



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

---

**Thursday, May 25, 2017**

Chair Dale Amaral called the meeting to order at 2:03 p.m.

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

Trustees Excused: Ophelia Basgal  
Keith Carson  
Elizabeth Rogers

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

**17-44**

**The minutes of the regular meeting of April 20, 2017, were accepted on a motion by George Wood, seconded by Henry Levy, and approved by a vote of 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.**

**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 COMMITTEE MINUTES**

*April 20, 2017 Audit Committee Minutes*

**MISCELLANEOUS MATTERS:**

*None*

**It was moved by Darryl Walker, seconded by George Wood and approved by a vote of 6 yes (*Cain-Darnes, Gamble, Koppenhaver, Levy, Walker, Wood*), 0 no, 0 abstentions, that the following resolution is adopted (*Dale Amaral recused because one of the consent calendar items involved his employing Department*):**

**17-45**

**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 April/May 2017 Committee meeting minutes are posted on the ACERA website (www.acera.org) after approval at the May 25, 2017, Board meeting. This month's Committee reports were presented in the following order:*

#### ***Investment:***

Annette Cain-Darnes reported that the Investment Committee met on May 10, 2017, at 9:33 a.m. and summarized certain aspects of the minutes. The complete Investment Committee minutes read as follows:

Representatives from Next Century Growth (NCG) presented its organization, history, performance, and projections for the short and long term. The representatives discussed with Trustees the recent economic environment and how it impacted the performance of NCG, while giving examples of what's happening in the current environment that are expected to have a positive effect on the named account.

According to NCG, their most recent year to date performance numbers as of May 5, 2017 was 14.63%, relative to the R2000 growth index of 7.30%. However, as of March 31, 2017, NCG Small Cap portfolio underperformed its benchmark, the Russell 2000 Growth + 250, by 9.15%, 8.51%, and 4.62% gross of fees for the time periods 1 Year, 5 Years, and 10 years, respectively.

Staff and Verus recommended that the Committee authorize a search for a U.S. Small Cap Growth Equity manager for ACERA based upon the rationale stated in their respective memos. When the Workplan permits, Staff will present to the Board a proposed Search Methodology, Timeline, Search Criteria, and Evaluation Matrix.

#### **17-46**

**It was moved by Annette Cain-Darnes and seconded by Liz Koppenhaver that the Board authorize a Search for a U.S. Small Cap Equity Growth Manager. The motion carried 7 yes (Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Walker, Wood), 0 no, and 0 abstentions.**

Representatives from Verus led the Committee in a discussion about the active management environment. It has been more than a year ago that Verus proposed and the Board adopted the current U.S. Equity Manager Structure and stated they would bring the topic back to the Investment Committee.

In seeking input from the Committee, Verus suggested the Committee may want to increase its allocation to large cap passive, as well as adjusting the allocations to the small cap sub-asset category in favor of large cap passive.

The Committee inquired about investment processes and provided some individual comments. The Committee also asked Verus to work with Staff to make any appropriate recommendations regarding potential changes to the U.S. Equity Manager Structure for the Committee to entertain.

Verus representatives presented a review of ACERA's Emerging Investment Manager (EIM) Program and its structure, which are in compliance with the EIM Policy. Verus and Staff discussed ACERA's current implementation of the Emerging Investment Manager Program and suggested possible considerations to include exposure to less efficient asset classes. For example, U.S. Small Cap equities and International equities.

The Committee provided some individual comments, and instructed Verus and Staff to make any appropriate recommendations to potentially enhance the EIM structure, consistent with the spirit of the EIM Policy.

Dave Nelsen, ACERA's Chief Executive Officer, introduced Henry Levy, the recently appointed Treasurer of Alameda County.

Betty Tse, ACERA's Chief Investment Officer informed the Committee that NEA 16 had approved the preferred full allocation of \$15m as ACERA's commitment.

**17-47**

**It was moved by Annette Cain-Darnes and seconded by Liz Koppenhaver that the Board approve the May 10, 2017, Investment Committee minutes. The motion carried 7 yes (Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Walker, Wood), 0 no, and 0 abstentions.**

It was noted at today's meeting that the search for a U.S. Small Cap Equity Growth Manager will take place in the early part of 2018.

***Actuarial:***

Dale Amaral reported that the Actuarial Committee met on May 10, 2017, at 1:02 p.m. and highlighted the following:

ACERA staff and representatives from Segal Consulting discussed staff's recommendation that the Committee adopt the Actuarial Valuation and Review as of December 31, 2016. Trustees asked if the Participating Employers had any questions regarding the discussion of the valuation at the April 27, 2017 Participating Employers' meeting. Staff stated there were no questions and the employers were generally satisfied with proposed rates.

Staff recommended that the Actuarial Committee recommend to the Board of Retirement that the Board adopt the Actuarial Valuation and Review as of December 31, 2016, including the employer and employee contribution rates.

**17-48**

**It was moved by Dale Amaral and seconded by George Wood that the Board that the Board adopt the Actuarial Valuation and Review as of December 31, 2016, including the employer and employee contribution rates. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.**

**17-49**

**It was moved by Dale Amaral and seconded by Annette Cain-Darnes that the Board approve the May 10, 2017, Actuarial Committee minutes. The motion carried 7 yes (*Amaral, Cain-Darnes, Carson, Gamble, Koppenhaver, Walker, Wood*), 0 no, and 0 abstentions.**

***Audit:***

Tarrell Gamble gave an oral report stating that the Audit Committee met today at approximately 1:00 p.m.

ACERA's External Auditors Williams Adley & Company and ACERA Fiscal Services Officer Margo Allen presented and discussed the December 31, 2016, audited Financial Statements and Independent Auditors' Report. The date for the audited Financial Statements was listed incorrectly on the May 25, 2017 Board agenda, which read: December 31, 2015. The date has been corrected in the following motion:

**17-50**

**It was moved by Tarrell Gamble and seconded by Liz Koppenhaver that the Board accept and file the December 31, 2016, audited Financial Statements and Independent Auditors' Report. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.**

ACERA's Actuary Segal Consulting and ACERA Fiscal Services Officer Margo Allen presented and discussed the GASB Statement No. 67 Actuarial Valuation and Addendum as of December 31, 2016.

**17-51**

**It was moved by Tarrell Gamble and seconded by George Wood that the Board adopt the GASB Statement No. 67 Actuarial Valuation and Addendum as of December 31, 2016. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.**

Trustee Gamble reported on the Audit Committee's Information Items stating that the Chief of Internal Audit Harsh Jadhav provided a Progress Report on the 2017 Internal Audit Plan and provided a status update on the completed audits. Trustee Gamble commended Mr. Jadhav, Caxton Fung, and Lyndon Coggin for all of their hard work. It was noted that the audit for Alameda Health Systems will be completed this year and three audits will be conducted in 2018. There was also discussion regarding safeguarding ACERA's assets by conducting an In-House Fraud Training for Staff.

*(Note: The formal written May 25, 2017 Audit Committee minutes will be included for approval on the June 15, 2017 Board Consent Calendar.)*

**BOARD INPUT (Summary of Items):**

ACERA Chief Executive Officer David Nelsen explained that due to the lack of a quorum of the Operations and Retirees Committees and of the Board, no Committee meetings could take place. Trustee Liz Koppenhaver presented the following information that was shared with the Operations and Retirees Committee Chairs and other attendees on May 3, 2017.

**Operations Summary of Items:**

*Quarterly Financial Statement:*

Staff presented the quarterly financial statement for the period ending March 31, 2017. Staff stated the net position held in trust for pension benefits total \$7.3 billion. The fiduciary net position held in trust compared to the same period in 2016 increased by \$686 million. From January 1, 2017, to March 31, 2017, the change in fiduciary net position increased by \$335 million.

*Operating Expenses:*

Staff presented the year-to-date budget vs. actual operating expenses. As of March 31, 2017, actual expenses were \$640,372 under budget. Budget surpluses noted were due to Staffing (\$267K under budget) with 13 unfilled positions and Member Services (\$55K under budget).

*Quarterly Cash Forecast Report:*

Staff presented the cash forecast report for April 2017 – May 2018. With the exception of three-pay-period months, the average monthly negative cash position for the period is, -\$16,062,300.

*Board Member Conference Attendance Report for the 1st Quarter 2017:*

Staff presented the Board Member Conference Attendance Report for the 1<sup>st</sup> quarter 2017.

*Senior Manager Conference and Training Expense Report for 1st Quarter 2017:*

Staff presented the Senior Manager Travel Expense Report for the 1<sup>st</sup> quarter 2017.

*Human Resources Staffing Report for 1st Quarter 2017:*

Staff reported on the 1<sup>st</sup> quarter position vacancies that were approved in the 2017 budget.

*Call Center Report:*

Staff reported on the call center service levels during the 1<sup>st</sup> quarter 2017.

**Retiree Summary of Items:**

*Preliminary Report on Projected Benefit Costs Funded through Supplemental Retiree Benefit Reserve:*

Segal Consulting (Segal), ACERA's Actuary, provided a preliminary report of the Supplemental Retiree Benefit Reserve (SRBR) financial status, which indicates that the terminal year of Other Post-Employment Benefits (OPEB) is projected to be 2039 with full benefits paid through 2038, for a total of 22 full years and one partial year. The terminal year of the SRBR for non-OPEB is projected to be 2034, for a total of 17 full years and one partial year.

Staff stated that the preliminary review of the valuation is based on projections using substantive plan and medical inflation trends. This information is used in the decision making process to set the Monthly Medical Allowance (MMA), and the dental and vision benefit amounts for the 2018 Plan Year. Projections based on the current MMA amounts and the current number of retirees receiving these benefits with cost information will be provided at the June Committee meeting.

Trustees directed Staff to provide an update on the Affordable Care Act vote scheduled to take place in the House of Representatives by the end of the week, and to consider any impacts as a result of the vote to the assumptions to be used in providing recommendations for the MMA and dental and vision benefits for the Plan Year 2018.

*OneExchange 2016 Year End Review and Report on Health Reimbursement Arrangement Account Balances and Reimbursements:*

OneExchange provided information on the 2017 current state related to 1) the implementation of its improvement plan results; 2) open enrollment call statistics for its entire line of business; 3) Medicare; and 4) pre-65 marketplace. In addition, OneExchange provided a statistical overview of ACERA's Medicare and pre-65 enrollment, average premiums, call metrics, carrier selections, Health Reimbursement Arrangement (HRA) account activity; claims information; service levels and satisfaction survey results. Staff also provided information on retirees' 2016 HRA account balances categorized by years of service contribution levels and cost analysis as of March 31, 2017.

*2018 Medical Plans Update/Renewal Requests of ACERA/County of Alameda:*

Staff reported that the April 20, 2017 annual medical plan renewal request letter to the County of Alameda included inquiries related to disease management/wellness, performance guarantees, prescription drugs, and pricing to cover Kaiser Permanente's Silver&Fit<sup>®</sup> Exercise and Healthy Aging Program.

Miscellaneous Updates:

Keenan & Associates (Keenan), ACERA's Benefits Consultant, announced that on March 31, 2017, Keenan was acquired by AssuredPartners (AP). AP is based out of Lake Mary, Florida. Prior to AP's acquisition of Keenan, it had the following:

- approximately 4,000 employees in 37 states
- an office in Canada and London
- approximately \$640 million in annual revenue

AP is interested in Keenan primarily because of its culture and how closely it resembles AP's corporate culture. In addition, AP wants Keenan's public entity and health care expertise. The benefit of the acquisition to Keenan is AP's national network of agencies as a distribution network for Keenan's private label programs.

Keenan reported that there will be no changes in its name or how it interfaces with its current clients. Keenan's Chief Executive Officer will have one of five seats on AP's Board. Keenan will represent about 20% of AP's business nationally.

In response to questions from Trustees, Keenan stated that it 1) does not anticipate any changes in the way it does business as a result of the acquisition; 2) there will be no change to Keenan's CEO or senior staff; 3) there will be no change in Keenan's name, it will remain Keenan & Associates; and 4) AP purchased 170 small insurance agencies over the past eight years.

Keenan introduced Briana Overgaard, Account Manager, a new member of Keenan's account team that will provide support to ACERA's needs.

Staff will provide the standard information related to the projections and costs to set the Monthly Medical Allowance (MMA) for the 2018 Plan Year at the June meeting for discussion, then present MMA information as an action item at the July meeting. Staff requested Trustees to provide feedback if they would like to see any additional information besides that which is normally presented.

**NEW BUSINESS**

Assistant Chief Executive Officer Kathy Foster gave an oral report regarding Pay Item 41T – Zone 7 Treasurer.

**17-52**

**It was moved by Liz Koppenhaver and seconded by George Wood that the Board designate Pay Item 41T – Zone 7 Treasurer 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 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.**



Ms. Foster gave an oral report regarding Pay Item 41S – Overseeing OAP Unit.

**17-53**

**It was moved by Liz Koppenhaver and seconded by Annette Cain-Darnes that the Board designate Pay Item 41S – Overseeing OAP Unit 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 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.**

401(h) Account Resolution Request to ACERA Participating Employers.

**17-54**

**It was moved by Liz Koppenhaver and seconded by Annette Cain-Darnes that after contributions are made to the 401(h) accounts by the respective Participating Employers, ACERA, in accordance with the CERL, treat an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions and transfer the amount equal to the pro rata share of the 401(h) contributions for the 2017-2018 fiscal year for each Participating Employer. The exact amount will be adjusted by the balance remaining in each of the 401(h) accounts and is contingent upon receipt by ACERA of an authorizing resolution from the Participating Employers' governing bodies. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.**

Supplemental Retiree Benefit Reserve Policy Update.

**17-55**

**It was moved by Dale Amaral and seconded by Tarrell Gamble that the Board adopt the revisions to the Supplemental Retiree Benefit Reserve Policy that reflect clarifying language to the Cost-of-Living and Supplemental Cost-of-Living sections. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.**

It was noted at today's Board meeting that the Board was provided with both a redlined and final version of the Supplemental Retiree Benefit Reserve Policy which clarifies the Cost-of-Living section of the Policy.

Benefits Consultant Request for Proposal Results and Recommendations.

**17-56**

**It was moved by Liz Koppenhaver and seconded by George Wood that the Board award a contract for benefits consulting services to the selected firm with the highest rating as a result of the Request for Proposal process. The motion carried 7 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.**

Ms. Foster reported that a panel consisting of ACERA Staff performed its due diligence regarding the Request for Proposal (RFP) Process for the selection of a Benefits Consultant. Staff interviewed, reviewed, and scored the following respondents: *1) Rael & Letson; 2) Wells Fargo; 3) Segal Consulting; and 4) Keenan & Associates*. After discussion, Staff recommended that Keenan be awarded the contract, as Keenan had the highest score and the lowest fee amount. On behalf of retirees, Mr. Pete Albert expressed his appreciation to Staff for hiring Keenan and Associates, as they have been very important and helpful to retirees and have made huge accomplishments working with ACERA.

*Budget Committee Workplan (Information Item).*

Fiscal Services Officer Margo Allen presented the Budget Committee Workplan, which included the following actions items: *1) proposed changes to the 2016 Operating Expense Budget; 2) review, make recommendations and/or provide suggestions for discussion of the proposed 2017 Operating Expense Budget at the Board Off-Site; 3) recommend approval of the 2017 Operating Expense Budget.*

*David Nelsen, Chief Executive Officer's Report*

Chief Executive Officer David Nelsen presented his May 25, 2017, written CEO Report which provided an update on the following items: *1) Senior Manager Recruitment; 2) Committee/Board Action Items; 3) Conference Schedule; 4) CEO Outreach; and 5) Other Items.*

Mr. Nelsen announced that Alameda County Interim Human Resource Services Director Kathy Mount accepted an offer for the position of ACERA Chief Counsel. Ms. Mount introduced herself and stated that she welcomes the opportunity to represent the Board and ACERA by serving as ACERA's Chief Counsel - Board and Staff welcomed Ms. Mount. Mr. Nelsen thanked the ACERA Legal Department Staff and ACERA Outside Counsel Ms. Ashley Dunning, Esq. for their assistance and patience during the recruitment process for a new Chief Counsel.

Mr. Nelsen reported he voted "yes" for the SACRS recommended Slate via ACERA's Voting Proxy at the SACRS Spring Conference Business meeting on May 19, 2017-the recommended Slate was approved by a vote of 12 yes, 7 no.

Mr. Nelsen apologized to the Board because two SACRS Policies: *1) Technical Amendments to the Program Membership (Amendments)*; and *2) the establishment of a Code of Conduct (Code)* were also up for approval at the SACRS Business meeting. However, those Policies were inadvertently omitted from ACERA's Board agenda. It was noted that the two Policies were provided to the Board, along with several other SACRS documents, via email on April 10, 2017. Mr. Nelsen explained that the *Code Policy* is new and outlines the process to be used when SACRS members are not in compliance with the *Code* and any consequences thereof. Mr. Nelsen reported that based on input from ACERA Board Chair Amaral, he voted "yes" on the *Amendments Policy*, but since he had not received the full Board's input on the establishment of the *Code*, he "abstained" from that vote-the *Code* was approved by a vote of 19 yes, 0 no, and 1 abstention (Mr. Nelsen).

## **CONFERENCE REPORTS**

### **Milken:**

Trustee George Wood reported that he attended the annual Milken Conference (Trustees Amaral, Cain-Darnes, and Rogers also attended) and stated it was a fantastic and educational Conference because it provided a "big picture" view of the current state of the economy, finances, investments, etc. It was noted that the speakers ranged from industry experts to politicians such as Jeb and George Bush, former Vice-President Biden, etc. Chair Amaral stated that there were also several educational sessions that could be viewed via Milken's Website and that he attended presentations regarding health, cancer research, and robotics. CEO Chairman Mike Cagney and Co-Founder of SoFI conducted the session on robotics which focused on the state of the microchip 30 years from now. Mr. Cagney opined that the microchip will be one-million times more powerful than it is today, smarter than any human being, and will have a significant impact on our future workforce (a decrease in human resources due to the use of robotics). Chair Amaral recommended that the Board Trustees continue to become educated regarding new technology and the future of the United States.

### **SACRS Spring Conference:**

Trustee Gamble reported that he attended the SACRS Conference for one day, but missed the two-day Sexual Harassment Prevention Training Course. Therefore, ACERA Executive Secretary Angela Bradford will find out how Trustees and Staff can make-up the Training (*e.g.*, online, etc.).

Chair Amaral acknowledged Trustee Liz Koppenhaver for the great job she did serving as moderator for the Disability Investments Session. Chair Amaral stated one of the speaker's, who works for the Central Intelligence Agency (CIA), gave a presentation regarding the New World Order and identified all the current world threats occurring in our Country today. Trustee Nancy Reilly thanked Ms. Dunning, Esq., for the excellent job she did in conducting the Ethics Training Course. Trustee Koppenhaver reported that she attended a couple of sessions wherein the topics of discussion were "Leadership" and "The First One Hundred Days." Trustee Koppenhaver further reported that former Mayor of San Francisco Willie Brown gave a presentation and did an excellent job summarizing every topic of discussion, including the status of our Country's current Administration. It was noted that ACERA Assistant Chief Executive Officer Kathy Foster and ACERA Chief of Internal Audit Harsh Jadhav also conducted sessions and that former ACERA Board Trustee David Safer gave a presentation during the Audit Breakout Session.

**Miscellaneous:**

Trustee Gamble reported that he also attended the National Association of Securities Professionals (NASP), United States Academy International Development (USAID), and Mobilizing Institutional Investors to Develop Africa's Infrastructure (MiDA) Foreign Delegation Conference. Trustee Gamble stated that given ACERA's upcoming Emerging Markets Request for Proposal, the Conference was very informative, as it focused on the investment world outside of the United States; specifically, South Africa. Trustee Gamble stated he will provide a formal report to Staff and to the Investment Committee Chair before the next Investment Committee meeting. Trustee Annette Cain-Darnes reported that citizens from South Africa and other developing Nations were present at some of the Milken Conference Sessions she attended. It was noted that there will be further discussions regarding South Africa at the upcoming NASP Conference on June 26 – 28, 2017.

**CALAPRS:**

Trustee Reilly reported she attended the CALAPRS Overview Course in Retirement Plan Administration and appreciated the opportunity to attend.

**ANNOUNCEMENTS**

None.

**PUBLIC INPUT**

Katherine Adams, retiree and former Alameda County Child Welfare Worker, introduced herself and presented a three-page summary of information regarding a tax issue she has been dealing with for over the past 30 years. Ms. Adams stated that she retired under service connection disability. Ms. Adams said she received a letter from former ACERA Acting General Manager Jim Pilker informing her that her service connected disability benefit allowance income was taxable and for that reason, she started paying taxes on it. However, 10 years later, she said she received another letter from ACERA Staff informing her that her benefit was non-taxable. When Ms. Adams contacted the Internal Revenue Service (IRS) regarding this issue, she said she was told that she would be reimbursed for only three-years' worth of taxes. Subsequently, Ms. Adams requested that ACERA reimburse her for the additional seven years of taxes she paid to the IRS since the letter she received from Mr. Pilker stated her benefit was taxable. Ms. Adams stated she also received information from ACERA Staff regarding her W-2 or W-4 Form, which read: "...the amount of taxable income is not determined." She said she also received information from ACERA Staff stating that her accountant should have known whether or not her benefit was taxable. Ms. Adams then explained that approximately 15 years ago, her attorney filed a lawsuit on her behalf with the Court to try and collect the seven additional years of taxes she paid to the IRS. However, the Court's Judgment was not in her favor. After discussion, Ms. Adams requested that the Board negotiate with her to reach a monetary settlement to cover the seven years of taxes she paid, her attorney's fees, and for loss of personal time. Chair Amaral informed Ms. Adams that the Board could not negotiate with her without the advice of its legal counsel. Therefore, no negotiations took place.

Ms. Foster provided clarification stating that before the implementation of ACERA's PensionGold System in 2001, 1099 Reports stated that for service connected disability income, the benefit taxable amount was "not determined". Ms. Foster explained since there was no Court ruling before PensionGold, Staff could not provide "clear" advice to its members regarding whether or not their benefit was non-taxable and advised that members seek advice from their tax advisors. However, after implementation and receipt of the Court's ruling, 1099 Reports stated that the portion of the service connected disability income that was once taxable, was now non-taxable. For that reason, Staff incorporated that information into PensionGold and sent Ms. Adams, along with other affected retirees, a letter informing her that her income was non-taxable. After discussion, Ms. Foster took Ms. Adams' three-page summary, said she would speak to ACERA Legal Department Staff, and respond back to Ms. Adams and the Board regarding this issue. It was noted that Staff has met with Ms. Adams before. However, Ms. Adams agreed to meet with Benefit Department Staff again today.

It was noted that 1099 Reports currently generated from PensionGold are based on Workers' Compensation rules wherein up to 50% of a member's final average salary for service connected disability income is non-taxable; the remaining is taxable. It was further noted that all non-service connected disability income is taxable. Trustee Annette Cain-Darnes explained that for several years, ACERA's Policy has been that Staff, under no circumstances, is to make any decision regarding members' tax issues and to refer members to their tax advisors.

ACERA retired member Jean Furstoss introduced herself and stated due to the upcoming discussions and approval of ACERA's member medical benefits, she wanted to request the Board's support in favor of Senate Bill (SB) 562, the Healthy California Act (HCA), which is pending Senate approval. Ms. Furstoss made comments from her written notes stating that the Board's endorsement of this Bill is very important, as it is facing well-funded opposition. Ms. Furstoss provided personal information about herself, spoke about the high cost-of-living in the Bay Area, and reported that in January 2017, Kaiser increased its insurance premiums by \$50, which now requires her to pay \$150 per month in insurance premiums. Ms. Furstoss said Kaiser offers good care and it is very expensive. Therefore, she rarely visits Kaiser in order to avoid co-pays and other costs. Ms. Furstoss stated that Kaiser is one of the strongest opponents against the passage of the HCA. It was noted that SB 562 is the best option for Californian residents and for the economy because it would eliminate and/or decrease payment of insurance premiums and/or other costs. Of all the industrial countries, the United States is one of the most expensive health care systems in the World with some of the worst health outcomes. One-third of healthcare cost is paid towards administration. It was noted that in 2013, the salary Kaiser's CEO received was \$1.2 million, the highest executive salary for a non-profit organization. Medicare's administrative costs are approximately 3%. Ms. Furstoss stated that SB 562 will benefit ACERA retirees, as it will provide cost-effective benefits. After Ms. Furstoss finished her presentation, she provided the Board with a sample endorsement letter in support of SB 562 and requested that the Board prepare, sign, and submit a letter to the State Senate (Senator Ricardo Lara) for its consideration.

**ADJOURNMENT INTO CLOSED SESSION:**

Conference with Legal Counsel – Pending Litigation (pursuant to Gov. Code §54956.9(a)):

- *Rivera v. ACERA* (On remand from Alameda County Superior Court Case No. RG15798109, by the Hon. Kimberly E. Colwell’s Order dated November 18, 2017).

**REPORT ON ACTION TAKEN IN CLOSED SESSION**

The Board announced the following in Open Session regarding the *Rivera v. ACERA* matter:

**17-56A**

**It was moved by Liz Koppenhaver and seconded by Annette Cain-Darnes to approve ACERA Board Findings of Fact and Statement of Decision and DENY Ms. Rivera’s application for disability. The motion carried 6 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Wood*), 0 no, 0 abstentions.**

**ADJOURNMENT**

The meeting adjourned at approximately 3:48 p.m.

Respectfully Submitted,



\_\_\_\_\_  
David Nelsen  
Chief Executive Officer

8/18/17

\_\_\_\_\_  
Date Adopted

---

**APPENDIX A**  
**APPLICATION FOR SERVICE RETIREMENT**

---

ANDERSON, Kerri L.  
Effective: 1/10/2017  
LARPD - DEF

KAMAL, Rokeya  
Effective: 11/5/2016  
Superior Court

BRUCKBACK, Josef  
Effective: 12/31/2016  
Social Service Agency - DEF

LA VONNE, Valerie  
Effective: 3/1/2017  
Social Services Agency

CAREY, Stephen M.  
Effective: 4/1/2016  
Sheriff's Office

LEWIS, Linda  
Effective: 1/31/2016  
General Services Agency

CLAYTON, Macle L.  
Effective: 12/1/2016  
Sheriff's Office

LORIG, Milton L.  
Effective: 3/12/2016  
Alameda Health System

COX, Shelley L.  
Effective: 10/1/2016  
Sheriff's Office

MC GEE, Danita A.  
Effective: 3/31/2017  
Probation - DEF

DAHU, Nader M.  
Effective: 10/16/2016  
Public Works Agency - DEF

MICHEL-GONZALEZ, Mary  
Effective: 1/1/2017  
Social Services Agency

EMERSON, Angela T.  
Effective: 9/30/2016  
Alameda Health System

MOLER, Silvia E.  
Effective: 12/31/2016  
Public Health - DEF

GRIFFIN, Dorothy E.  
Effective: 12/31/2016  
Behavioral Health Care Services

PERKINS, Linda M.  
Effective: 12/17/2016  
Superior Court

HOSSEINI, Taiyaba  
Effective: 1/14/2017  
Social Services Agency

PERKINS, Michael J.  
Effective: 10/22/2016  
Sheriff's Office

JAMES, Audrey L.  
Effective: 12/31/2016  
Social Services Agency

SONDECKER, James B.  
Effective: 3/4/2017  
Alameda Health System

JOHNSON, Deborah J.  
Effective: 11/16/2016  
Social Services Agency

WALDEN, Maria D.  
Effective: 1/28/2017  
Social Services Agency

---

**APPENDIX B**  
**APPLICATION FOR DEFERRED RETIREMENT**

---

BRAAKSMA, Kenneth J.  
Sheriff's Office  
Effective: 2/17/2017

CAO, Mai N.  
ACERA  
Effective: 3/10/2017

ELENTENY, Adrienne A.  
Public Defender  
Effective: 8/31/2016

HIGGINS, Travis S.  
Sheriff's Office  
Effective: 12/10/2016

HUMPHREY, Donald  
LARP  
Effective: 2/25/2017

JONES, Damon W.  
Social Services Agency  
Effective: 10/21/2016

---

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

---

BURKE, Jeremiah J.  
Superior Court  
Effective: 1/4/2017

LA FARGUE, Craig J.  
Alameda Health System  
Effective: 1/31/2017

LECHTENBERG, Richard J.  
Public Health  
Effective: 3/10/2017

TAYLOR, Joan N.  
Behavioral Health Care Services  
Effective: 1/27/2017



---

**APPENDIX C**  
**APPLICATION FOR DEFERRED TRANSFER**

---

DEA, Stephanie W.  
County Counsel  
Effective: 10/21/2016  
Transferred to: San Francisco City & County Employees' Retirement Association

KEO, Sokinthea  
General Services Agency  
Effective: 12/2/2016  
Transferred to: San Francisco City & County Employees' Retirement Association

KURIKOVA, Inna I.  
County Counsel  
Effective: 1/13/2017  
Transferred to: San Francisco City & County Employees' Retirement Association

NOY, Mariana T.  
Behavioral Health Care Services  
Effective: 11/4/2016  
Transferred to: California Public Employees' Retirement System

TANG, Klayton K.  
Environmental Health  
Effective: 12/30/2016  
Transferred to: City of San Jose Department of Retirement

---

**APPENDIX D**  
**LIST OF DECEASED MEMBERS**

---

DREUX, Lucille V.  
1/20/2017  
Public Health

REIMER, Van E.  
4/12/2017  
Probation

KIRKWOOD, Geraldine M.  
3/3/2017  
Survivor of George A. Kirkwood

ROSE, Robert J.  
4/26/2017  
General Services Agency

KRAUSE, Ann F.  
3/28/2017  
Survivor of Richard J. Krause

SAFRENO, Lynda A.  
12/10/2016  
DRO

LINDSEY, Manervia  
3/10/2017  
Survivor of Charles S. Lindsey

SMITH, Priscilla  
2/26/2017  
Survivor of Erle H. Smith, Jr.

LOWE, George  
3/24/2017  
Probation

THOMPSON, Schurniece M.  
4/1/2017  
Behavioral Health Care Services

LUCKENBACH, Thelma L.  
4/11/2017  
Alameda Health System

TODA, Kathleen G.  
3/22/2017  
Alameda Health System

MILES, Frances G.  
3/21/2017  
Public Health - DEF

VOGEL, Esther J.  
4/11/2017  
Survivor of Bruce D. Vogel

PARKER, Inez  
2/4/2017  
Alameda Health System

WALKER, Barbara M.  
3/9/2017  
Survivor of Larry W. Walker

READER, Mary J.  
3/17/2017  
Social Services Agency

WALKER, Barbara M.  
3/9/2017  
Health Care Services Agency

---

**APPENDIX F**  
**APPLICATION FOR DISABILITY RETIREMENT**

---

**Name:** Brooks, Michael  
**Type of Claim:** Annual Review for SCD (Granted on 6/18/2015)

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report to continue the allowance for service connected disability and to waive future annual medical examinations and questionnaires.

---

**Name:** Hernandez, Belinda  
**Type of Claim:** Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report to grant Ms. Hernandez a service connected disability and to waive future annual medical examinations and questionnaires.

---

**Name:** Huynh, Tran  
**Type of Claim:** Service Connected

Staff's Recommendation:

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

---

---

**APPENDIX F**  
**APPLICATION FOR DISABILITY RETIREMENT**

---

**Name:** Sullivan, Sarah  
**Type of Claim:** Annual Review for SCD (Granted on 5/19/2016)

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report to continue the allowance for service connected disability and to waive future annual medical examinations and questionnaires at this time.

---

**Name:** Willis, Taia  
**Type of Claim:** Annual Review for NSCD (Granted on 4/21/2016)

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report to continue the allowance for non-service connected disability and to require future annual medical examinations and questionnaires.

---