



November 2, 2016

To: Members of the Board of Retirement

From: Elizabeth Rogers, Chair,
Governance Committee

Subject: Summary of the November 2, 2016, Governance Committee Meeting

Governance Committee Chair Elizabeth Rogers called the November 2, 2016, Governance Committee Meeting to order at 1:03 p.m. Committee Members present were Elizabeth Rogers, Liz Koppenhaver, Annette Cain-Darnes, Ophelia Basgal and George Wood. Other Board members present were Dale Amaral, and Tarrell Gamble, Darryl Walker and Dave Safer. Staff present was Dave Nelsen, Chief Executive Officer, Kathy Foster, Assistant Chief Executive Officer; Lori Schnall, Associate Counsel; Margo Allen, Fiscal Services Officer; Harsh Jadhav, Chief of Internal Audit; and Betty Tse, Chief Investment Officer.

ACTION ITEMS

1. **Review, Discussion and Possible Motion to Adopt Amendments to and affirm the *Trustee Communications Policy***
 - The Committee reviewed Staff's November 2, 2016, memo and its recommendation regarding the *Trustee Communications Policy*. Staff advised the Committee that the content of the Policy continues to meet the needs of ACERA and should be renewed, without revisions. The Policy was last reviewed by the Board on December 18, 2014.
 - Following discussion on the Policy, Trustee Wood moved and Trustee Koppenhaver seconded a motion that the Governance Committee recommends to the Board of Retirement that the Board affirm the *Trustee Communications Policy*, without revisions. The motion was approved by a vote of 7 in favor (Amaral, Basgal, Cain-Darnes, Gamble, Koppenhaver, Rogers and Wood), 0 against, 0 abstaining.
2. **Review, Discussion and Possible Motion to Adopt Amendments to and affirm the *Record Retention Policy***
 - The Committee reviewed Staff's November 2, 2016, memo and its recommendation regarding the *Record Retention Policy*. Staff advised the Committee that the content of the Policy continues to meet the needs of ACERA and should be renewed, without revisions. The Policy was last reviewed by the Board on December 18, 2014.

- Following discussion, Trustee Amaral moved and Trustee Koppenhaver seconded a motion that the Governance Committee recommends to the Board of Retirement that the Board affirm the *Record Retention Policy*, without revisions. The motion was approved by a vote of 7 in favor (Amaral, Basgal, Cain-Darnes, Gamble, Koppenhaver, Rogers and Wood), 0 against, 0 abstaining.

3. Review, Discussion and Possible Motion to Adopt Amendments to and affirm the *Board Operations Policy*

- The Committee reviewed Staff's November 2, 2016, memo and its recommendation regarding the *Board Operations Policy*. Staff advised the Committee that the content of the Policy continues to meet the needs of ACERA and identified one proposal regarding the impact of abstentions. The Policy was last reviewed by the Board on April 17, 2014.
- Staff and the Committee discussed whether to approve a vote by either a "majority of the members present" which is the current practice or a "majority of the members present and voting". In the current practice, the abstention essentially equals a "no" vote in the latter option, the abstention does not impact the vote as it is considered a "non-vote".
- Following discussion, Trustee Basgal moved and Trustee Koppenhaver seconded a motion that the Governance Committee recommends to the Board of Retirement that the Board affirm the Board Operations Policy, and amend the language to read "a majority of the members present and voting" The motion was approved by a vote of 5 in favor (Amaral, Basgal, Koppenhaver, Rogers and Wood), 2 against (Cain-Darnes, Gamble), 0 abstaining.
- The Committee requested that staff bring back a merged version of the Board Operations and Committee Operations Policy to the next Governance meeting for review and consideration.

4. Review, Discussion and Possible Motion to Adopt Amendments to and affirm the *Conflict of Interest Policy*

- The Committee reviewed Staff's November 2, 2016, memo and its recommendation regarding the *Conflict of Interest Policy*. Staff advised the Committee that the content of the Policy continues to meet the needs of ACERA and proposed various options to address concerns regarding behested payments. The Policy was last reviewed by the Board on June 18, 2015.
- Following a lengthy discussion, the Governance Committee recommends to the Board of Retirement that the Board affirm the Conflict of Interest Policy, with revisions, as recommended by the Committee to prohibit a trustee from soliciting behested payments on behalf of any non-profit or charitable organization from any person or entity that is doing business directly with ACERA, if the Trustee is either a Board member of the non-profit or charity or participates in collecting charitable contributions for the non-profit or charity. The motion was approved by a vote of 4 in favor (Amaral, Basgal, Cain-Darnes, Rogers), 2 against (Gamble and Koppenhaver), 1 abstaining (Wood).

INFORMATION ITEMS

- None

TRUSTEE / PUBLIC INPUT

- None

RECOMMENDATIONS

1. The Committee recommends, and I move, that the full Board affirm the *Trustee Communications Policy*, without revisions, as recommended by the Committee.
2. The Committee recommends, and I move, that the full Board affirm the *Record Retention Policy*, without revisions, as recommended by the Committee.
3. The Committee recommends, and I move, that the full Board affirm the *Board Operations Policy*, with revisions as recommended by the Committee.
4. The Committee recommends, and I move, that the full Board affirm the *Conflict of Interest Policy*, with revisions as recommended by the Committee.

FUTURE DISCUSSION ITEMS

- *Board Operations Policy and Committee Operations Policy*
- *Felony Forfeiture Policy*
- *Termination Policy*

ESTABLISHMENT OF NEXT MEETING DATE

- TBD

ADJOURNMENT

- The meeting adjourned at 2:00 p.m.