a change of 2.94%. According to Government Code Sections 31870 and 31870.1, the percentage change should be rounded to the nearest one-half percent, which is 3.00%. The 1% difference between the 3.00% and the 2% maximum COLA adjustment allowed for Tiers 2 and 4 will be banked.

Staff presented information regarding the purpose and plans for ACERA's annual health planning meeting with Trustees, retiree representatives, Benefits Consultants, and the County of Alameda, scheduled for March 15, 2018.

Staff did not have any miscellaneous updates to report.

18-24

It was moved by Liz Koppenhaver and seconded by George Wood that the Board approve the February 7, 2018 Retirees Committee minutes. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Investment:

Elizabeth Rogers gave an oral report stating that the Investment Committee met on February 14, 2018 at approximately 9:30 a.m. p.m. wherein representatives from AQR provided an overview of its Firm and Global Stock Selection Team. AQR also presented its net of fees return since inception in 2000. After discussion, the Committee recommended that the Board adopt an up to \$170 million investment in the AQR Global Stock Selection Institutional Fund, L.P. as a part of ACERA Absolute Return Portfolio – Other Alternatives/Opportunistic.

18-25

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver that the Board adopt an up to \$170 million Investment in the AQR Global Stock Selection (GSS) Institutional Fund L.P. as a part of ACERA's Absolute Return Asset Portfolio – Other Alternative/Opportunistic. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Trustee Rogers further reported that the Committee discussed the following Information items: *1)* 2018 Capital Market Assumptions regarding the 10-year return and risk assumptions regarding its organization, investment philosophy and strategy, portfolio characteristics, performance and return attribution; *2)* review of Capital Group; *3)* review of Mondrian Investment Partners regarding a description of its strategy's investment philosophy and process; and *4)* review of the Proposed Investment Committee Workplan for 2018.

Audit:

Henry Levy gave an oral report stating that the Audit Committee met today at approximately 1:00 p.m. wherein Audrey Elbert and Kenneth Yu of Williams Adley & Company, LLC, presented and discussed the scope of work and timeline of the 2017 external audit. It was noted that Robert Griffin was also in the audience.

18-26

It was moved by Henry Levy and seconded by Elizabeth Rogers that the Board approve the External Audit Scope of Work and Timeline of Services to be performed by Williams Adley & Co. LLP. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Trustee Levy further reported that the Committee reviewed and discussed the following Information items: *1) External Audit: 2018 Audit Committee Work Plan (Proposed); 2) Internal Audit: Annual Risk Assessment; 3) 2018 Internal Audit Program (Proposed); and 4) Completed Audits.*

SACRS Proxy Voting

Mr. Nelsen presented his February 15, 2018, memo requesting to vote ACERA's Proxy on behalf of the Board of Retirement at the upcoming State Association of County Retirement Systems (SACRS) Spring Conference Business Meeting. In the event Mr. Nelsen is unavailable to vote on behalf of the Board at the SACRS Business Meeting, ACERA Assistant CEO Kathy Foster is the alternate voting delegate.

18-27

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver that the Board direct the Chief Executive Officer (CEO) to vote ACERA's proxy on behalf of the Board of Retirement at the upcoming SACRS Spring Conference Business Meeting, and designate the ACERA Assistant CEO as the alternate (secondary) voting delegate in the event the CEO is unavailable to vote. The motion carried 7 yes (Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Rogers, Wood), 0 no, and 0 abstentions.

David Nelsen, Chief Executive Officer's Report

Mr. Nelsen presented his February 15, 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 announced that ACERA received the Government Financial Office of Accounting (GFOA) *Certificate for Excellence in Financial Reporting Award* for its 2016 Popular Financial Accounting Report (PAFR), a condensed report containing important information derived from ACERA's Comprehensive Financial Accounting Report (CAFR). It was noted that ACERA also received the GFOA Award for its 2016 CAFR. Mr. Nelsen reminded the Trustees to please submit their completed Form 700s.

Mr. Nelsen announced that Assistant Chief Executive Officer Kathy Foster will be in charge the week of February 19, 2018, as Mr. Nelsen will be out of the Office during that time.

CONFERENCE REPORTS

None.

ANNOUNCEMENTS

None.

PUBLIC INPUT

None.

BOARD INPUT

None.

ADJOURNMENT

The meeting adjourned at approximately 2:27 p.m.

Respectfully Submitted,



David Nelsen
Chief Executive Officer

3/15/18

Date Adopted

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

AZUMA, Chiye
Effective: 06/01/2017
LARPD

MERTENS, Robert T.
Effective: 11/04/2017
Public Defender

BASS, Brenda
Effective: 11/04/2017
Health Care Services Agency

NEMY, Karen D.
Effective: 07/18/2017
Child Support Services

BENKO, Deborah A.
Effective: 10/01/2017
Superior Court - DEF

NICKS-HUNTER, Jacquetta
Effective: 03/30/2017
Social Services Agency

BUGGY, Kevin J.
Effective: 08/12/2017
Sheriff's Office

NIOUS, Debra Y.
Effective: 03/31/2017
Superior Court

CASARES, Jesse
Effective: 11/02/2016
Probation

PEREZ, Edward G.
Effective: 07/15/2017
Public Works Agency

CHAN, Barney M.
Effective: 08/26/2017
Health Care Services Agency

PULLIAM, Ronald L.
Effective: 07/29/2017
General Services Agency

FENG, Arleen Y.
Effective: 08/10/2017
Public Works Agency

ROSE, Pamela
Effective: 05/26/2017
Alameda Health System - DEF

FRANDO, Teresita S.
Effective: 05/31/2017
Alameda Health System

SIMON, Donald R.
Effective: 12/05/2015
Information Technology

GRAHAM, Dorothy
Effective: 08/01/15
Alameda Health System

TAKIGUCHI, Lael L.
Effective: 09/24/2017
Library

HENDRICKS, Ola
Effective: 09/22/2017
Social Services Agency

TIDWELL, Thomas N.
Effective: 09/23/2017
Public Works Agency

KITCHING, John T.
Effective: 10/07/2017
Human Resources Services

WATKINS, Jessica M.
Effective: 11/01/2017
Public Works Agency – DEF

MCGUINESS, William R.
Effective: 04/01/2017
District Attorney - DEF

WHITE, Corey R.
Effective: 10/14/2017
District Attorney

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

WILLIAMS, Rickey
Effective: 04/01/2017
Alameda Health System

**APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT**

OMOTAYO, Olubukola T.
Alameda Health System
Effective: 10/20/2017

STRUM, Therese K.
Superior Court
Effective: 12/15/2017

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

CANALE, REINA
Superior Court
Effective: 12/06/2017

CONDON, Laura
Alameda Health System
Effective: 10/13/2017

PORRAS, Magdalena M.
Alameda Health System
Effective: 08/18/2017

**APPENDIX D
LIST OF DECEASED MEMBERS**

ATKINS, Ruby
Alameda County
01/18/2018

GOLDEN, Neil L.
Sheriff's Office
01/25/2018

BORROFF, Nancy A.
Alameda County
03/25/2018

GREENBLATT, GIRADA
Alameda County
12/24/2017

BREHMER, Roger
Non-Member Survivor of Nobuko Brehmer
01/26/2018

HALL, Edward A.
Alameda County
01/06/2018

CHUN, Ronald
Alameda County
07/24/2017

JESUITAS, Luvy
Alameda County Medical Center
03/14/2017

COLE, Shirley A.
Non-Member Survivor of Xerxes Cole
12/22/2017

JONES, Terence L.
Sheriff's Office
01/11/2018

CURTIS, Hilda K.
Alameda County
01/17/2018

MALLILLIN, Gloria A.
Alameda County
01/01/2018

DAVIS, Joe M.
Alameda County
12/19/2017

RANLETT, Charles A.
Non-Member Survivor of Maria Ranlett
01/11/2018

DICKEY, Clara L.
Non-Member Survivor of Dean Dickey
10/08/2017

SADLER, Patricia D.
Social Services Agency Workforce
11/03/2017

DIXON JR., James A.
Alameda County
01/08/2018

SCHULLER JR., Henry C.
Alameda County
01/16/2018

FISHER, Leota R.
Alameda County
01/11/2018

SILVA, Irma B.
Alameda county
01/13/2018

FORD, Jewell
Non-Member Survivor of Don Ford
01/06/2018

SMITH, Larry G.
Alameda County
02/25/2017

STRONG, Lucille
Non-Member Survivor of Ernest Strong
01/20/2018

APPENDIX F

APPLICATION FOR DISABILITY RETIREMENT

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

Name: Lacap, Virgilio
Type of Claim: Non-Service Connected

Staff's Recommendation:

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

Name: Llamas, Jose
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. Llamas's application for a service connected disability. Since Mr. Llamas is over 55 years old, future annual medical examinations and questionnaires will not be required.

Name: St. Denis, Jared
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. St. Denis's application for a service connected disability and waiving future annual medical examinations and questionnaires at this time.

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