



Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

NOTICE and AGENDA

ACERA MISSION:

To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

**Thursday, October 18, 2018
12:30 p.m.**

LOCATION	BOARD OF RETIREMENT - MEMBERS	
ACERA C.G. "BUD" QUIST BOARD ROOM 475 14 TH STREET, 10 TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574	TARRELL GAMBLE CHAIR	APPOINTED
	GEORGE WOOD FIRST VICE-CHAIR	ELECTED GENERAL
	HENRY LEVY SECOND VICE-CHAIR	TREASURER
	DALE AMARAL	ELECTED SAFETY
	OPHELIA BASGAL	APPOINTED
	KEITH CARSON	APPOINTED
	JAIME GODFREY	APPOINTED
	LIZ KOPPENHAVER	ELECTED RETIRED
	ELIZABETH ROGERS	ELECTED GENERAL
	NANCY REILLY	ALTERNATE RETIRED ¹
	DARRYL L. WALKER	ALTERNATE SAFETY ²

¹ Alternate Retired Member (Votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General members, or the Elected Safety Member and an Elected General member, are absent.

² Alternate Safety Member (Votes in the absence of (1) the Elected Safety, (2) either of the two Elected General Members, or (3) both the Retired and Alternate Retired members).

Note regarding accommodations: The Board of Retirement will provide reasonable accommodations for persons with special needs of accessibility who plan to attend Board meetings. Please contact ACERA at (510) 628-3000 to arrange for accommodation.

Note regarding public comments: Public comments are limited to four (4) minutes per person in total.

The order of agenda items is subject to change without notice. Board and Committee agendas and minutes are available online at www.acera.org.

1. **CALL TO ORDER:**
2. **ROLL CALL:**
3. **REVIEW AND APPROVAL:** Minutes of the Regular Board Meeting:
September 20, 2018
4. **CONSENT CALENDAR:**
 - A. **APPLICATION FOR SERVICE RETIREMENT:**
Appendix A
 - B. **APPLICATION FOR RETIREMENT, DEFERRED:**
Appendix B
Appendix B-1
 - C. **APPLICATION FOR DEFERRED TRANSFER:**
Appendix C
 - D. **LIST OF DECEASED MEMBERS:**
Appendix D
 - E. **REQUESTS FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT:**
Appendix E
 - F. **APPLICATION FOR DISABILITY RETIREMENT – NON CONTESTED ITEMS:**
Appendix F
 - G. **APPLICATION FOR DISABILITY RETIREMENT – HEARING OFFICER RECOMMENDATIONS:**
Appendix G
 - H. **APPROVAL OF COMMITTEE MINUTES:**
September 20, 2018 Governance Committee Minutes
 - I. **MISCELLENIOUS MATTERS:**
None

-----End of Consent Calendar-----
(MOTION)

REGULAR CALENDAR
REPORTS AND ACTION ITEMS

5. A. DISABILITIES, CURRENT, RECOMMENDATIONS AND MOTIONS:
(Item(s) will be heard in Closed Executive Session)

- None.

B. DISABILITIES, CONTINUING, RECOMMENDATIONS AND MOTIONS:
(Item(s) will be heard in Closed Executive Session)

- None.

6. COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS:

A. Operations:

1. Summary and Approval of the Minutes of the October 3, 2018, Meeting.
2. Motion to adopt the *Declining Employer Payroll Policy* with revisions as recommended by Staff and the Committee.
3. Motion to adopt the *Withdrawing Employer Policy* with revisions as recommended by Staff and the Committee.
4. Motion that the Board designate the following Pay Items as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461:
 - a. Pay Item 42E – Creation/Revision – Job Code/Spec (Creation/Revision – Job Code Specification);
 - b. Pay Item 42F – Ovrsght/Resp-Dis. Svcs (PD Off) (Oversight Responsibility – Disability Services Public Defender’s Office);
 - c. Pay Item 42G – Lead/Off Mgr-Bus. Tax Lic Unit (Lead/Office Manager – Business Tax License Unit); and
 - d. Pay Item 42H – PH Emergency Response Function (Public Health Emergency Response Function).
5. Motion that the Board approve the inclusion of Pay Item 42I – Childrn & Family Svcs Dept Asgn (Children And Family Services Department Assignment) as pensionable compensation and compensation earnable for members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

B. Retirees:

1. Summary and Approval of the Minutes of the October 3, 2018, Meeting.
2. Motion that the Board accept the December 31, 2017 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal Consulting.

C. Investment:

1. Summary and Approval of the Minutes of the October 10, 2018, Meeting.
2. Motion to approve the Finalists for ACERA's U.S. Small Cap Growth Manager Search – Domestic Equities.
3. Motion to adopt an Amended ACERA Real Assets Policy.
4. Motion to adopt the 2018 – 2022 Investment Plan for ACERA's Real Assets Class.

D. Audit:

1. Oral report of October 18, 2018, Audit Committee Meeting.
(Note: The formal written Audit Committee minutes will be included for approval on the November 8, 2018, Board Consent Calendar.)

E. Actuarial:

1. Oral report of October 18, 2018, Actuarial Committee Meeting.
(Note: The formal written Actuarial Committee minutes will be included for approval on the November 8, 2018, Board Consent Calendar.)

7. OLD BUSINESS:

None.

8. NEW BUSINESS:

- A. Presentation on the State of SACRS, SACRS Secretary Kathryn Cavness.
- B. Motion to direct ACERA's designated proxy voter how to vote for SACRS Business Meeting item as follows:
 1. Orange CERS Stipend Adjustment Proposal.
- C. Follow up to public comments on the Baltimore Waterfront Marriott Hotel labor issue and possible Board action.
- D. Chief Executive Officer's Report.

9. CONFERENCE REPORTS/ORAL REPORTS:

10. ANNOUNCEMENTS:

11. PUBLIC INPUT:

12. BOARD INPUT:

13. CLOSED SESSION:

- A. Government Code Section 54957(b)(1): Consider ACERA Chief Executive Officer's Annual Performance.

14. REPORT ON ACTION TAKEN IN CLOSED SESSION:

15. ESTABLISHMENT OF NEXT MEETING:

Thursday, November 8, 2018 at 2:00 p.m. (*The Board meeting has been rescheduled due to the SACRS Fall Conference on November 13 - 16, 2018*).

16. ADJORNMENT:

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

AGUILAR, Daniel R.
Effective: 7/21/2018
Public Works Agency

CLAUDIO, Dennis Floro
Effective: 8/18/2018
Superior Court

AGUILERA, Barbara L.
Effective: 8/25/2018
Public Works Agency

DALISAY, Michael
Effective: 7/29/2018
Sheriff's Office

AMOROSO, Alexander J.
Effective: 6/2/2018
Community Development Agency

DARRIN, David K.
Effective: 1/13/2018
Sheriff's Office

BERRY, Sheryl
Effective: 8/11/2018
Alameda Health System

DE JESUS, Lisa G.
Effective: 8/14/2018
Library

BLACKSTONE, Jacqueline
Effective: 8/4/2018
Superior Court

FAMULENER, Kathleen C.
Effective: 2/24/2018
District Attorney

BURGESS, Janine
Effective: 8/23/2018
Non-member

FRANKILN-DRAKE, Sheila
Effective: 7/28/2018
Social Services Agency

CABALLERO, Luis A.
Effective: 2/10/2018
Sheriff's Office

FRAZIER, Alan T.
Effective: 3/31/2018
Probation

CALLAHAN, Joan E.
Effective: 2/1/2018
Sheriff's Office

GARCIA, Remigio B.
Effective: 7/28/2018
Library

CAMAYA, Arnel P.
Effective: 7/28/2018
Social Services Agency

GOODMAN, Tuula S.
Effective: 8/9/2018
Sheriff's Office

CARTY, Miriam
Effective: 8/8/2018
Social Services Agency

HICKS, Jila B.
Effective: 2/26/2018
Probation

CHEN, Ling
Effective: 8/2/2018
ACERA

HOUTS, David W.
Effective: 8/11/2018
Health Care Services Agency

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

HUI, Tim
Effective: 8/4/2018
Health Care Services Agency

PLUMHOFF, Ray H.
Effective: 3/31/2018
Public Defender

KARCHER, Stephen E.
Effective: 1/13/2018
Sheriff's Office

RHEE, Chong Y.
Effective: 12/30/2017
Alameda Health System

KHALIL, Samer
Effective: 8/1/2018
Information Technology

RICKETTS, Thomas
Effective: 3/1/2018
Livermore Area Recreation and Park District

LEEPER, Shannon M.
Effective: 7/24/2018
Superior Court

SANCHEZ-RAMOS, Cristina
Effective: 7/28/2018
Library

LONGMIRE, Lynette
Effective: 3/31/2018
Alameda Health System

SCOTT, Lisa M.
Effective: 10/25/2017
Social Services Agency

LU-YU, Mona D. Q.
Effective: 1/27/2018
Social Services Agency

SEKHON, Gurdev
Effective: 8/11/2018
Alameda Health System

MAY, Sue M.
Effective: 3/24/2018
Social Services Agency

SIT, Kin T.
Effective: 10/7/2017
Alameda Health System

MILLIGAN, Elizabeth E.
Effective: 8/11/2018
Social Services Agency

SUGARMAN, Michael G.
Effective: 3/24/2018
Alameda Health System

MORALES, Paula
Effective: 2/24/2018
Health Care Services Agency

TOLIVER, Deloris J.
Effective: 8/1/2018
Social Services Agency

NIKULAINEN, Heli T.
Effective: 8/24/2018
Alameda Health System

WILLIAMS, Valerie A.
Effective: 8/11/2018
Health Care Services Agency

OSTINI, Robert R.
Effective: 3/3/2018
Superior Court

WOLF, James C.
Effective: 2/1/2018
Superior Court

APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT

LATORRE, Jory M.
Superior Court
08/31/2018

STULTS, Robin S.
Social Services Agency
02/01/2018

MURRAY, Tracy L.
Social Services Agency
08/07/2018

TEJADA CASTILLO, Ana R.
Child Support Service
02/28/2018

RIVERA, Karina
Board of Supervisors
02/16/2018

TERMINI, Scott L.
Sheriff's Office
06/24/2018

SCHEAR, Tracey, A.
Health Care Services Agency
04/06/2018

VAN ZANTEN, Jodie D.
ACERA
04/12/2018

SPLITTER-HUBBARD, Amy
Alameda Health System
04/30/2018

WILLIAMS, Cassandra
Social Services Agency
06/15/2018

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

GUZMAN, Maria J.
Juv Fiel – Juvenile Svcs
Effective: 07/27/2018

TALLA, Srinivasa R.
Information Technology
Effective: 3/23/2018

PRASAD, Ruman N.
Sheriff's Office
Effective: 8/11/2018

TAMULAITIS, Audra E.
Alameda Health System
Effective: 5/25/2018

RAMIREZ, Laura I.
Alameda Health System
Effective: 3/24/2018

THIRUNAHARI, Sreenivasa S.
Information Technology
Effective: 4/27/2018

RATTANASITH, Aleta
Health Care Services Agency
Effective: 5/31/2018

THOMAS, Angela
Alameda Health System
Effective: 1/23/2018

RICH, Joanna B
Public Defender
Effective: 6/15/2018

TRAN, Elaine K.
Public Works Agency
Effective: 3/9/2018

ROSAAEN, Kimberlee R.
Social Services Agency
Effective: 2/2/2018

WALTERS, Robert D.
ACERA
Effective: 7/13/2018

ROSS, Rachel L.
District Attorney
Effective: 2/9/2018

WAN, Jiashunzi
Assessor
Effective: 1/18/2018

SALDANA, Gina A.
Alameda Health System
Effective: 4/17/2018

WILLIAMS, Monique S.
Public Works Agency
Effective: 5/11/2018

SEKANY, Ay Laurel
Superior Court
Effective: 3/8/2018

YOUNG, Rafell D.
Human Resource Services
Effective: 3/29/2018

ZHENG, Yue Hong
Information Technology
Effective: 5/18/2018

**APPENDIX D
LIST OF DECEASED MEMBERS**

ALGA, Gene
General Services Agency
09/07/2018

GUICE, Georgie
Non member Survivor of Lew Guice
01/26/2018

AQUINO, Maria
Social Services Agency
01/07/2018

HARRIS, Albert
General Services Agency
06/11/2018

BEARD, Robert
Non member Survivor of Rosie Beard
07/26/2018

HOPKINS, Marilyn
Non member Survivor of William Hopkins
08/31/2018

BERMAN, Paul
Social Services Agency
06/03/2018

HUYNH, Tran
Social Services Agency
08/23/2018

BLANKENSHIP, King
Probation
09/26/2018

LAYTON, Carol
Superior Court
08/11/2018

BRITTO, Rosalind C.
Superior Court
06/01/2018

LEIGHTON, Alan
Non member Survivor of Erma Leighton
04/09/2018

CENTER, Claudette
Sheriff's Office
08/28/2018

MILLER, Henry
General Services Agency
05/18/2018

CLARK, Barbara
Superior Court
07/03/2018

OLIVER, Naomi
Social Services Agency
08/11/2018

COOPER, Norman
Probation
09/06/2018

RALPH, Kathryn
Probation
03/09/2018

CROSBY, Josephine
Alameda Health System
08/24/2018

SERALIE, Elizabeth
Assessor
07/21/2018

APPENDIX F APPLICATION FOR DISABILITY RETIREMENT

Name: Feeny, Christopher
Type of Claim: Annual Review for SCD (Granted on 4/20/17)

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report to continue the allowance for Mr. Feeny's service connected disability and to require future annual medical examinations and questionnaires.

Name: Hicks, Jila
Type of Claim: Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Ms. Hicks's application for a service connected disability and to waive future annual medical examinations and questionnaires at this time.

Name: Williamson, Kimberly
Type of Claim: Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Ms. Williamson's application for a 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 4/21/16)

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report to continue the allowance for Ms. Willis's non-service connected disability and to require future annual medical examinations and questionnaires.

**APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT**

Name: Yussuf, Titilayo
Type of Claim: Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. Yussuf's application for a service connected disability. Since Mr. Yussuf is over 55 years old, future annual medical examinations and questionnaires will not be required.

* ADVICE OF RIGHTS NOTICE: The Board of Retirement is an independent agency that makes decisions on retirement claims. It is not a part of the State of California. The Board of Retirement is not a court and its decisions are not subject to judicial review. The Board of Retirement is not a law enforcement agency and it does not have the power to arrest or detain anyone. The Board of Retirement is not a government agency and it does not have the power to fine or punish anyone. The Board of Retirement is not a public utility and it does not have the power to regulate rates or service. The Board of Retirement is not a public entity and it does not have the power to sue or be sued. The Board of Retirement is not a public officer or employee and it does not have the power to hire or fire anyone. The Board of Retirement is not a public body and it does not have the power to make public policy. The Board of Retirement is not a public institution and it does not have the power to provide public services. The Board of Retirement is not a public corporation and it does not have the power to issue stock or bonds. The Board of Retirement is not a public enterprise and it does not have the power to engage in commercial activities. The Board of Retirement is not a public agency and it does not have the power to exercise governmental functions. The Board of Retirement is not a public authority and it does not have the power to enforce laws or regulations. The Board of Retirement is not a public body and it does not have the power to make public policy. The Board of Retirement is not a public institution and it does not have the power to provide public services. The Board of Retirement is not a public corporation and it does not have the power to issue stock or bonds. The Board of Retirement is not a public enterprise and it does not have the power to engage in commercial activities. The Board of Retirement is not a public agency and it does not have the power to exercise governmental functions. The Board of Retirement is not a public authority and it does not have the power to enforce laws or regulations.



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

Thursday, September 20, 2018

Chair Tarrell Gamble called the meeting to order at 2:00 p.m.

Trustees Present: Dale Amaral
Ophelia Basgal
Keith Carson
Tarrell Gamble
Henry Levy
Liz Koppenhaver
Elizabeth Rogers
George Wood
Darryl Walker (*Alternate*)

Trustees Excused: Jaime Godfrey
Nancy Reilly (*Alternate*)

Staff Present: Margo Allen, Fiscal Services Officer
Victoria Arruda, Human Resource Officer
Angela Bradford, Executive Secretary
Harsh Jadhav, Chief of Internal Audit
Vijay Jagar, Retirement Chief Technology Officer, ACERA
Kathy Foster, Assistant Chief Executive Officer
Kathy Mount, Chief Counsel
David Nelsen, Chief Executive Officer

Staff Excused: Sandra Dueñas-Cuevas, Benefits Manager
Betty Tse, Chief Investment Officer

18-106

The minutes of the regular meeting of August 16, 2018, were accepted on a motion, by Dale Amaral, seconded by Ophelia Basgal and approved by a vote of 7 yes (*Amaral, Basgal, Carson, Gamble, Levy, Rogers, Wood*), 0 no, and 1 abstention (*Liz Koppenhaver*).

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

August 16, 2018 Budget Committee Minutes

MISCELLANEOUS MATTERS:

None

18-107

It was moved by George Wood seconded by Keith Carson, and approved by a vote of 7 yes (*Basgal, Carson, 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.

ACERA Chief Counsel Kathy Mount introduced General Counsel Gina Ratto, a colleague from the Orange County Employees Retirement System (OCERS). Ms. Ratto was in attendance as an observer to learn about ACERA's processes and has also been very helpful to Ms. Mount by providing information regarding OCERS' processes.

PUBLIC INPUT

Michael Pineschi, a representative from Unite HERE (International Union of Hotel and Hospitality Workers), requested to address the Board. Board Chair Tarrell Gamble moved the "Public Input" item to the beginning of the Board Agenda so as to allow Mr. Pineschi the opportunity to address the Board.

Mr. Pineschi attended today's Board meeting to voice his concerns relative to a real estate holding of the Investment Manager UBS Realty Investors (UBS). ACERA is a Limited Partner in a UBS alternative investment fund - the Trumbull Property Fund (TPF). Mr. Pineschi reported that one property held in the TPF fund is the Baltimore Waterfront Marriott Hotel. Mr. Pineschi further reported that on July 24, 2018, the Baltimore Waterfront Marriott Hotel hospitality employees asked UBS to intercede with the management of the hotel to ask for a fair process to decide on unionization in an environment free from threats or intimidation, as UBS had interceded in 2015 at the UBS-owned DoubleTree Hotel in Downtown Los Angeles, CA.

Mr. Pineschi distributed two articles from The Baltimore Sun, related to the labor dispute. The articles were dated August 9, 2018 and September 3, 2018.

Two hospitality employees addressed the Board with their claims of unfair working conditions, difficulty accessing affordable health care, declining wages and hours, increased temporary staff and the outsourcing of jobs. Trustees requested that this item will be brought back as a "New Business" agenda item at the October 18, 2018 Board meeting.

Board Chair Gamble discussed the remaining agenda items in the following order:

NEW BUSINESS:

Orange County Stipend Adjustment Proposal

Chief Executive Officer Dave Nelsen reported that the majority of OCERS Trustees want to introduce a legislative proposal to the State Association of County Retirement Systems (SACRS) Legislative Committee. The proposal is for an increase in the current \$100 Stipend amount to \$200 for appointed Trustees' attendance at monthly Committee and/or Board meetings. OCERS Trustees are seeking feedback and support from other Retirement Systems.

Mr. Nelsen explained that their stated reasons for the proposed increase is mostly due to rising inflation costs and that the \$100 Stipend amount had not been increased since the 1990's. Some Trustees felt that the Stipend amount should not be increased, as that felt too much like paying people to become Board members. Others didn't like the public perception on increasing the amount. However, some Trustees felt that since other Boards paid much more and don't require near the same time spent reviewing meeting materials, attending meetings, etc., the Stipend amount should be increased. Mr. Nelsen will communicate all ACERA Trustees' comments to his colleagues at OCERS.

SACRS Proxy Voting

Mr. Nelsen presented his September 20, 2018, memo requesting to vote ACERA's Proxy on behalf of the Board of Retirement at the upcoming SACRS Fall Conference Business Meeting. Mr. Nelsen recommended that ACERA Assistant CEO Kathy Foster and Board Trustee Liz Koppenhaver be designated as first and second alternate voting delegates, respectively, in the event he is unable to vote.

18-108

It was moved by Elizabeth Rogers and seconded by Henry Levy that the Board direct Dave Nelsen Chief Executive Officer (CEO) to vote ACERA's proxy on behalf of the Board of Retirement at the upcoming SACRS Fall Conference Business Meeting. The Board also designates ACERA Assistant CEO Kathy Foster as the first alternate voting delegate and designates Board Trustee Liz Koppenhaver as a second alternate voting delegate in the event Mr. Nelsen is unable to vote. The motion carried 7 yes (Amaral, Basgal, Carson, Gamble, Levy, Rogers, Wood), 0 no, and 1 abstention (Liz Koppenhaver).

David Nelsen, Chief Executive Officer's Report

Mr. Nelsen presented his September 20, 2018, written Chief Executive Officer's Report which provided an update on the following items: **1)** Senior Manager Recruitment; **2)** Committee/Board Action Items; **3)** Conference Schedule; and **4)** Other Items.

Mr. Nelsen provided an update on the status of the Board Off-Site and reported he has confirmed the availability of the speakers, which include: Keynote Speaker Rep. Jackie Speier of the CA-14th District; representatives from KKR and PRI; and speakers that will present information on future technology and investment opportunities in Africa. There will also be a discussion regarding streamlining Board Administration Operations, which include a presentation of the Granicus Board Meeting and Agenda Management Program. The time slots for the speakers have not been confirmed.

Trustee Dale Amaral announced that due to a scheduling conflict, he is unable to attend the October 29th Board Off-Site.

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 **August/September** Committee meeting minutes are posted on the ACERA website (www.acera.org) after approval at the **September 20, 2018**, Board meeting. This month's Committee reports were presented in the following order:*

Operations:

Ophelia Basgal reported that the Operations Committee met on September 5, 2018, at 9:33 a.m. and highlighted the following:

Staff presented a proposal to the Operations Committee to recommend to the Board of Retirement that the Board adopt Pay Code 42A for Alameda County.

18-109

It was moved by Ophelia Basgal and seconded by Dale Amaral that the Board approve the inclusion of Pay Item 42A – Capital Programs Project as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461. The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Staff introduced the new Declining Employer Payroll Policy. The purpose of this policy is to provide guidance on how to handle circumstances where the payroll of a Plan Sponsor diminishes to the point that it is insufficient to cover the contribution required to fund the employer's liabilities for employees who are or may be entitled to receive retirement benefits from ACERA.

Staff introduced the new Withdrawing Employer Policy. The purpose of this policy is to provide guidelines to be applied when a participating ACERA employer ceases to provide ACERA membership for its active members.

After discussion, it was decided that to ensure that all of the employers have had an opportunity to read and respond to these new policies, both policies will be brought back to the October 3, 2018 Operations Committee Meeting.

Staff presented the Total Operating Expense Budget Summary for July 31, 2018. As of July 31, 2018, actual expenses were \$121K under budget. Budget overages noted were Staffing (\$253K over budget). Budget surpluses noted were Staff Development (\$148K under budget), Professional Fees (\$56K under budget), Office Expense (\$27K under budget), Member Services (\$22K under budget), Systems (\$28K under budget), Depreciation (\$4K under budget), and Board Expenses (\$88K under budget).

Staff provided an update regarding the 2018 Board of Retirement election. An election is being conducted for the second member to represent general membership. The Notice of Election began on July 16th and ended on August 10th. The Nomination Period began on August 13th and will end on September 10th. The ballots will be mailed on November 5th, and the election period is between November 5th and December 19th. The end of the election and deadline for ballots to be returned to the Registrar of Voters office is December 19th at 5:00 p.m.

At the request of the Operations Committee, staff provided information regarding disability applications processed by MMRO. To date, MMRO is meeting the established performance targets and ACERA staff is pleased with the reduction in the backlog and improved customer service to our members.

Staff presented the team's analysis and results of their effort to optimize the service retirement application process. The Committee members congratulated staff on results of systematically addressing the timing problem for first retirement payments.

18-110

It was moved by Ophelia Basgal and seconded by Liz Koppenhaver that the Board approve the September 5, 2018 Operations Committee minutes. The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Retirees:

Liz Koppenhaver reported that the Retirees Committee met on September 5, 2018, at 10:59 a.m. and highlighted the following:

Vice Chair Wood moved the following information item to the top of the agenda at the request of Staff to provide for more complete background before considering the action item:

Staff provided information regarding renewal rates and plan coverage for the Plan Year February 1, 2019 through January 31, 2020. In addition, the County of Alameda presented more detailed information on the renewal of the County medical plan contracts for the 2019 Plan Year, stating that the UnitedHealthcare (UHC) PPO plan will not be offered, and a new optional UHC HMO plan in the SignatureValue **Advantage** network will be offered in addition to the current UHC HMO plan.

The Kaiser Permanente early retiree rate will increase by 4.0%, and the Kaiser Permanente Senior Advantage plan premium will increase by 7.3% for 2019. There will be no increase in the current UHC HMO premium. The premium for the new UHC SignatureValue **Advantage** plan will be \$980.94, which is 6.3% less than the 2019 premium for the current HMO plan, for the member only. Staff also provided cost information on Kaiser Permanente's Silver&Fit® Exercise & Healthy Aging Program. Trustees directed Staff to survey the current retirees to find out how many are actually members of a fitness club and how many use their clubs. Information regarding a hearing aid benefit offered through Via Benefits in the individual plan marketplace was also provided.

Staff reported on the new optional UnitedHealthcare HMO plan in the SignatureValue **Advantage** network negotiated by the County of Alameda to be offered for Plan Year 2019.

18-111

It was moved by Liz Koppenhaver and seconded by George Wood approve offering the optional UnitedHealthcare HMO plan in the SignatureValue Advantage network, beginning in Plan Year 2019, in addition to the current UnitedHealthcare HMO plan in the SignatureValue network. The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Staff provided a report on planning for ACERA's annual Open Enrollment and Retiree Health and Wellness Fair, including a timeline of when Open Enrollment materials will be mailed.

Staff reported that 68+ retirees participated in ACERA's first Wellness Walk, and as of August 22nd, out of the 680 members who were sent the Finding Balance Program emails, Staff has determined that 100 of those members are participating in the Program. Staff also reported that ACERA was approached by UCSF to see if ACERA retirees would be interested in participating in a healthy aging study that it is conducting.

18-112

It was moved by Liz Koppenhaver and seconded by Elizabeth Rogers that the Board approve the September 5, 2018 Retirees Committee minutes. The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Investment:

Elizabeth Rogers reported that the Investment Committee met on September 12, 2018, at 9:35 a.m. and highlighted the following:

ABRY Partners' Managing Director Erik Brooks presented to the Committee the history, background, and culture of the firm, as well as the ongoing opportunity set, investment team, and strategy of ABRY Advanced Securities Fund IV, L.P. (ASF IV). ACERA is currently invested in six other ABRY funds.

Mr. Brooks discussed ASF IV's strategy of focusing on senior bank loans within ABRY's industry sector expertise. The strategy has remained the same throughout all the predecessor funds, and the strategy has performed well since inception. Through December 31, 2017, ASF I, II, and III have returned 19.5%, 14.4%, and 12.7% net of fees, respectively, top quartile returns for their vintage years of 2008, 2011, and 2014.

18-113

It was moved by Elizabeth Rogers and seconded by Dale Amaral that the Board approve an up to \$33 million investment in ABRY Advanced Securities Fund IV as a part of ACERA's Private Equity Portfolio – Debt-Related/Special Situations, pending completion of legal and investment due diligence, background investigations, and successful contract negotiation. The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Representatives from Staff and Verus discussed the proposed amendments to ACERA's General Investment Guidelines, Policies and Procedures (Policy). In addition to updating the named Policy to reflect the current conditions of the portfolio, Staff and Verus recommended that the Policy be revised as red-lined in the proposal presented. Specifically under the topics of: i) Watchlist and Probation, ii) Benchmark, iii) Derivatives Investment Criteria, and iv) Goals and Policy Language, based on recommendations in the Staff Memo.

The Committee indicated that it had reviewed the proposed revisions contained in the red-lined Policy and was in agreement with the direction of these changes. There were some concerns regarding the removal of rules-based Watchlist and Probation criteria for underperformance, but Staff and Verus assured the Committee they would continue to monitor the managers' performance in the same manner notwithstanding the updated Watchlist language. It was also pointed out that, going forward, the Total Fund's performance reports would be presented on a semi-annual basis to be consistent with the performance reports for the Absolute Return, Private Equity and Real Assets asset classes. The Trustees also suggested some improvements to clarify the language.

18-114

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver that the Board adopt the Amended ACERA General Investment Guidelines, Policies and Procedures proposed by Staff and Verus, including those additional changes proposed by Trustees at the Committee meeting. The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Representatives from Staff and Verus reported on suggested revisions to ACERA's Real Assets Policy (RA Policy). The following key proposed revisions were presented for the Committee's consideration: (1) modify the strategic allocations to the Real Assets Portfolio to include both liquid and illiquid investments with specific asset allocation targets; (2) clarify the strategic objective of the Real Assets Portfolio; (3) better define the types of real assets investments to allow for investments in both liquid and illiquid strategies; (4) add an Addendum to describe the transition period of the RA Portfolio until it reaches its strategic (long-term) asset allocation target.

Staff and Verus indicated they would bring this item, including the corresponding Investment Plan, to the October 10, 2018 Investment Committee Meeting for approval.

Barry Dennis from Verus defined Portable Alpha as a strategy that involves investing in areas that have little to no correlation with the market, and explained the rationale for the implementation of Portable Alpha strategies. He explained that ACERA could add Portable Alpha strategies to improve the risk/return profile of the Total Fund.

A positive of using portable alpha strategies is that the Total Fund's returns would increase modestly with slightly lower volatility (risk). A negative of employing portable alpha strategies is that the Total Fund would become more complex. Therefore, ACERA's index fund manager would have to engage in more trading of futures contracts rather than just holding equities long-term, and more staff resources will be needed in managing this strategy.

For 2Q2018, ACERA's Total Fund returned 0.28% gross (0.23% net of fees)¹, compared to the Policy Index return of 0.98%. For the year ending 06/30/2018, the Total Fund returned 10.07% gross (9.84% net of fees) compared to the Policy Index of 9.90%. The Total Fund's results ranked in the 79th and 8th percentile for the quarter and one year periods, respectively.

As of 06/30/2018, the market value of the Total Fund was \$8,103,814,742.

ACERA's Real Estate portfolio, including the Oakland Building, returned 2.54% gross (2.18% net) for 2Q2018 and 9.78% gross (8.43% net) for the 1-year period ending 06/30/2018 versus the NCREIF-ODCE benchmark of 2.05% gross (1.81% net) and 8.44% gross (7.47%% net), respectively.

As of 06/30/2018, the market value of ACERA's real estate portfolio was \$535.1 million comprising 6.6% of the Total Fund.

18-115

It was moved by Elizabeth Rogers and seconded by Keith Carson that the Board approve the September 12, 2018 Investment Committee minutes. The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Governance:

George Wood gave an oral report stating that the Governance Committee met today at approximately 1:00 p.m. wherein the Committee reviewed, discussed and made revisions to the following Board Policies: **1) Securities Litigation Policy; 2) Retiree Payroll Deduction and Assignment Policy; 3) Records Retention Policy; and 4) Retention of Outside Counsel Policy.** Revisions to the Policies are reflected in the accompanying Staff Reports.

¹ Net of fees reflects management fees that were paid in this quarter for Domestic and International Equity, as well as, Fixed Income. All other private asset categories are reported net of fees.

18-116

It was moved by George Wood and seconded by Liz Koppenhaver that the Board update the *Securities Litigation Policy* with revisions, as recommended by Staff and the Committee. The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

18-117

It was moved by George Wood and seconded by Elizabeth Rogers that the Board update the *Retiree Payroll Deduction and Assignment Policy* with revisions, as recommended by Staff and the Committee. The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

18-118

It was moved by George Wood and seconded by Dale Amaral that the Board update the *Records Retention Policy* with revisions, as recommended by Staff and the Committee. The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

18-119

It was moved by George Wood and seconded by Dale Amaral that the Board update the *Retention of Outside Counsel Policy* with revisions, as recommended by Staff and the Committee. The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

CONFERENCE REPORTS

Trustee Henry Levy attended the following Conferences the week of September 10th:

- Worker's Capital, which focused on education on how pension funds could improve.
- Principles for Responsible Investment.

Conference materials will be made available to Trustees.

BOARD INPUT

None.

ANNOUNCEMENTS

Trustee Ophelia Basgal expressed her concerns about an article she shared with CEO Dave Nelsen and Assistant CEO Kathy Foster regarding separation of chronic illness information from other illnesses regarding ACERA's Health Wellness Program. Ms. Foster reported that ACERA Staff attends quarterly meetings with Kaiser personnel to discuss and obtain information on management of chronic illnesses.

Due to several Trustees attending the Nossaman Forum scheduled on October 18th, the October 18th Board meeting will start at **12:30 p.m.** There is also an Audit and Actuarial Committee meeting scheduled on October 18th at 10 and 11 a.m., respectively.

ADJOURNMENT

The meeting adjourned at approximately 2:55 p.m.

Respectfully Submitted,



David Nelsen
Chief Executive Officer

10/18/18

Date Adopted

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

ADAMS, Bruce A.
Effective: 7/10/2018
General Services Agency

EDWARDS, Frankie L.
Effective: 2/21/2018
Health Care Services Agency

BALOLONG, Teddy U.
Effective: 7/14/2018
Social Services Agency

FONG, Jean S.
Effective: 2/21/2018
Board of Supervisors - DEF

BARRY, Timothy
Effective: 7/6/2018
LARPD

GARCIA, Jerri A.
Effective: 6/30/2018
Superior Court

BLACK, Sandra F.
Effective: 10/7/2017
Social Services Agency

GARRETT, Albert D.
Effective: 2/24/2018
General Services Agency

BLAKE, Victoria L.
Effective: 7/14/2018
Health Care Services Agency

GAUSE, Stephen D.
Effective: 3/29/2018
Superior Court

BROUGHAM, Gail A.
Effective: 3/31/2018
Probation

GUINN-BEGLEY, Sindy R.
Effective: 3/31/2018
Probation

CATALYA, Teresita
Effective: 7/8/2017
Social Services Agency - DEF

HARRIS, Estella M.
Effective: 6/30/2018
Community Development Agency

CATOLOS, Gloria G.
Effective: 2/24/2018
Social Services Agency

JACK, Cheryl A
Effective: 2/24/2018
Social Services Agency

CAYCE, Ernestine
Effective: 7/7/2018
Health Care Services Agency

JAMES, Horace R.
Effective: 7/14/2018
Information Technology

CELONI, Madeline A.
Effective: 6/29/2018
Information Technology

JOHNSON, Gwendolyn
Effective: 1/2/2018
Alameda Health System

CHAMPION, Lenetta
Effective: 2/3/2018
Social Services Agency

JORDAN, Albert G.
Effective: 3/31/2018
Public Works Agency

CHRISTIAN, Andrea Z.
Effective: 3/31/2018
Health Care Services Agency

JOUANICOT, Jeff
Effective: 7/13/2018
District Attorney

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

KING, Lorenzo L
Effective: 6/22/2018
Public Works Agency

MONCRIEFF, Joann
Effective: 7/10/2018
Auditor Controller

LAM, Van T
Effective: 11/25/2017
Assessor

MORRISON, Dorothy C.
Effective: 6/16/2018
Social Services Agency

LAM, Wendy C
Effective: 1/27/2018
Auditor Controller

NELSON, Cecila G.
Effective: 6/16/2018
Social Services Agency

MAHANAY, Cynthia L.
Effective: 2/24/2018
District Attorney

PICO, Thomas P.
Effective: 7/11/2018
Zone 7

MANIBUSAN, Frank Joseph
Effective: 12/17/2017
General Services Agency

QUAN, Beverly M
Effective: 10/7/2017
Alameda Health System

MARTINEZ, Mary K.
Effective: 5/6/2018
Deferred- Probation

RATHER, Wendy A.
Effective: 1/6/2018
Probation

MEDEIROS, Rocky
Effective: 2/24/2018
Sheriff's Office

REESE, Mark S.
Effective: 3/21/2018
Sheriff's Office

MELANSON, Nancy
Effective: 7/14/2018
Sheriff's Office

REYES, Alcides
Effective: 7/15/2017
Community Development Agency

MILLIGAN, Ronald C.
Effective: 7/7/2018
Social Services Agency

SAVELLANO, David T.
Effective: 7/3/2018
General Services Agency

MINOR, Patricia J.
Effective: 7/16/2018
Assessor

SHANS Sr., Mervin S.
Effective: 7/14/2018
Alameda Health System

MOK, Sik
Effective: 7/3/2018
Alameda Health System

SURIGAO, April S.
Effective: 7/12/2018
Alameda Health System

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

TELSON, Carl H.
Effective: 6/28/2018
Alameda Health System

THOMPSON, Elliott III
Effective: 4/1/2018
Sheriff's Office

TOMS, Michael S.
Effective: 7/14/2018
Sheriff's Office

TORRIAN, Frank
Effective: 2/24/2018
Flood Control Zone 7

WEBSTER, Cynthia L.
Effective: 6/22/2018
Public Works Agency

WESTON, Robert D.
Effective: 1/28/2018
Health Care Services Agency

WHITE, Randall J.
Effective: 2/10/2018
Sheriff's Office

WILSON, Donna M.
Effective: 05/05/2018
Alameda Health System

YARBROUGH, Leslie A.
Effective: 7/17/2018
Superior Court

APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT

CLAY, Jason A.
Alameda Health System
Effective: 03/01/2018

DAVIS, Muntu R.
Health Care Services Agency
Effective: 07/27/2018

APPENDIX B-1
APPLICATION FOR NON-VESTED DEFERRED

DEBORD, Phillip R.
Library
Effective: 06/29/2018

HERNANDEZ, Erika
Social Services Agency
Effective: 07/27/2018

NIARHOS, Elizabeth H.
Social Services Agency
Effective: 08/02/2018

LEVINSON, Robyn M.
District Attorney
Effective: 08/10/2018

APPENDIX D
LIST OF DECEASED MEMBERS

ANDERSEN, Elva M.
Non-Member Survivor of Mervin Andersen
07/28/2018

MOORE, Riley
Zone 7
08/20/2018

BLUNT-WILLIAMS, Linda A.
Alameda Health System
05/03/2018

OROZCO, Paula
Non-Member Survivor of Gilbert Orozco
07/29/2018

DUNCAN, Eugenia A.
Social Services Agency
06/09/2018

SABATINI, Janice
Non-Member Survivor of Eugene Sabatini
06/25/2018

FRUCHEY, Jimmie D.
Probation Department
08/06/2018

SELIN, Gladys
Non-Member Survivor of Harold Selin
03/30/2017

GROSS, Patricia V.
Non-Member Survivor of Robert Gross
08/12/2018

THOMAS, Betty
Social Services Agency
05/11/2018

HULME, Kevin R.
Zone 7
05/08/06/2018

WINN, Gerald
Health Care Services Agency
07/27/2018

LEE, Willie E.
Public Works Agency
07/30/2018

YANG, Helen
Health Care Services Agency
07/28/2018

APPENDIX F APPLICATION FOR DISABILITY RETIREMENT

Name: Gardere, Miya
Type of Claim: Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Ms. Gardere's application for a service connected disability and requiring future annual medical examinations and questionnaires.

Approve Ms. Gardere to receive a supplemental disability allowance in lieu of the disability retirement allowance.

Name: Guevarra, John
Type of Claim: Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. Guevarra's application for a service connected disability and requiring future annual medical examinations and questionnaires.

Based on the Medical Advisor's and Staff's review and determination of Mr. Guevarra's ability to determine the permanency of his incapacity, to deny Mr. Guevarra's request for an earlier effective date.

Name: Krischer, Tanni
Type of Claim: Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Ms. Krischer's application for a service connected disability and requiring future annual medical examinations and questionnaires.

Based on the Medical Advisor's and Staff's review and determination of Ms. Krischer's ability to determine the permanency of her incapacity, to grant Ms. Krischer's request for an earlier effective date.

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: O'Brien, Michael
Type of Claim: Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. O'Brien's application for a service connected disability, requiring future annual medical examinations and questionnaires; and accepting Mr. O'Brien's request to withdraw his request for an Earlier Effective Date.

Name: San Diego, Clarita
Type of Claim: Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Ms. San Diego's application for a service connected disability. Since Ms. San Diego is over 55 years old, future annual medical examinations will not be required.

Based on the Medical Advisor's and Staff's review and determination of Ms. San Diego's ability to determine the permanency of her incapacity, to grant Ms. San Diego's request for an earlier effective date.

Name: Santos, Nerissa
Type of Claim: Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Ms. Santos's application for a service connected disability. Since Ms. Santos is over 55 years old, future annual medical examinations will not be required.

Based on the Medical Advisor's and Staff's review and determination of Ms. Santos's ability to determine the permanency of her incapacity, to deny Ms. Santos's request for an earlier effective date.

Name: Williams, David
Type of Claim: Service Connected

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. Williams'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

September 20, 2018
Governance Committee Minutes
For approval under October 18, 2018
Board “Consent Calendar”



Date: September 20, 2018

To: Members of the Board of Retirement

From: George Wood, Chair
Governance Committee

Subject: Summary of the September 20, 2018, Governance Committee Meeting

Governance Committee Chair, George Wood, called the September 20, 2018 meeting to order at 1:04 p.m. Committee Members present were George Wood, Ophelia Basgal, Liz Koppenhaver, and Elizabeth Rogers. Other Board members present were, Dale Amaral, Keith Carson, Tarrell Gamble, Henry Levy and Alternate Darryl Walker. Staff present were Dave Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Kathy Mount, Chief Counsel; Margo Allen, Fiscal Services Officer; Lori Schnall, Associate Counsel; Vijay Jagar, Chief Technology Officer; Harsh Jadhav, Chief of Internal Audit; and Victoria Arruda, Human Resources Officer.

ACTION ITEMS

1. Review, discussion and possible motion to update the Securities Litigation Policy with or without revisions

The Committee reviewed Staff's September 20, 2018 memo and its recommendation regarding Securities Litigation Policy.

Staff proposed the following revisions:

- Include other types of class actions that involve investment losses and assessing potential financial interest particularly claims pursuant to ant-trust laws or the Commodity Exchange Act.
- Stylistic non-substantive changes.

Staff and the Committee discussed the proposed revisions. The Committee had minor edits but otherwise approved Staff's revisions.

It was moved by Trustee Basgal and seconded by Trustee Levy that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and to update the Securities Litigation Policy, with revisions as recommended by Staff and the Committee. The motion was approved by a vote of 8 in favor (Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, and Wood) 0 against, 0 abstaining.

2. Review, discussion and possible motion to update the Retiree Payroll Deduction and Assignment Policy with or without revisions

The Committee reviewed Staff's September 20, 2018, memo and its recommendation regarding the Retiree Payroll Deduction.

Staff proposed the following revisions:

- Clarify that family law orders and IRS levies are automatic deductions.
- Delete the reference to attorney fees.
- Clarify that retirees must authorize in writing voluntary deductions with specific requirements.
- Stylistic non-substantive changes.

Staff and the Committee discussed the proposed revisions. After discussion, the Committee approved Staff's proposed revisions.

It was moved by Trustee Koppenhaver and seconded by Trustee Levy that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and to update the Retiree Payroll Deduction, with revisions as recommended by Staff and the Committee. The motion was approved by a vote of 8 in favor (Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, and Wood) 0 against, 0 abstaining.

3. Review, discussion and possible motion to update the Records Retention Policy with or without revisions.

The Committee reviewed Staff's September 20, 2018, memo and its recommendation regarding the Records Retention Policy.

Staff proposed the following revisions:

- Add a section that provides the legal authority for the Policy
- Add language to provide guidance in establishing retention periods where there is no legal authority.
- Identify the role of the Legal Department.
- Add a review period for the Record Retention Schedule

Staff and the Committee discussed the proposed revisions. After discussion, the Committee approved Staff's proposed revisions.

It was moved by Trustee Basgal and seconded by Trustee Rogers that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and to update the Records Retention Policy, with revisions by Staff and the

Committee. The motion was approved by a vote of 8 in favor (Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, and Wood) 0 against, 0 abstaining.

4. Review, discussion and possible motion to update the Fiduciary Counsel Policy with or without revisions.

The Committee reviewed Staff's September 20, 2018, memo and its recommendation regarding the Fiduciary Counsel Policy.

Staff proposed the following revisions:

- Change the title of the Policy to "Retention of Outside Counsel."
- Grant explicit authority to the Legal Department to retain outside counsel and other legal service providers such as investigators, arbitrators and mediators.
- Add the role and benefits of outside counsel, including fiduciary counsel.
- Clarify that the Chief Counsel directs and provides oversight for outside counsel.

Staff and the Committee discussed the proposed revisions. After discussion, the Committee approved Staff's proposed revisions.

It was moved by Trustee Carson and seconded by Trustee Amaral that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and to update the Fiduciary Counsel Policy, with revisions by Staff and the Committee. The motion was approved by a vote of 8 in favor (Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, and Wood) 0 against, 0 abstaining.

INFORMATION ITEMS

- None

TRUSTEE / PUBLIC INPUT

- None

RECOMMENDATIONS

1. The Committee recommends, and I move, that the full Board adopt the Securities Litigation Policy, with revisions, as recommended by the Committee.
2. The Committee recommends, and I move, that the full Board update the Retiree Payroll Deduction and Assignment Policy, with revisions, as recommended by the Committee.
3. The Committee recommends, and I move, that the full Board update the Records Retention Policy, with revisions as recommended by the Committee.
4. The Committee recommends, and I move, that the full Board update the Fiduciary Counsel Policy, with revisions as recommended by the Committee.

FUTURE DISCUSSION ITEMS

- ACERA Membership Policy
- Board Regulations
- Conflict of Interest Policy

ESTABLISHMENT OF NEXT MEETING DATE

- December 20, 2018

ADJOURNMENT

- The meeting adjourned at 1:32 p.m.



Date: October 3, 2018

To: Members of the Operations Committee

From: Dale Amaral, Vice-Chair

Subject: Summary of the October 3, 2018, Operations Committee Meeting

Operations Committee Vice-Chair Dale Amaral called the October 3, 2018 Operations Committee Meeting to order at 9:32 a.m. Committee members present were Dale Amaral; Liz Koppenhaver; Elizabeth Rogers; and George Wood. Other Board members present were: Keith Carson; Tarrell Gamble; Jaime Godfrey; and Alternate Darryl Walker. Staff present were David Nelsen, Chief Executive Officer; Margo Allen, Fiscal Services Officer; Kathy Mount, Chief Counsel; Harsh Jadhav, Chief of Internal Audit; Betty Tse, Chief Investment Officer; Victoria Arruda, Human Resource Officer; and, Sandra Dueñas-Cuevas, Benefits Manager.

ACTION ITEMS

1. Review, Discussion and Possible Motion to Adopt the Declining Employer Payroll Policy

The Declining Employer Payroll Policy is intended to establish guidelines by which ACERA intends to assure that such employer will continue to satisfy its obligation to timely pay all Unfunded Actuarial Accrued Liability ("UAAL") attributable to the prior and future service of active, retired and deferred ACERA members who are or were the participating employer's employees, and their beneficiaries.

It was moved by Koppenhaver and seconded by Wood, that the Operations Committee recommend to the Board of Retirement that the Board adopt the Declining Employer Payroll Policy.

The motion carried 6 yes (Amaral, Carson, Godfrey, Koppenhaver, Rogers, Wood), 0 no, 1 abstention (Gamble).

2. Review, Discussion and Possible Motion to Adopt the Withdrawing Employer Policy

The Withdrawing Employer Policy establishes guidelines to be applied when a participating ACERA employer ceases to provide ACERA membership for its active ACERA members. This policy contemplates that the withdrawing employer will continue to be financially able to satisfy its obligation to timely pay all Unfunded Actuarial Accrued Liability ("UAAL") attributable to its active, retired and deferred employees by reason of their prior service as ACERA's members. This Policy is not intended to apply to the County of Alameda as a participating employer.

It was moved by Wood and seconded by Koppenhaver, that the Operations Committee recommend to the Board of Retirement that the Board adopt the Withdrawing Employer Policy including the change recommended by staff.

The motion carried 7 yes (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood), 0 no, 0 abstention.

3. Adoption of New Pay Item – Pay Code 42E for County

Staff presented a proposal to the Operations Committee to recommend to the Board of Retirement that the Board adopt Pay Code 42E for Alameda County.

It was moved by Gamble and seconded by Rogers, that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42E – Creation/Revision – Job Code/Spec (Creation/Revision – Job Code Specification) as not pensionable compensation for PEPRAs members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The motion carried 7 yes (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood), 0 no, 0 abstention.

4. Adoption of New Pay Item – Pay Code 42F for County

Staff presented a proposal to the Operations Committee to recommend to the Board of Retirement that the Board adopt Pay Code 42F for Alameda County.

It was moved by Gamble and seconded by Koppenhaver, that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42F – Oversight/Resp-Dis. Svcs (PD Off) (Oversight Responsibility – Disability Services Public Defender's Office) as not pensionable compensation for PEPRAs members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The motion carried 7 yes (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood), 0 no, 0 abstention.

5. Adoption of New Pay Item – Pay Code 42G for County

Staff presented a proposal to the Operations Committee to recommend to the Board of Retirement that the Board adopt Pay Code 42G for Alameda County.

It was moved by Gamble and seconded by Wood, that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42G – Lead/Off Mgr-Bus. Tax Lic Unit (Lead/Office Manager – Business Tax License Unit) as not pensionable compensation for PEPRAs members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The motion carried 7 yes (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood), 0 no, 0 abstention.

6. Adoption of New Pay Item – Pay Code 42H for County

Staff presented a proposal to the Operations Committee to recommend to the Board of Retirement that the Board adopt Pay Code 42H for Alameda County.

It was moved by Gamble and seconded by Wood, that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42H – PH Emergency Response Function

(Public Health Emergency Response Function) as not pensionable compensation for PEPRAs members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The motion carried 7 yes (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood), 0 no, 0 abstention.

7. Adoption of New Pay Item – Pay Code 42I for County

Staff presented a proposal to the Operations Committee to recommend to the Board of Retirement that the Board adopt Pay Code 42I for Alameda County.

It was moved by Gamble and seconded by Wood, that the Operations Committee recommend to the Board of Retirement that the Board approve the inclusion of Pay Item 42I – Childrn & Family Svcs Dept Asgn (Children And Family Services Department Assignment) as pensionable compensation and compensation earnable for a members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The motion carried 7 yes (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood), 0 no, 0 abstention.

INFORMATION ITEMS

1. Operating Expenses

Staff presented the Total Operating Expense Budget Summary for August 31, 2018. As of August 31, 2018, actual expenses were \$24K under budget. Budget overages noted were Staffing (\$295K over budget) and Professional Fees (\$44K over budget). Budget surpluses noted were Staff Development (\$151K under budget), Office Expense (\$22K under budget), Member Services (\$23K under budget), Systems (\$68K under budget), Depreciation (\$4K under budget), and Board Expenses (\$93K under budget).

2. Statement of Reserves

Staff reported on the Statement of Reserves and the interest posted to member and employer accounts for the six months ending June 30, 2018. For the six-month period ending June 30, 2018, approximately \$314.7 million of total interest was credited to all the valuation reserve accounts and the 401(h) account, and the SRBR at rate of 3.9548% and 4.9832%, respectively.

3. 2018 Board of Retirement Election Update

Staff provided an update regarding the 2018 Board of Retirement election. Two candidates were certified for the second seat general member. The ballots will be mailed on November 5th, and the election period is between November 5th and December 19th. The end of the election and deadline for ballots to be returned to the Registrar of Voters office is December 19th at 5:00 p.m. Results of the election will be announced at the December 20, 2018, Board of Retirement meeting.

4. Quarterly Report on Member Underpayments and Overpayments

Staff presented and discussed the quarterly report on active and retiree members' underpayments and overpayments.

TRUSTEE/PUBLIC INPUT

None.

RECOMMENDATIONS

The Committee recommends, and I move, that the Board of Retirement adopt the Declining Employer Payroll Policy.

The Committee recommends, and I move, that the Board of Retirement adopt the Withdrawing Employer Policy including the change recommended by staff.

The Committee recommends, and I move, that the Board of Retirement designate Pay Item 42E – Creation/Revision – Job Code/Spec (Creation/Revision – Job Code Specification) as not pensionable compensation for PEPRAs members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The Committee recommends, and I move, that the Board of Retirement designate Pay Item 42F – Oversight/Resp-Dis. Svcs (PD Off) (Oversight Responsibility – Disability Services Public Defender's Office) as not pensionable compensation for PEPRAs members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The Committee recommends, and I move, that the Board of Retirement designate Pay Item 42G – Lead/Off Mgr-Bus. Tax Lic Unit (Lead/Office Manager – Business Tax License Unit) as not pensionable compensation for PEPRAs members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The Committee recommends, and I move, that the Board of Retirement designate Pay Item 42H – PH Emergency Response Function (Public Health Emergency Response Function) as not pensionable compensation for PEPRAs members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

The Committee recommends, and I move, that the Board of Retirement approve the inclusion of Pay Item 42I – Childrn & Family Svcs Dept Asgn (Children And Family Services Department Assignment) as pensionable compensation and compensation earnable for a members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for December 5, 2018, at 9:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 10:13 a.m.



October 3, 2018

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

Subject: Summary of the October 3, 2018 Retirees Committee Meeting

Committee Chair Liz Koppenhaver called the October 3, 2018 meeting to order at 10:32 a.m. Committee members present were Liz Koppenhaver, George Wood, Dale Amaral, Keith Carson, and Jamie Godfrey. Also present were Tarrell Gamble, and Elizabeth Rogers, and alternate member Darryl Walker. Staff present were David Nelsen, Chief Executive Officer; Margo Allen, Fiscal Services Officer; Kathy Mount, Chief Counsel; Sandra Dueñas-Cuevas, Benefits Manager; and Harsh Jadhav, Chief of Internal Audit.

ACTION ITEMS

1. Presentation and Acceptance of Supplemental Retiree Benefit Reserve Funding Report/Valuation

Staff and Segal Consulting, ACERA's Actuary, presented the annual Actuarial Valuation of the OPEB and non-OPEB Benefits Provided by the Supplemental Retiree Benefit Reserve, Including Sufficiency of Funds, as of December 31, 2017. Based on this valuation report, the terminal year of the "Other Post-Employment Benefits" (OPEB) is projected to be 2039, with full benefits paid through 2038 for a total of 21 full years and one partial year. The terminal year of non-OPEB benefits is projected to be 2038, with full benefits paid through 2037 for a total of 20 full years and one partial year. As Segal reported during its preliminary presentation in May, the projected terminal year for the OPEB benefits is the same as last year mainly because the combined experience of the OPEB plan did not change significantly from the prior valuation's assumptions. The four year increased projection for the non-OPEB's is mainly due to the change in the actuarial assumptions, specifically, the decrease in the inflation assumption from 3.25% to 3.00% per year.

It was moved by Dale Amaral and seconded by Tarrell Gamble that the Committee recommend to the Board of Retirement that it accepts the December 31, 2017 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal Consulting.

The motion carried 7 yes (*Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

INFORMATION ITEMS

1. Supplemental Retiree Benefit Reserve Financial Status

Staff presented a history of the Supplemental Retiree Benefit Reserve (SRBR) activity for the 10-year period ending June 30, 2018. The ending balance of the SRBR as of June 30, 2018 was approximately \$911.5 million. The semi-annual interest crediting as of June 30, 2018 based on the rate of 4.9832% was completed on August 29, 2018; slightly more than \$44.5 million in interest was credited. During that same six-month period, approximately \$27.4 million was deducted from the SRBR.

2. Final Report on Open Enrollment Preparation and Communication Materials, and Retiree Health and Wellness Fair Arrangements

Staff provided information regarding the preparations being made for Open Enrollment for Plan Year 2019. Updates were also given on Via Benefits' preparations for its Open Enrollment period and the Retiree Health and Wellness Fair.

3. Miscellaneous Updates

Staff reported on four benefit items affecting ACERA retirees. First, ACERA will be sending out its annual Medicare Part D coverage certification by October 15th. Second, in the individual plan marketplace, beginning in 2019, there will be a new Medicare Advantage open enrollment period (test drive period) from January 1 through March 31. Third, Via Benefits' Medicare Fall Newsletters were mailed starting mid-August, and the Pre-65 Fall Newsletters will be mailed starting mid-October. Last, Via Benefits mailed Balance Reminder Statements to Health Reimbursement Account holders in waves starting late September.

RECOMMENDATIONS

1. Presentation and Acceptance of the Supplemental Retiree Benefit Reserve Funding Report/Valuation

The Committee recommends, and I move that the Board of Retirement accept the December 31, 2017 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal Consulting.

TRUSTEE REMARKS

None.

PUBLIC INPUT

Pete Albert, President of the Alameda County Retired Employees retiree association announced that its annual holiday luncheon is tentatively scheduled for Friday, November 30, 2018 at the Hilton Oakland Airport. The date and location of the luncheon will be confirmed once the arrangements have been finalized.

FUTURE DISCUSSION ITEMS

- Adoption of Medicare Part B Reimbursement Plan Benefit for 2019
- Adoption of Updates to Appendix A of 401(h) Account Resolutions

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for December 5, 2018 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:00 a.m.



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

475 14th Street, Suite 1000, Oakland, CA 94612 800/838-1932 510/628-3000 fax: 510/268-9574 www.acera.org

Date: October 18, 2018

To: Members of the Board of Retirement

From: Angela Bradford

A handwritten signature in blue ink, appearing to read "Angela Bradford", is written over the printed name.

Subject: October Committee Minutes

Due to the unusual scheduling of Committee meetings this month, the following Committee minutes will be sent under separate cover for this month's Board meeting.

- Investment Committee (10/10/18)

Thank you.

October 18, 2018
Audit Committee Minutes
For approval under November 8, 2018
Board “Consent Calendar”

**Minutes for the October 18, 2018
Actuarial Committee Meeting
Will be included on the November 8, 2018,
Board “Consent Calendar” for approval.**

NEW BUSINESS

- 8.A. Presentation on the State of SACRS, SACRS Secretary Kathryn Cavness.**
- 8.B. Motion to direct ACERA's designated proxy voter how to vote for SACRS Business Meeting item as follows:**
 - 1. Orange CERS Stipend Adjustment Proposal.**
- 8.C. Follow up to public comments on the Baltimore Waterfront Marriott Hotel labor issue and possible Board action.**
- 8.D. Chief Executive Officer's Report.**

NEW BUSINESS

**8.A. Presentation on the State of SACRS, SACRS
Secretary Kathryn Cavness.**

NEW BUSINESS

8.B. Motion to direct ACERA's designated proxy voter how to vote for SACRS Business Meeting item as follows:

- 1. Orange CERS Stipend Adjustment Proposal.**



*Office of the Chief Executive Officer
Office of Administration*

DATE: October 18, 2018
TO: Members of the Board of Retirement
FROM: Dave Nelsen, Chief Executive Officer *DN*
SUBJECT: **SACRS Fall Conference Business Item**

At our last Board meeting on September 20, 2018, I brought to the Board for feedback a potential legislative proposal from the Orange County Employees' Retirement System (OCERS). OCERS has submitted this idea to SACRS for consideration of sponsorship at the Fall SACRS business meeting.

The Proposal: The OCERS proposal would amend the law to increase the current stipend amount provided to trustees for attending Committee or Board meetings from \$100 to \$200 per meeting, for not more than five meetings per month, indexed to an inflation provision. The proposal does not alter who is eligible for the stipend amount.

Recommendation: Take action to recommend to the Proxy voters whether to vote in support or against the proposal at the Fall SACRS business meeting.

NEW BUSINESS

- 8.C. Follow up to public comments on the Baltimore Waterfront Marriott Hotel labor issue and possible Board action.**



DATE: October 18, 2018

TO: Members of the Board of Retirement

FROM: Dave Nelsen, Chief Executive Officer

SUBJECT: Staff report regarding public presentation by UNITE HERE

Background and Discussion:

At your Board meeting on September 20, 2018, a representative from UNITE HERE stated during public comment that UNITE HERE is in labor negotiations with Marriott regarding unionization of the employees at the Baltimore Waterfront Marriott Hotel (Waterfront). ACERA is invested in a UBS fund which owns a majority share of that Marriott property. Marriott has managed the property since 2001 and retains full control over all labor-related matters affecting its employees.

UNITE HERE has asked the Trustees to intervene in the labor dispute between Marriott and its employees. UNITE HERE previously came before the Board to discuss a similar labor matter on July 15, 2015. The property in question (The DoubleTree by Hilton in Downtown Los Angeles) was owned by another UBS fund, in which ACERA was not an investor, and the property was managed by another (non-UBS) party. Similarly, the dispute was over the issue of unionization to be considered by the hotel's employees. In the end, an agreement was reached and a union was formed by the employees at the property.

UBS claims to be utilizing a similar effort and approach as was used at the DoubleTree to encourage Marriott to negotiate with UNITE HERE related to the Waterfront. UBS reportedly has already been in contact with both the Marriott and UNITE HERE to encourage the parties to seek a mutually beneficial resolution, and negotiations are ongoing between the Marriott and UNITE HERE.

Options:

Under the circumstances, some practical Board options include:

1. Allow the Marriott and UNITE HERE to resolve their labor dispute through regular channels;
2. Direct the ACERA CEO or CIO to contact and encourage UBS to advocate for resolution of the labor dispute; or
3. Send a letter from the Board Trustees, signed by the Board Chair, to UBS encouraging UBS to advocate for resolution of the labor dispute.

NEW BUSINESS

8.D. Chief Executive Officer's Report.



*Office of the Chief Executive Officer
Office of Administration*

DATE: October 18, 2018
TO: Members of the Board of Retirement
FROM: Dave Nelsen, Chief Executive Officer 
SUBJECT: Chief Executive Officer's Report

Senior Manager Recruitment

No vacancies needing recruitment.

Committee/Board Action Items

ASSIGNED FOLLOW-UP ITEMS				
Follow-Up Board Item	Assigned Senior Leader	Estimated Completion Date	Completion Date	Notes
Develop a policy regarding pre-payment of contributions by employers.	Dave Nelsen	To be scheduled		A new law passed in 2017 expanded the circumstances regarding employers pre-paying retirement contributions. ACERA needs to develop a policy regarding this option.
Develop a Diminishing Employer Payroll Policy	Kathy Mount	July 2018 October 2018	This was presented to the Operations Committee in September and will be brought back to the Committee in October	This policy will address the issues of how to allocate liability and determine funding requirements for an employer whose payroll is permanently decreasing.
Develop a Withdrawing Employer Policy	Kathy Mount	July 2018 October 2018	This was presented to the Operations Committee in September and will be brought back to the Committee in October	This policy will address the issues of how to allocate liability and determine funding requirements for an employer that withdraws from the system.
Revise Format of the Statement of Reserves Report	Margo Allen	With the next Semi-annual report		Revise the format of the report to increase readability, particularly for those accessing the report electronically.

Conference Schedule

Several Staff members, including me, will attend the SACRS Fall Conference from November 13-16 in Indian Wells, CA.

Other

Process Excellence Activities:

- The second project continues working on developing employee personal development plan templates and processes.
- Remaining ACERA team members have been trained in the methodology, and have been challenged to apply the training at their own process level. These are being called "just do it projects". There are 14 of these projects underway, and 4 have been completed.
- Senior Leaders continue their work on two initiatives: **1)** developing agency-wide operational effectiveness measures, and **2)** developing a process to identify, prioritize and balance resources for the many projects of the association. High level measures being implemented include:
 - Adherence to budget
 - Team engagement survey scores-The first survey has been sent out and scores should be available soon. The results of the survey will be shared with all employees and individual work teams will work on an area of the survey that they choose.
 - Customer satisfaction survey scores-A survey has been developed and will be provided at the Health Fair, as well as personal phone call interviews to recent retirees.
 - Top quartile investment performance on a rolling 10-year basis.

Board Off-Site Event: We have confirmed speakers and time slots for the Off-Site event.

The speakers, in order, include:

- Keynote speaker Rep. Jackie Speier (CA-14th District);
- An ESG panel discussion moderated by Margaret Jadallah of Verus and including; Ken Mehlman, Co-head of KKR Global Impact; and Ophir Bruck, the US Network Manager of PRI;
- Aymeric Saha, Managing Director of NASP-USAID Investment Partnership, to speak on investment in Africa;
- Catherine Wood from Ark-Invest.com to speak on transformative technology; and
- Finally, a discussion on streamlining Board administration, which will include a brief demonstration of a meeting software product.