



**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
BOARD OF RETIREMENT – SPECIAL MEETING  
MINUTES**

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**THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO**

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**Friday, October 14, 2022**

Chair Jaime Godfrey called the Special Board meeting to order at 9:30 a.m.

Trustees Present: Dale Amaral  
Ophelia Basgal (*Arrived After Roll Call*)  
Tarrell Gamble (*Arrived After Roll Call*)  
Jaime Godfrey  
Liz Koppenhaver  
Henry Levy  
Kellie Simon  
George Wood  
Nancy Reilly (*Alternate*)

Trustees Excused: Keith Carson

Staff Present: Victoria Arruda, Human Resource Officer  
Angela Bradford, Executive Secretary  
Sandra Dueñas-Cuevas, Benefits Manager  
Erica Haywood, Fiscal Services Officer  
Harsh Jadhav, Chief of Internal Audit  
Vijay Jagar, Retirement Chief Technology Officer, ACERA  
Lisa Johnson, Assistant Chief Executive Officer-Operations  
David Nelsen, Chief Executive Officer  
Jeff Rieger, Chief Counsel  
Betty Tse, Chief Investment Officer

Staff Excused: Jessica Huffman, Benefits Manager

Mosaic Governance Advisors, LLC Staff: Amy McDuffee  
Catherine Jackson

## **PUBLIC INPUT**

None.

## **NEW BUSINESS:**

### **Board of Retirement Strategic Planning Strategy Session**

Chair Jaime Godfrey opened with remarks stating that the purpose of today's meeting is to begin the process to develop ACERA's Strategic Plan. Chair Godfrey reported that he has been involved with developing Strategic Plans, but at the corporate level. Chair Godfrey expressed his enthusiasm stating that a Strategic Plan will assist in developing a blueprint for ACERA to continue its history of shareholder focus, cost-effective service delivery and; most importantly, top investment performance.

Chief Executive Officer (CEO) Dave Nelsen opened with remarks stating that he has been through a number of Strategic Planning events throughout his career and explained that today's goal is for the Board to provide its vision for what ACERA would like to look like in ten (10) years, what are the necessary steps it will take to get there and that the Senior Leadership Team is here to support the Board in the Strategic Planning Process.

Strategic Planning Consultant Amy McDuffee of Mosaic Governance Advisors, LLC (Mosaic) introduced herself and her colleague, Catherine Jackson, and reported that Mosaic was retained to assist ACERA in developing its Strategic Plan. Ms. McDuffee reported that she and Ms. Jackson have been working closely with the Senior Leadership Team by engaging them in various discussions in order to develop a starting point to get the Board's feedback in an effort to develop a DRAFT Strategic Planning document for the Board's consideration. Ms. McDuffee reported that ACERA is starting its Strategic Planning Process from a strong position and that the Process is a cyclical practice that should be reviewed and/or updated every 3 to 5 years.

Ms. McDuffee provided a high-level overview of the following discussion items:

- Outcome of the Panel Interviews of ACERA's Actuarial Consultant (Segal Consulting) and Investment Consultant (Verus Advisory Inc.) regarding their Insights on Trends, Risks and Opportunities
- Discussion of Research Summary Key Insights
- Discussion of the Future Vision of ACERA: The Next Ten (10) Years
- Discussion of Critical Themes
- Discussion Recap: Next Steps in the Process and Feedback

Trustee Liz Koppenhaver inquired whether or not ACERA's Healthcare and Benefits Consultants provided feedback to be included in these discussions. Mr. Nelsen reported that he and Former Assistant CEO of Benefits Kathy Foster have had discussions with and obtained feedback from ACERA's Healthcare and Benefits Consultants that has been included in this process and that the consultants can provide any additional feedback before ACERA moves forward with finalizing its Strategic Plan.

Ms. Jackson moderated the Consultant Panel Interviews wherein ACERA's Actuarial Consultant Andy Yeung of Segal and ACERA's Investment Consultants Margaret Jadallah and Eileen Neill of Verus were asked to respond to the following questions in order to get their insights:

- What high-level trends do you see in your area of practice that could potentially create risks or opportunities for ACERA in the next 3 to 5-year period?
- What topics or initiatives are your other similar clients considering or undertaking that you believe may also be of benefit for ACERA to explore?
- Is there anything else you think would be important for the ACERA Board and Leadership Team to be aware of as it undertakes strategic planning?

Segal and Verus' Consultants provided their feedback and responded to Trustees' questions. Chief Counsel Jeff Rieger explained the level of authority ACERA has regarding the Supplemental Retiree Benefit Reserve (SRBR) benefits and the regular employment benefits structure. Mr. Nelsen responded to Trustees' questions regarding other Counties' Structures. Mr. Yeung reported that ACERA has a very robust *Contribution Rate Policy (Actuarial Funding Policy)* and that as long as ACERA continues to inform the employers of increased contribution rates and the reason(s) why in advance, ACERA should be fine going forward. Ms. Neill reported that ACERA has a well-diversified Portfolio along with a strong, well-defined risk mitigation process built into its *Investment Policy (General Investment Guidelines, Policies, and Procedures)* which should keep ACERA on the right track for the future. Ms. Neill further reported that within the last six months, 35% of ACERA's Portfolio had positive returns during a period when equities were down by 20% and bonds were down by 10%.

Ms. McDuffee reported that she captured the following exploratory discussion items from the Consultant Panel Interviews, which will be included in either ACERA's Strategic Plan or in ACERA's Annual Business Plan:

**Segal (Actuarial):** 1) What are the implications regarding a Partial vs. Fully Funded Fund (Asset Allocation); 2) Future Employer Contribution Rates (Projections and Analysis); 3) Enhancements to the Modeling of ACERA's Actuarial Process (ACERA's active member benefits and Supplemental Retiree Benefit Reserve (SRBR) benefits); and 4) PEPRA (Public Employees' Pension Reform Act) Retirement Readiness (How Are the Tiers Performing, etc.).

**Verus (Investments):** 1) Asset Allocation; 2) Enhancements to Risk Mitigation and Diversification; 3) Evaluation of Benefits/Delegation of Implementation Authority for Staff regarding Incentives/Compensation/Discussions; 4) Portable Alpha Implementation; 5) Education Session on what is a Functionally Focused Portfolio; and 6) Discussion on the Global and Regulatory Impact Due to Investments in China.

There was a brief discussion regarding the impact of PEPRA wherein Trustee George Wood recommended that the higher-earning PEPRA Members who run into the cap should take advantage of the County's Deferred Compensation Program so that they have two separate retirement benefit plans.

Ms. McDuffee reported that in addition to surveying the Senior Leadership Team, Mosaic also conducted surveys of ACERA's key Stakeholders in order to get their feedback on the future of ACERA.

Ms. McDuffee requested that the Board identify the Key Takeaways from today's discussion. The Trustees provided their feedback, which included, but not limited to, the following recommendations: **1)** Full engagement from the Board on important issues; **2)** More discussions/clarification on Environmental, Social and Governance (ESG); **3)** Continuing educational/orientation training for Board Trustees to improve their decision making process; **4)** Provide retirement and financial education in order to engage new and/or younger employees; and **5)** Facilitate sufficient oversight without recreating the work of internal Staff. Trustee Levy, who oversees the County of Alameda's Deferred Compensation Program, reported that a Deferred Compensation Education Segment is presented at ACERA's Retirement Seminars and stated the Treasurer's Office is in the process of expanding the Program to include Financial Wellness. Mr. Nelsen announced that the County of Alameda Treasurer's Office was recognized nationally for its Financial Wellness Study.

Ms. McDuffee asked that the Senior Leadership Team also provided their feedback. Mr. Nelsen provided his feedback stating that, based on surveys conducted by ACERA, both members and employers agreed that ACERA is a reliable partner and a prudent steward of their Retirement System. Chief of Internal Audit Harsh Jadhav asked the Trustees their thoughts on how they feel ACERA can create a plan that will put ACERA on a trajectory toward financial stability. Chair Godfrey responded that ACERA should continue its diligence and prudent focus on how it invests by continuing to utilize the expertise of its Consultants and Staff and to continue to get educated on what goes on in the Marketplace. Other Trustees and the Senior Leadership provided their feedback and discussed a plan on how to engage new employees/younger generation.

Ms. Jackson moderated the discussion regarding ACERA's Vision of Success Statements which are ACERA's aspirational goals on how ACERA should look like in 10 years. Trustees and the Senior Leadership Team provided their feedback and the following aspirational goals were added to ACERA's Vision of Success Statements: **1)** Mutual respect amongst Board Trustees and the ability to work together collegiately; **2)** Listening to the members/retirees and to provide them with as much information as possible to maintain their financial stability; and **3)** Ability to be nimble and pivot and respond to changing circumstances.

Ms. McDuffee moderated the discussion regarding the Critical Themes Section and presented a high-level overview of the internal and external factor analysis results and the results from the SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis performed by the Senior Leadership Team. The SWOT Analysis helped to identify: **1)** What Has Made ACERA Successful to Date; **2)** What Key Risks are on the Horizon; and **3)** What Must ACERA Become Good at to Succeed in the Future. Ms. McDuffee gave a high-level overview of the ingredients to ACERA's success to date that are within AND not entirely within its control and discussed the key risks on the horizon. Ms. McDuffee stated that the SWOT Analysis reflected that both the Board and the Senior Leadership Team have the same attitude and philosophies regarding ACERA's success to date.

Ms. McDuffee requested that the Board provide its feedback regarding its approach in developing the following areas regarding ACERA's future vision: **1)** People Transitions (internal and external); **2)** Structural or Systemic Transitions; **3)** Resource Allocation and Reallocation; **4)** Cost-effective Service Improvements; and **5)** Financial Position. Chair Godfrey stated the aforementioned information was well-defined/identified; therefore, other Trustees provided no feedback. Mr. Nelsen stated, based on the five areas listed above, the Senior Leadership Team will now have the opportunity to create next steps Business Plan Initiatives.

Ms. McDuffee stated that based on the outcome and consensus from today’s discussions, Mosaic will provide the Board with a DRAFT Strategic Planning document for its consideration and Mosaic will also provide the Senior Leadership Team with notes to assist them in preparing ACERA’s Annual Business Plan. The reaffirmation of ACERA’s Mission Statement and ACERA’s Core Values will be discussed at the November 2022 meeting. Trustee Levy requested that a discussion regarding ACERA’s Committees also take place. Trustee Reilly recommended that some of the language in ACERA’s Mission Statement be revised. Trustee Dale Amaral requested that the Strategic Plan be reviewed and/or updated on an annual basis, which both Chair Godfrey and Mr. Nelsen assured would be done.

No Board reportable action was taken at today’s meeting.

Everyone expressed their appreciation to each other for their participation and hard work in preparation for today’s Strategic Planning Strategy Process.

**BOARD INPUT**

None.

For detailed information regarding the information presented and discussed at today’s, see the October 14, 2022 Special Board Meeting Packet on ACERA’s Website at: [https://www.acera.org/sites/main/files/file-attachments/10-14-22\\_special\\_board\\_meeting\\_packet.pdf?1665175986](https://www.acera.org/sites/main/files/file-attachments/10-14-22_special_board_meeting_packet.pdf?1665175986)

To view the October 14, 2022 Special Board meeting in its entirety, click on the link below: <https://youtu.be/uqsj9l1VhUE>.

**ADJOURNMENT**

The meeting was adjourned at approximately 12:01 p.m.

Respectfully Submitted,



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David Nelsen  
Chief Executive Officer

11/17/22

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Date Adopted