



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
MINUTES

Thursday, March 20, 2014

Chair Annette Cain-Darnes called the meeting to order at 2:00 p.m.

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

Trustees Excused: Keith Carson

Staff Present: Margo Allen, Fiscal Services Officer
Victoria Arruda, Human Resources Officer
Vincent Brown, Chief Executive Officer
Kathy Foster, Assistant Chief Executive Officer
Harsh Jadhav, Internal Auditor
Rose Kwong, Benefits Manager
Marguerite Malloy, Associate Counsel
Martha Richardson, Executive Secretary
Betty Tse, Chief Investment Officer
Latrena Walker, Project and Information Services Manager

Annette Cain-Darnes opened the meeting and announced that Martha Richardson, Executive Secretary, retired, effective immediately, after 31 years of County service and 16 years with ACERA. Ms. Cain-Darnes, and on behalf of the Board, thanked Ms. Richardson for all her support to the Board and stated that she will be missed.

14-24

The minutes of the regular meeting of February 20, 2014 were accepted, with revisions, on a motion by George Dewey, seconded by Dale Amaral and approved by a vote of 7 yes (*Amaral, Basgal, Cain-Darnes, Dewey, Rogers, White, Wood*), 0 no, and 1 abstention (*Koppenhaver*).

**CONSENT CALENDAR
REPORTS AND ACTION ITEMS**

The Board removed the February 20, 2014 Actuarial Committee minutes from the March 20, 2014 Consent Calendar and voted/approved all other items in the Consent Calendar. The Revised February 20, 2014 Actuarial Committee minutes will be brought back to the April 17, 2014 Board meeting for consideration.

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

DISABILITIES STATUS REPORT

APPROVAL OF COMMITTEE MINUTES

February 20, 2014 Actuarial Committee Minutes

It was moved by Ophelia Basgal, seconded by Liz Koppenhaver, and approved by a vote of 7 yes (*Amaral, Basgal, Cain-Darnes, Dewey, Koppenhaver, White, Wood*), (*Rogers recused*), 0 no, 0 abstentions, that the following resolution is adopted:

14-25

BE IT RESOLVED BY THIS BOARD that the Consent Calendar, is approved as presented, with the exception of the February 20, 2014 Actuarial Committee minutes.

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 **March** Committee meeting minutes are posted on the ACERA website (www.acera.org) after approval at the **March 20, 2014** Board meeting. This month's Committee reports were presented in the following order:*

Operations:

Dale Amaral reported that the Operations Committee met on March 5, 2014 at 9:30 a.m., and highlighted the following:

Rose Kwong, Benefits Manager, presented a request from Alameda County to review new pay item – Lead & Training Responsibility – SCADA System – Code 40Y.

After staff's evaluation, it was determined since Pay Code 40Y is for one member in this classification it will not be considered pensionable compensation, according to Government Code Section 7522.34 which applies to new members (PEPRA members) as of January 1, 2013. However, it will be considered compensation earnable for members (legacy members) with entry dates prior to January 1, 2013 based on Government Code Section 31461.

14-26

It was moved by Dale Amaral and seconded by Elizabeth Rogers that the Board approve the non-inclusion of the newly created pay item Lead & Training Responsibility – SCADA System – Pay Code 40Y in pensionable compensation for a member (PEPRA member) with an entry date on or after January 1, 2013. The motion carried 8 yes (Amaral, Basgal, Cain-Darnes, Dewey, Koppenhaver, Rogers, White, Wood), 0 no, 0 abstentions.

14-27

It was moved by Dale Amaral and seconded by Elizabeth Rogers that the Board approve the inclusion of the newly created pay item Lead & Training Responsibility – SCADA System – Pay Code 40Y in compensation earnable for a member (legacy member) with an entry date prior to January 1, 2013. The motion carried 8 yes (Amaral, Basgal, Cain-Darnes, Dewey, Koppenhaver, Rogers, White, Wood), 0 no, 0 abstentions.

Rose Kwong, Benefits Manager, presented a request from Alameda County to review new pay item Lead – Procurement & Contracts Unit – Code 40Z.

After staff's evaluation, it was determined since Pay Code 40Z is for more than one member in this classification, it will be considered compensation earnable for members (legacy members) with entry dates prior to January 1, 2013 based on Government Code Section 31461 and pensionable compensation for members (PEPRA members) with entry dates on or after January 1, 2013 in accordance with Government Code Section 7522.34.

14-28

It was moved by Dale Amaral and seconded by Elizabeth Rogers that the Board approve the inclusion of the newly created pay item Lead – Procurement & Contracts Unit – Code 40Z in compensation earnable and pensionable compensation for members with entry dates before and on or after January 1, 2013. The motion carried 8 yes (Amaral, Basgal, Cain-Darnes, Dewey, Koppenhaver, Rogers, White, Wood), 0 no, and 0 abstentions.

Margo Allen, Fiscal Services Officer, discussed the draft Cash Management Policy and gave a demonstration of the Cash Forecasting Tool, which included a negative cash flow analysis and system stress test scenario.

Margo Allen, Fiscal Services Officer, presented the year-to-date operating expenses – budget vs. actual. As of January 31, 2014 actual expenses are \$234,001 under budget.

Kathy Foster, Assistant CEO, explained that in order for ACERA to remain a qualified plan under the IRS rules, ACERA is required to implement a sufficient break in service rule that applies to both safety and general members. PEPRA requires that general members take a 180 day break in service before a retiree can return to work. Since PEPRA does not address safety members, ACERA is proposing a 90 day break in service before a safety retiree can return to work, effective April 1, 2014.

14-29

It was moved by Dale Amaral and seconded by Elizabeth Rogers that the Board approve the March 5, 2014 Operations Committee minutes. The motion carried 8 yes (Amaral, Basgal, Cain-Darnes, Dewey, Koppenhaver, Rogers, White, Wood), 0 no, and 0 abstentions.

Retirees:

Liz Koppenhaver noted that the Retirees Committee met on March 5, 2014 at 10:50 a.m., and highlighted the following:

There were no action items.

Kathy Foster, Assistant Chief Executive Officer, provided information on the legal analysis of the history of the Retired Member (Lump Sum) Death Benefit (Death Benefit) amount along with the applicable Government Code (GC) sections, concluding that due to the adoption of GC §31789.12 by the Board of Retirement in 1992, the vested Death Benefit amount should be \$1,000.00 not \$750.00 as previously provided. She reported that Staff will begin paying the correct amount effective April 1, 2014 and make retroactive payments of \$250.00 for retiree deaths that occurred as of January 1, 2013.

Kathy Foster, Assistant Chief Executive Officer, reported that the Board of Retirement, at its February 20, 2014 meeting, approved dispersing the Death Burial Benefit Reserve as excess earnings in ACERA's next available interest crediting cycle. At the April Retirees Committee meeting, Staff will provide information on the amounts credited to reserves, including the Supplemental Retiree Benefit Reserve (SRBR).

Sharen Stanek-Lowe, Assistant Benefits Manager, gave a report on ACERA's Wellness Program, which included the results of the Bio-metric screenings from ACERA's Retiree Health Fair, the focus of the 2014 Wellness Program, and upcoming wellness events.

Sharen Stanek-Lowe, Assistant Benefits Manager, provided an update on the Health Reimbursement Arrangement (HRA) claims for 2013 that have been paid through January 31, 2014. She also reported that with respect to the bills Kaiser Permanente sent to the 200 affected ACERA members who were under charged, Kaiser will not initiate collection procedures if the member does not remit payment. In addition, Sharen provided a breakdown of the average monthly supplemental cost of living adjustment amounts and number of payees by Tier I and Tier II.

14-30

It was moved by Liz Koppenhaver and seconded by Dale Amaral that the Board approve the March 5, 2014 Retirees Committee minutes, with revisions. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Dewey, Koppenhaver, Rogers, White, Wood*), 0 no, and 0 abstentions.

Investment:

Annette Cain-Darnes noted that the Investment Committee met on March 12, 2014 at 9:31 a.m., and highlighted the following:

SIS's Faraz Shooshani presented the 2014 – 2015 Investment Plan for ACERA's PEARLS Portfolio. As compared to the previous Plan, the new Plan moderates new allocations (in dollars) to private equity and increases the allocation (in dollars) to Alternatives at a slightly faster pace.

14-31

It was moved by George Wood and seconded by Dale Amaral that the Board adopt the 2014 – 2015 Investment Plan for ACERA's PEARLS Portfolio. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Dewey, Koppenhaver, Rogers, White, Wood*), 0 no, and 0 abstentions.

ISS and Staff recommended updates to the ACERA Proxy Voting Guidelines to reflect current proxy voting issues by aligning with the ISS Benchmark Proxy Voting Policy. ISS's representatives described enhancements to sections on election of directors, proxy voting disclosure, and executive and director compensation.

14-32

It was moved by George Wood and seconded by George Dewey that the Board adopt the amended ACERA Proxy Voting Guidelines and Procedures. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Dewey, Koppenhaver, Rogers, White, Wood*), 0 no, and 0 abstentions.

SIS and Staff reviewed the PEARLS Policy and proposed no changes to the Policy.

SIS's Patrick Thomas gave the presentation offering an overview of portfolio overlay strategies and the ways investors employ such strategies. He also said that SIS and Staff intend to conduct an informal search to find the top overlay strategy providers for consideration by the Committee.

ACERA's total Fund returned 6.0 % (gross) in the fourth quarter of 2013 and 20.2% for the whole year

As of 12/31/2013, the market value of the total Fund was over \$6.6 billion.

For the quarter, ACERA's U.S. equity, international equity, fixed income, and real return pool asset classes returned 10.0%, 5.7%, 0.8%, and -0.7% (gross), respectively.

ACERA's real estate portfolio returned 3.4% (gross) for Q4 2013 and 14.2% for the whole year.

As of 12/31/13, the total market value of ACERA's real estate portfolio was about \$427.7 million; approximately 6.4% of ACERA's total Fund.

14-33

It was moved by George Wood and seconded by George Dewey that the Board approve the March 12, 2014 Investment Committee minutes. The motion carried 8 yes (Amaral, Basgal, Cain-Darnes, Dewey, Koppenhaver, Rogers, White, Wood), 0 no, and 0 abstentions.

NEW BUSINESS

GFOA Presentation:

Margo Allen, Fiscal Services Officer, introduced Herbert Pike, Director of Finance and GFOA Northern California Representative. Mr. Pike presented the *GFOA Award of Excellence* to ACERA for its outstanding work on the 2013 CAFR Project. Mr. Pike specifically thanked Hermella Getachew, Project Manager, and Nora Murai-Pavon, Administrative Assistant, who led the Project.

Vince Brown, Chief Executive Officer's Report

The CEO reported on the following items:

- Congratulated Martha Richardson on her retirement and thanked her for all of her hard work as the Executive Secretary during his tenure as the Chief Executive Officer and that she will be missed.
- New Budget Committee meeting scheduled for April 2, 2014 at 1:30 p.m.
- Attended the ACRE and REAC Luncheons
- Met with the Susan Muranishi, County Administrator, to schedule a Joint Board of Retirement and Board of Supervisors meeting.
- Acknowledged the passing of Joe Dear, CalPERS Chief Investment Officer. Mr. Brown stated that Mr. Dear was a leader in the public pension fund arena and that he will be missed.

PUBLIC/BOARD INPUT

After an inquiry by an audience member regarding new health insurance requirements, Kathy Foster, Assistant Chief Executive Officer, explained that ACERA is exploring whether the use of a private exchange could be a cost effective vehicle to facilitate providing medical coverage for ACERA's Retiree Group. Staff will provide a complete comprehensive analysis report, which will be available at the May 7, 2014, Retirees Committee meeting.

Pete Albert thanked Vince Brown, Chief Executive Officer, for attending and serving as a speaker at the ACRE Luncheon.

Annette Cain-Darnes reported that as of February 2014, ACERA's total fund value ~~is~~ was at \$6.7 billion, and for that period, ACERA was performing at 3.96% per month. George Wood congratulated the Investment Staff for a job well done.

ESTABLISHMENT OF THE NEXT MEETING

Thursday, April 17, 2014 at 2 p.m.

ADJOURNMENT INTO CLOSED EXECUTIVE SESSION

1. Conference with Legal Counsel-Existing Litigation: The Board will convene into Closed Session pursuant to Government Code §54956.9(a) to confer with legal counsel regarding pending litigation in matter of:

1) DSA v. ACERA, Case No.: RG12658890

2. Conference with Legal Counsel – Anticipated Litigation

Significant exposure to litigation pursuant to Government Code §54956.9
(1 case)

**RECONVENE INTO OPEN SESSION TO REPORT ON ACTION TAKEN IN
CLOSED EXECUTIVE SESSION:**

The Board reconvened into Open Session and announced the following:

The Board reported that it adopted the Investment Committee’s recommendation to instruct Staff to issue an RFP to identify a Real Estate Investment Consultant.

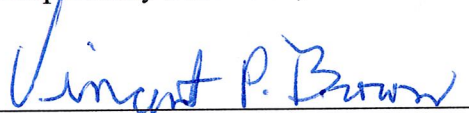
14-34

It was moved by Liz Koppenhaver and seconded by Elizabeth Rogers that the Staff move forward, consistent with the Investment Committee’s recommendation, to instruct Staff to issue an RFP to identify a Real Estate Investment Consultant. The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Dewey, Rogers, Safer, Walker, and White*), 0 no, and 0 abstentions.

ADJOURNMENT

The meeting adjourned at 2:45 p.m.

Respectfully Submitted,



Vincent P. Brown
Chief Executive Officer


Date Adopted

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

ADAMS, Remia J.
Effective: 10/26/2013
Behavioral Health Care Services

KIRKPATRICK, Josephine
Effective: 9/15/2013
Alameda Health System

ALBANES, Olga
Effective: 11/16/2013
Probation - DEF

LIMBRICK, Glinda
Effective: 11/26/2013
Alameda Health System - DEF

ALLEN-HUNT, Ruthanne
Effective: 10/26/2013
Superior Court

LOCOCO, Denise
Effective: 11/23/2013
Human Resource Services

BRUTSCHY, Jennifer S.
Effective: 8/31/2013
Library

MAGADAN, Frank
Effective: 1/23/2014
Alameda Health System - DEF

CAMPBELL, John D.
Effective: 11/13/2013
General Services Agency

MITCHELL, Sheila E.
Effective: 12/10/2013
Probation - DEF

CONLEY, Mark A.
Effective: 9/1/2013
Social Services Agency - DEF

MORGAN, Janice M.
Effective: 12/7/2013
Superior Court

CRESCI, Maria I.
Effective: 11/5/2013
Public Works Agency

NEWHARD-PARKS, Jane
Effective: 8/6/2013
Public Health - DEF

FONG, Debbie J.
Effective: 10/12/2013
Alameda Health System

NICHOLSON, Michael
Effective: 12/27/2012
LARPD

GOLDSBY, Mary N.
Effective: 9/28/2013
Behavioral Health Care Services

NORASINGH, Souchit
Effective: 11/23/2013
Social Services Agency

GRIMES-BEALL, Lorie J.
Effective: 6/7/2013
Child Support Services - DEF

PHOMMACHIT, Simon
Effective: 12/22/2013
Social Services Agency - DEF

HANCOCK, Emily
Effective: 7/20/2013
Superior Court

PUNZALAN, Zenaida A.
Effective: 11/23/2013
Social Services Agency

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

RODGERS, John B.
Effective: 12/18/2013
General Services Agency - DEF

WANG, Jenny T.
Effective: 12/7/2013
Superior Court

APPENDIX D
LIST OF DECEASED MEMBERS

BENJAMIN, Barbara
1/17/2014
Social Services Agency

KOLANDER, Harry R.
1/31/2014
Public Works Agency

BENNETT, Robert
1/11/2014
Probation

MACCOUN, John
2/6/2014
Public Works Agency - DEF

COLEMAN, Geraldine
1/29/2014
Probation

MC CAIN, Emma
1/24/2014
Survivor of Charles E. Mc Cain

COVARRUBIAS, Tomoe
2/19/2014
Survivor of Jose M. Covarrubias

MC CLUSKEY, Jane F.
1/19/2014
Survivor of Clovis V. Mc Cluskey

DAVIDSON, Eugene T.
2/6/2014
Sheriff's Office

MINERVA, Marina V.
2/5/2014
Alameda Health System

ENOCH, Loren W.
2/8/2014
County Administrator

MONTGOMERY MD, Theodore A.
1/18/2014
Health Care Services Agency - DEF

GOODIN, Claude L
2/6/2014
General Services Agency

MORA, David A.
1/21/2014
Alameda Health System

HUGHES, Antoinette P.
1/18/2014
Superior Court

O' DONNELL, Grace E.
1/29/2014
Health Care Services Agency

KISLING, Earl F.
1/16/2014
Survivor of Wolfgang Sakowski

PANNELL, Ashrious F.
2/13/2014
Sheriff's Office

**APPENDIX D
LIST OF DECEASED MEMBERS**

PROCTOR, Judith A.
2/21/2014
Social Services Agency

SMITH, Sirrah L.
1/28/2014
Alameda Health System

REINER, Margaret
2/22/2014
Survivor of Royal M. Reiner

STEWART, Shirley N.
12/20/2013
Probation - DEF

ROOT, Elizabeth A.
2/6/2014
Survivor of Grosvenor T. Root

TERRY, Iris M.
2/10/2014
Alameda Health System

SIMON, Evie E.
12/23/2013
Survivor of Theodorus W. Simon

TOCCI, Mary-Jane
2/15/2014
District Attorney

**APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT**

Name: **Habteselassie, Kidane**
Type of Claim: **Service Connected**

Staff's Recommendation:

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

Name: **Zenaida Pantonial**
Type of Claim: **Non-Service Connected**

Staff's Recommendation:

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