



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
MINUTES

Thursday, November 8, 2018

Chair Tarrell Gamble called the meeting to order at 2:02 p.m.

Trustees Present: Ophelia Basgal
Tarrell Gamble
Henry Levy
Elizabeth Rogers
George Wood
Nancy Reilly (*Alternate*)
Darryl Walker (*Alternate*)

Trustees Excused: Dale Amaral
Keith Carson
Jaime Godfrey
Liz Koppenhaver

Staff Present: Margo Allen, Fiscal Services Officer
Victoria Arruda, Human Resource Officer
Angela Bradford, Executive Secretary
Sandra Dueñas-Cuevas, Benefits Manager
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
Betty Tse, Chief Investment Officer

18-137

The minutes of the regular meeting of October 18, 2018, were accepted on a motion, by George Wood, seconded by Darryl Walker approved by a vote of 6 yes (*Basgal, Gamble, Levy, Reilly, Walker, Wood*), 0 no, and 0 abstentions.

CONSENT CALENDAR

REPORTS AND ACTION ITEMS

APPLICATION FOR SERVICE RETIREMENT

Appendix A

APPLICATION FOR RETIREMENT, DEFERRED

Appendix B
Appendix B-1

APPLICATION FOR DEFERRED TRANSFER

Appendix C

LIST OF DECEASED MEMBERS

Appendix D

REQUESTS FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT

Appendix E

APPLICATION FOR DISABILITY RETIREMENT – NON-CONTESTED ITEMS:

Appendix F

APPLICATION FOR DISABILITY RETIREMENT – HEARING OFFICER RECOMMENDATIONS

Appendix G

APPROVAL COMMITTEE MINUTES

October 18, 2018 Audit Committee Minutes
October 18, 2018 Actuarial Committee Minutes

MISCELLANEOUS MATTERS:

None

18-138

It was moved by Ophelia Basgal seconded by George Wood, and approved by a vote of 5 yes (*Basgal, Gamble, Levy, Reilly, Wood*), 0 no, and 0 abstentions that the following resolution is adopted (*Darryl Walker recused himself 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.

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 **October/November** Committee meeting minutes are posted on the ACERA website (www.acera.org) after approval at the **November 8, 2018**, Board meeting. This month's Committee reports were presented in the following order:*

Investment:

Board Chair Tarrell Gamble gave an oral report stating that the Investment Committee met on November 7, 2018 and that the Committee presented, discussed and recommended that the Board approve an investment of up to \$400 million into the following three (3) State Street Global Advisors (SSgA) funds: **1)** State Street Bloomberg Roll Select Commodity Index Non-Lending Fund; **2)** State Street S&P Global Infrastructure Index Non-Lending Common Trust Fund; and **3)** State Street S&P Global Large MidCap Natural Resources Index Non-Lending Fund.

18-139

It was moved by Tarrell Gamble seconded by George Wood that the Board approve the following actions, pending completion of legal and investment due diligence, background investigations, and successful contract negotiation, on the three (3) listed SSgA Funds:

- 1) approve a total investment of up to \$400 million (from ii and iii below) into the following three (3) State Street Global Advisors (SSgA) funds, as follows: (1) State Street Bloomberg Roll Select Commodity Index Non-Lending Fund (up to \$60 Million or 15%); (2) State Street S&P Global Infrastructure Index Non-Lending Common Trust Fund (up to \$140 Million or 35%); and (3) State Street S&P Global Large MidCap Natural Resources Index Non-Lending Fund (up to \$200 Million or 50%) as part of ACERA's Real Assets Portfolio's – Liquid Pool (Liquid Pool):
- 2) fully redeem ACERA's investments in AQR Customized Real Return Offshore, Gresham eTAP, and Gresham TAP Funds for a combined redemption of (up to \$300 million) and infuse the entire redemption proceeds into the Real Assets Portfolio's Liquid Pool; and
- 3) increase the Real Assets Portfolio to its approved 5% allocation of the Total Fund by rebalancing monies, as needed, from the Equities and Fixed Income asset classes (up to \$100 million) and infusing the entire amount into the Liquid Pool

The motion carried 7 yes (*Basgal, Gamble, Levy, Reilly, Rogers, Walker, Wood*), 0 no, and 0 abstentions.

Trustee Elizabeth Rogers also gave an oral report stating that representatives from EQT, Verus and Staff presented, discussed and recommended that the Board approve an up to \$40 Million Investment in EQT Infrastructure IV in ACERA's Real Assets Portfolio – Infrastructure.

18-140

It was moved by Elizabeth Rogers seconded by George Wood that the Board approve an up to \$40 Million Investment in EQT Infrastructure IV as part of ACERA's Real Assets Portfolio – Infrastructure, pending completion of legal and investment due diligence, background investigations, and successful contract negotiation. The motion carried 7 yes (*Basgal, Gamble, Levy, Reilly, Rogers, Walker, Wood*), 0 no, and 0 abstentions.

Trustee Rogers further reported that the Committee reviewed and discussed Staff's and Callan's proposed revisions to ACERA's Real Estate Investment Guidelines, Policies and Procedures, revisions that were designed to provide additional specificity relative to international investments. Trustee Rogers noted that revisions will be brought back to the December 2018 Investment Committee meeting for approval.

Budget:

Trustee Ophelia Basgal gave an oral report stating that the Budget Committee met today and that the Committee reviewed and discussed ACERA's 2019 Proposed Operating Expense Budget. Trustee Basgal reported that ACERA's 2019 Proposed Operating Expense Budget is \$21.2 million, which is 7.2% over ACERA's 2018 Operating Expense Budget. Trustee Basgal further reported that ACERA reduced its funded positions from 93 to 91. It was noted that Staffing costs increased by 7.1%, which is due to: **1)** a negotiated Cost of Living Adjustment (COLA) increase for County employees; **2)** longevity merit increases; and **3)** additional, one-time expenditures for the retirement specialist series job reclassification to align the salaries with current market levels. Trustee Basgal further reported that there was a slight decrease in Staff Development and a slight increase in Professional Fees and directed Staff to provide more detail for all increases and/or decreases in future proposed budgets. Trustee Basgal commended Staff for their hard work in preparing the 2019 Proposed Operating Expense Budget.

18-141

It was moved by Ophelia Basgal seconded by Elizabeth Rogers that the Board approve ACERA's 2019 Proposed Operating Expense Budget. The motion carried 7 yes (*Basgal, Gamble, Levy, Reilly, Rogers, Walker, Wood*), 0 no, and 0 abstentions.

The Budget Committee also discussed Cybersecurity in terms of insurance coverage.

NEW BUSINESS:

ACERA Interest Crediting and Actuarial Funding Policies

Fiscal Services Officer Margo Allen explained that the ACERA Interest Crediting and Actuarial Funding Policies were presented and discussed at the October 18, 2018 Actuarial Committee meeting as informational items and are now being brought back under “New Business” for Board action. It was noted that there were no additional changes to these Policies.

ACRE President Pete Albert inquired about whether or not contribution rates will be consolidated to include active employees. Ms. Allen and Assistant Chief Executive Officer Kathy Foster explained, and gave examples, of the four Tiers and stated that the amount of contribution rates paid depends on the Tier an employee falls under. Ms. Foster noted that after the implementation of The Public Employees’ Pension Reform Act (PEPRA), all Tier 4 employees pay a flat contribution rate; all other Tiers are based on an employee’s age at the time of entry into the System.

18-142

It was moved by Tarrell Gamble seconded by Ophelia Basgal that the Board approve ACERA’s Interest Crediting Policy without revisions. The motion carried 7 yes (*Basgal, Gamble, Levy, Reilly, Rogers, Walker, Wood*), 0 no, and 0 abstentions.

18-143

It was moved by Tarrell Gamble seconded by Ophelia Basgal that the Board approve ACERA’s Actuarial Funding Policy without revisions. The motion carried 7 yes (*Basgal, Gamble, Levy, Reilly, Rogers, Walker, Wood*), 0 no, and 0 abstentions.

Select Date for 2019 Board Off-Site

Chief Executive Officer Dave Nelsen recommended Tuesday, October 29th as the date for the 2019 Board Off-Site. However, several Trustees felt that Friday would be a better day for the Board Off-Site so as not to interfere with previously scheduled events. After discussion, it was decided that Friday, November 1st would be the date for ACERA’s 2019 Board Off-Site. The Trustees also agreed that the Board Off-Site would be held at Scott’s Restaurant in Jack London Square, Oakland, California. It was noted that the room layout will be changed to better accommodate speakers/presenters.

18-144

It was moved by Tarrell Gamble seconded by Elizabeth Rogers that the Board approve Friday, November 1, 2019 as ACERA’s Board Off-Site meeting date. The Board also approved Scott’s Restaurant in Jack London Square as the designated location for the Board Off-Site. The motion carried 7 yes (*Basgal, Gamble, Levy, Reilly, Rogers, Walker, Wood*), 0 no, and 0 abstentions.

Oversight Project Manager (OPM) for the Pension Administration System Replacement Project

Mr. Nelsen reminded the Board that in September 2018, ACERA issued a Request for Proposal to solicit a qualified firm to provide project oversight and consulting services for ACERA's Pension Administration Software (PAS) Replacement Project. In response to the RFP, ACERA received two proposals: **1) Linea** and **2) LRWL**. It was noted that both Linea and LRWL met the minimum qualifications and advanced to the interview phase wherein a panel consisting of: Dave Nelsen, Kathy Foster, Sandra Dueñas-Cuevas, Vijay Jagar and Mustafa Miakhail interviewed and scored both firms. It was noted that both firms were evenly ranked and that they both submitted very good references. The total Project costs for Linea is \$1.8 million; LRWL, \$1.96 million.

Mr. Nelsen reported that after the interview and scoring process, Staff recommended LRWL because they have a more focused, disciplined and appropriate approach and that they provided multiple project management and technical certifications. Linea had a more relational, involved and hands-on approach. Trustee Henry Levy reported that based on LRWL's Website, they specialize in public sector retirement systems, as opposed to Linea. Mr. Nelsen noted that the new System has an employer portal with a lot of new features and benefits.

Trustee Basgal directed Staff to provide more detailed information regarding the scoring criteria for future RFPs.

18-145

It was moved by Tarrell Gamble seconded by Henry Levy that the Board select LRWL, Inc. as ACERA's Oversight Project Manager for ACERA's Pension Administration Replacement Project. The motion carried 7 yes (*Basgal, Gamble, Levy, Reilly, Rogers, Walker, Wood*), 0 no, and 0 abstentions.

Operations Committee Informational Items:

Financial Statements as of September 30, 2018:

Fiscal Services Manager Margo Allen presented the unaudited Quarterly Financial Statement for the period ending September 30, 2018 and had no exceptions to the Report.

Operating Expenses as of September 30, 2018:

Ma. Allen presented the year-to-date Budget vs. Actual Operating Expense Report and had no exceptions to the Report.

Quarterly Cash Forecast Report:

Ms. Allen presented the Cash Forecast Report for October 1, 2018–September 30, 2019 and had no exceptions to the Report.

Board Member Conference Expense Report for 3rd Qtr. 2018

Ms. Allen presented the Board Member Conference and Training Report for the period January 1, 2018 to September 30, 2018 and had no exceptions to the Report.

Senior Manager Conference and Training Expense Report for 3rd Qtr. 2018

Ms. Allen presented the Senior Manager Conference and Training Expense Report for the period January 1, 2018 to September 30, 2018 and had no exceptions to the Report.

David Nelsen, Chief Executive Officer's Report

Mr. Nelsen presented his November 8, 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.

Based on feedback from the Board at the Board Off-Site, Mr. Nelsen included the following two (2) new items regarding streamlining ACERA's Board Administration Process to the "Committee/Board Action Items" Section of his CEO Report: **1)** Committee consolidation; and **2)** expanding the use of the Consent Calendar. These items will be presented and discussed at the December 5, 2018 Operations Committee meeting.

CONFERENCE REPORTS

None.

ANNOUNCEMENTS

None.

PUBLIC INPUT

ACERA Chief Counsel Kathy Mount announced that the *CalFire vs. CalPERS* case, which addresses the issue of vested rights, was set for hearing by the California Supreme Court and will take place in Los Angeles, CA on Wednesday, December 5, 2018. The hearing will be available for viewing online.

Mr. Albert reported that he is waiting to find out who Governor Jerry Brown will appoint to the vacant seat in the California Supreme Court (Court) so that the Court can finally render a decision in the *CalFire vs. CalPERS* case.

Mr. Albert announced that this year's ACRE Holiday Luncheon will take place on Thursday, December 6, 2018 at the Oakland Airport Hilton Hotel in Oakland, CA.

BOARD INPUT

Trustee Ophelia Basgal reported that NASRA issued two (2) reports about the Chicago Teachers' Pension Fund's ballot measure regarding pension plan liability buy-outs. After discussion, the Trustees agreed that the Board would have more discussions around this issue and the impact on ACERA, if any.

CLOSED SESSION

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

REPORT ON ACTION TAKEN IN CLOSED SESSION

The Board reconvened into Open Session and Board Chair Tarrell Gamble announced that the Trustees, on behalf of the Board of Retirement, nominated him to serve as the Board's Labor Negotiator to negotiate with Chief Executive Officer Dave Nelsen regarding his compensation.

ADJOURNMENT

The meeting adjourned at approximately 3:00 p.m.

Respectfully Submitted,



David Nelsen
Chief Executive Officer

12/20/18

Date Adopted

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

ACOLATSE, Ann E.
Effective: 9/8/2018
Sheriff's Office

FELDER, Crystal
Effective: 9/8/2018
Public Health

BRANDT, Juanita B.
Effective: 8/31/2018
Probation

FREEDMAN, Joyce M.
Effective: 9/8/2018
Health Care Services Agency

CAMERON, Maria
Effective: 1/13/2018
Alameda Health System

FUENTES, Eliane M.
Effective: 5/30/2018
First 5

CAMPBELL, Evon
Effective: 8/25/2018
Sheriff's Office

FUKUSHIMA, Dianne
Effective: 9/9/2017
Superior Court

CARLSON, James
Effective: 8/15/2018
Health Care Services Agency

HARRISON, Brenda F.
Effective: 8/24/2018
Social Services

CHARLES, Jeanne G.
Effective: 9/8/2018
District Attorney

HILL, Valerie
Effective: 8/25/2018
Social Services

CONTRERAS, Juan
Effective: 8/24/2018
General Services Agency

HUNTER, Darren
Effective: 8/4/2018
Health Care Services Agency

CROWDER, Robert
Effective: 8/25/2018
Alameda Health System

JUMONVILLE, Louis
Effective: 8/24/2018
Social Services

DeVITO, Michael
Effective: 9/1/2018
Health Care Services Agency

KEELING, Cheryl J.
Effective: 8/24/2018
Housing Authority

DINGEL, Earlemaire
Effective: 3/31/2018
DEFERRED

LAM, Hien My
Effective: 8/25/2018
Superior Court

ESPINOSA, Jesus G.
Effective: 4/1/2018
Information Technology Department

LIANG, Judy
Effective: 8/24/2018
Library

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

LICANO, Debra W.
Effective: 9/8/2018
Probation

SANCHEZ, Irmina
Effective: 8/11/2018
Board of Supervisors

MAGALLANES-ORDAZ, Carmen
Effective: 3/1/2018
Information Technology Department

SUAREZ, Wilfredo
Effective: 3/31/2018
General Services Agency

MCGRORY, ROBERT
Effective: 8/11/2018
Sheriff's Office

THOMAS-FOUSSENI, Deborah
Effective: 8/25/2018
Alameda Health System

NAGRAMP, Angela
Effective: 3/31/2018
Health Care Services Agency

WASHINGTON, Wanda L.
Effective: 4/1/2018
Alameda County Medical Center

NGUYEN, Hung
Effective: 6/30/2018
General Services Agency

WILLIAMSON, Kimberly A.
Effective: 8/11/2018
Sheriff's Office

NGUYEN, Nhung
Effective: 6/30/2018
General Services Agency

WILLIAMS-REDMON, Latresiya
Effective: 8/18/2018
Sheriff's Office

NORMAND, Dawn
Effective: 8/21/2018
Library

WOERGOETTER, Gerald R.
Effective: 9/1/2018
Public Works Agency

RICHARDSON, Ronald I.
Effective: 9/1/2018
Health Care Services Agency

WRIGHT, Leegretta
Effective: 8/25/2018
Social Services

RIZZO-SHUMAN, Mary
Effective: 8/10/2018
Housing Authority

YEE, Judy F.
Effective: 3/31/2018
Social Services

ROBINSON, Elliott C.
Effective: 8/11/2018
Social Services

**APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT**

BERGER, Diana L. P.
Health Care Services Agency
Effective: 8/2/2018

SPLITTER-HUBBARD, Amy
Alameda Health System
Effective: 4/30/2018

LATORRE, Jory M.
Superior Court
Effective: 8/31/2018

STULTS, Robin S.
Social Services Agency
Effective: 2/1/2018

LEWIS, Mykeisha J.
Probation
Effective: 9/13/2018

TEJADA CASTILLO, Ana R.
Child Support Service
Effective: 2/28/2018

MONTANEZ, Lori
Alameda Health System
Effective: 7/13/2018

TERMINI, Scott L.
Sheriff's Office
Effective: 6/24/2018

MURRAY, Tracy L.
Social Services Agency
Effective: 8/7/2018

VAN ZANTEN, Jodie D.
ACERA
Effective: 4/12/2018

RIVERA, Karina
Board of Supervisors
Effective: 2/16/2018

WILLIAMS, Cassandra L.
Social Services Agency
Effective: 6/15/2018

SCHEAR, Tracey A.
Health Care Services Agency
Effective: 4/6/2018

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

MILEY, Angelina P.
Assessor
Effective: 09/14/2018

**APPENDIX D
LIST OF DECEASED MEMBERS**

ALGA, Gene
General Services Agency
09/07/2018

HARRIS, Albert
General Services Agency
06/11/2018

AQUINO, Maria
Social Services Agency
01/07/2018

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

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

HUYNH, Tran
Social Services Agency
08/23/2018

BERMAN, Paul
Social Services Agency
06/03/2018

LAYTON, Carol
Superior Court
08/11/2018

BLANKENSHIP, King
Probation
09/26/2018

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

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

MILLER, Henry
General Services Agency
05/18/2018

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

OLIVER, Naomi
Social Services Agency
08/11/2018

CLARK, Barbara
Superior Court
07/03/2018

RALPH, Kathryn
Probation
03/09/2018

COOPER, Norman
Probation
09/06/2018

SERALIE, Elizabeth
Assessor
07/21/2018

CROSBY, Josephine
Alameda Health System
08/24/2018

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