



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, December 20, 2018
2:00 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. **PUBLIC COMMENT:**
4. **REVIEW AND APPROVAL:** Minutes of the Regular Board Meeting:
November 8, 2018
5. **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:**
November 7, 2018 Investment Committee Minutes
November 8, 2018 Budget Committee Minutes
 - I. **MISCELLENIOUS MATTERS:**
Legislative Update

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

REGULAR CALENDAR
REPORTS AND ACTION ITEMS

6. 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.

7. COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS:

A. Operations:

1. Summary and Approval of the Minutes of the December 5, 2018, Meeting.
2. Motion that the Board approve the updated *Discharge of Benefit Overpayments Policy*.
3. Motion that the Board approve ACERA's 2019 LEAP Technologies (Process Excellence) contract.
4. Motion that the Board approve ACERA's Benefits Consultant annual contract.

B. Retirees:

1. Summary and Approval of the Minutes of the December 5, 2018, Meeting.
2. Motion that the Board continue to provide the Medicare Part B Reimbursement Plan (MBRP) benefit to eligible retirees in 2019, and approve the reimbursement based on the lowest standard monthly Medicare Part B premium at the rate of \$135.50. The MBRP benefit is a non-vested benefit funded by contributions from ACERA Employers to the 401(h) account. After contributions are made, in accordance with the County Employee Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.
3. Motion that the Board adopt the revised and updated Appendix A to Resolution No. 07-29, which reflects the changes approved by the Board to the Monthly Medical Allowance amounts for Group and Individual Plans as well as the Retiree Health Benefit contribution amounts for Plan Year 2019.

C. Investment:

1. Summary and Approval of the Minutes of the December 12, 2018, Meeting.
2. Motion that the Board adopt an Amended ACERA Real Estate Investment Guidelines, Policies and Procedures.
3. Motion that the Board adopt the 2019 – 2020 Investment Plan for ACERA's Real Estate Asset Class.

D. Governance:

1. Oral report of December 20, 2018, Governance Committee Meeting.
(Note: The formal written Governance Committee minutes will be included for approval on the January 17, 2019, Board Consent Calendar.)
2. Motion that the Board update the *Membership Policy* with or without revisions.
3. Motion that the Board update the *Board Regulations Policy* with or without revisions.
4. Motion that the Board update the *Conflict of Interest Policy* with or without revisions.

8. OLD BUSINESS:

None.

9. NEW BUSINESS:

A. Board Election Results.

B. Chief Executive Officer's Report.

10. CONFERENCE REPORTS/ORAL REPORTS:

11. ANNOUNCEMENTS:

12. BOARD INPUT:

13. CLOSED SESSION:

A. Pursuant to Government Code (GC) Section 54956.9 (d)(2): Discuss Anticipated Litigation.

B. Pursuant to GC §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, January 17, 2019 at 2:00 p.m.

16. ADJORNMENT:

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

AGUILUZ, Hector A.
Effective Date: 12/30/2017
General Services Agency

ALBERTO, Jacquelyn A.
Effective Date: 2/22/2018
Alameda Health System

ANDERSON, Smiley A.
Effective Date: 9/22/2018
Sheriff's Office

ANTONIO, Francisoco Jr.
Effective Date: 3/30/2018
Superior Court

BERMUDEZ, Edwin A.
Effective Date: 9/15/2018
District Attorney

BOLTON, George M.
Effective Date: 8/20/2018
Public Works Agency

BUGARIN, Maria
Effective Date: 10/19/2018
Alameda Health Systems

BURGESS, Patricia I.
Effective Date: 9/22/2018
Social Services Agency

CARDOZA, Roy A.
Effective Date: 9/7/2018
Sheriff's Office

CRUTCHFIELD, Nesbit
Effective Date: 9/29/2018
Alameda Health System

DENOBRIGA, Michael J.
Effective Date: 10/20/2018
Sheriff's Office

DORN, Dianne J.
Effective Date: 10/20/2018
Superior Court

DUARTE, Elizabeth D.
Effective Date: 10/27/2018
Superior Court

EDWARDS, Don R.
Effective Date: 9/22/2018
Information Technology

ENEBOE, Craig A.
Effective Date: 1/4/2018
Alameda Health System

FOCKLER, Henry M.
Effective Date: 9/22/2018
Public Works Agency

HARTEAU, MICHAEL J.
Effective Date: 9/22/2018
General Services aAgency

HASKINS, Francell K.
Effective Date: 9/9/2017
Health Care Services Agency

HAWKINS, Carol D.
Effective Date: 10/20/2018
Library

HOWARD, Raymond B.
Effective Date: 10/20/2018
Information Technology

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

ISHIDA, Marc T.
Effective Date: 3/24/2018
General Services Agency

KELLY, Dana L.
Effective Date: 6/1/2017
Alameda Health System

LAWRENCE, Annemarie I.
Effective Date: 10/20/2018
District Attorney

LEON, Robin L.
Effective Date: 9/22/2018
Public Works Agency

LIMPEROPULOS, Anthony
Effective Date: 10/6/2018
Health Care Services Agency

LOPEZ, Patricia M.
Effective Date: 9/29/2018
Health Care Services Agency

MACHADO, Robert A.
Effective Date: 9/21/2018
Public Works Agency

MANCHESTER, Blane R.
Effective Date: 9/29/2018
Community Development Agency

MBANUGO, Akachukwu O.
Effective Date: 2/1/2018
Alameda Health System

NANNIZZI, Jill P.
Effective Date: 9/15/2018
Information Technology Dept. Admin

OBIDAH, Karen E.
Effective Date: 9/22/2018
Social Services Agency

PADILLA, Sylvester F.
Effective Date: 3/8/2018
Alameda Health System

RIRAY, Nerissa G.
Effective Date: 9/22/2018
County Administrators Office

ROEHL, Darlene K.
Effective Date: 9/29/2018
Information Technology

ROSS, Patrica M.
Effective Date: 9/22/2018
Assessor

SADIQ, Renne Deanna
Effective Date: 10/6/2018
Health Care Services Agency

SCHROTH, Margaret
Effective Date: 9/22/2018
Alameda Health System

SLACK, Valerie D.
Effective Date: 9/8/2018
Alameda Health System

SPANGLER, Robert E.
Effective Date: 9/8/2018
Auditor-Controller

STAROSKY, Michelle D.
Effective Date: 10/1/2018
Alameda Health Systems

TILLOSTON, Roy R.
Effective Date: 10/20/2018
Sheriff's Office

URBI-SHORTTRIDGE, Juvy F.
Effective Date: 10/20/2018
Social Services Agency

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

WASHINGTON, Veda C.
Effective Date: 9/22/2018
Probation

YIU, Nancy M.
Effective Date: 9/29/2018
Alameda Health Systems

WILLIAMS, Diane
Effective Date: 8/25/2018
Social Services Agency

YUE, John D.
Effective Date: 10/6/2018
General Services Agency

**APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT**

JOHNSON, Michelle A.
Alameda Health System
Effective Date: 10/19/2018

NEWBALL, Ninfa
Alameda Health System
Effective Date: 09/26/2018

STROUD, Jennifer S.
Alameda Health System
Effective Date: 8/31/2018

WELLMAN, Timothy J.
District Attorney
Effective Date: 8/10/2018

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

AIELLO, Brian R.
Health Care Services Agency
Effective Date: 10/5/2018

CARLISE, Andrea S.
County Counsel
Effective Date:

CHAN, Godfrey K.
Health Care Services Agency
Effective Date: 10/12/2018

JOSY SIMON, Alphi
Alameda Health System
Effective Date: 8/20/2018

MCCALL, Natalie R.
Library
Effective Date: 7/14/2018

MOODY, Caprisha
Health Care Services Agency
Effective Date: 9/5/2018

WARNER, Suzanne C.
Health Care Services Agency
Effective Date: 9/23/2017

WONG, Albert K.
Social Services Agency
Effective Date: 9/28/2018

YATTAW, Erin M.
Social Services Agency
Effective Date: 6/29/2018

**APPENDIX C
APPLICATION FOR DEFERRED TRANSFER**

NGUYEN, Loan T.
Assessor's Office
Effective Date: 10/5/2018

**APPENDIX D
LIST OF DECEASED MEMBERS**

BETTS, Helen H.
Non-Member Survivor of Archie Betts
8/30/2018

DAVIS, Audrey C.
Social Services Agency Administration
11/08/2018

DE PERALTA, Eliana A.
Alameda County
10/28/2018

REMBERT, Thelma E.
Non-Member Survivor of Melvin Rembert
10/10/2018

TURNER, Bernice L.
Alameda County
09/11/2018

VALENCIA, Edward A.
Juv. Field Juvenile Services
10/07/2018

WARD, Julia M.
Alameda County
10/22/2018

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: **Black, Sandra**
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. Black's application for a service connected disability and to waive future annual medical examinations and questionnaires at this time.

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

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Name: **Cho, Kit-Ching**
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. Cho's application for a service connected disability and to waive future annual medical examinations and questionnaires at this time.

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

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Name: **Fiscus, James**
Type of Claim: Annual Review for SCD (Granted on 7/20/17)

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. Fiscus's service connected disability and to waive future annual medical examinations and questionnaires.

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APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: **Fox, Cori**
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 to continue the allowance for Ms. Fox's service connected disability and to require future annual medical examinations and questionnaires.

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

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* ADVICE OF RIGHTS NOTICE: This document is not intended to constitute an offer of insurance or any other financial product. It is only for informational purposes. Please consult your agent for more information. *

Name: **Moss, Faith**
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. Moss's application for a service connected disability and to waive future annual medical examinations and questionnaires.

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

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* ADVICE OF RIGHTS NOTICE: This document is not intended to constitute an offer of insurance or any other financial product. It is only for informational purposes. Please consult your agent for more information. *

Name: **Peterson, Douglas**
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. Douglas's application for a service connected disability and to waive future annual medical examinations and questionnaires.

APPENDIX F APPLICATION FOR DISABILITY RETIREMENT

Name: Whitley, Janice
Type of Claim: Non-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. Whitley's application for a non-service connected disability and to waive future annual medical examinations and questionnaires.

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**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 LargeMidCap 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 LargeMidCap 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, Irmira
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

AQUINO, Maria
Social Services Agency
01/07/2018

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

BERMAN, Paul
Social Services Agency
06/03/2018

BLANKENSHIP, King
Probation
09/26/2018

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

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

CLARK, Barbara
Superior Court
07/03/2018

COOPER, Norman
Probation
09/06/2018

CROSBY, Josephine
Alameda Health System
08/24/2018

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

HARRIS, Albert
General Services Agency
06/11/2018

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

HUYNH, Tran
Social Services Agency
08/23/2018

LAYTON, Carol
Superior Court
08/11/2018

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

MILLER, Henry
General Services Agency
05/18/2018

OLIVER, Naomi
Social Services Agency
08/11/2018

RALPH, Kathryn
Probation
03/09/2018

SERALIE, Elizabeth
Assessor
07/21/2018

November 8, 2018
Budget Committee Minutes
For approval under December 20, 2018
Board “Consent Calendar”



Date: November 8, 2018
To: Members of the Budget Committee
From: Ophelia Basgal, Budget Committee Chair
Subject: Summary of the November 8, 2018 Budget Committee Meeting

Budget Committee Chair Ophelia Basgal called the November 8, 2018 Budget Committee meeting to order at 1:00 pm. Committee members present were Ophelia Basgal, Elizabeth Rogers, Henry Levy, and George Wood. Other Board members present were Tarrell Gamble, Darryl Walker, and Nancy Reilly. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant CEO Benefits; Margo Allen, Fiscal Services Officer; Kathy Mount, Chief Counsel; Betty Tse, Chief Investment Officer; Victoria Arruda, Human Resource Officer; Harsh Jadhav, Chief of Internal Audit; Vijay Jagar, Retirement Technology Chief; and Sandra Dueñas-Cuevas, Benefits Manager.

ACTION ITEMS

1. Review, discussion and possible motion to recommend approval of the Proposed 2019 ACERA Operating Expense Budget

Staff discussed highlights of the proposed 2019 ACERA Operating Expense Budget of \$21,233,000. Discussion centered on explaining the significant increase in staffing costs.

It was moved by Elizabeth Rogers and seconded by Tarrell Gamble that the Budget Committee recommend to the Board of Retirement that the Board approve the 2019 Proposed Budget.

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

INFORMATION ITEMS

None

TRUSTEE REMARKS

Trustee Basgal requested that Trustees should all receive a binder copy of the budget for this meeting.

PUBLIC INPUT

None

RECOMMENDATION

None

ESTABLISHMENT OF NEXT MEETING DATE

TBD

MEETING ADJOURNED

The meeting adjourned at 1:45 pm



Date: December 20, 2018

To: Members of the Board of Retirement

From: Kathy E. Mount, Chief Counsel

Subject: Chaptered Legislation for 2018

Attached is the Chaptered legislation for the 2017–2018 Legislative Session. The goal of this update is to provide an overview of Chaptered legislation impacting ACERA or of interest to ACERA. The categories are as follows:

- Legislation Impacting ACERA
- CERL Legislation of Interest
- Pension Reform Legislation
- Social Responsibility Legislation
- Personnel and Employment Legislation

If you have any questions about the legislative update, please, do not hesitate to ask.

Legislation Impacting ACERA

SB 1270 (County employees' retirement: system personnel)

This bill authorizes a county retirement board to appoint assistant administrators and chief investment officers to serve at the pleasure of the appointing board, if the board of supervisors for that county adopts Government Code Section 31522.3.

This law is consistent with the long-standing SACRS goal of providing retirement boards the tools needed to best manage and recruit talented and skilled employees in order to protect the assets of retirees and fulfill the fiduciary responsibility of the retirement systems.

There are already five retirement boards that have been granted this authority, or even greater authority, and this bill puts into place a statutory mechanism that will save future retirement systems and counties from returning to the Legislature for such personnel matters.

This was the only SACRS sponsored bill for the 2017-2018 legislative session.

Impact to ACERA: The Board of Retirement can ask the Alameda County Board of Supervisors to adopt a resolution to make this law applicable to ACERA. If the BOS adopts the law, the assistant administrators and chief investment officer positions would not be subject to the civil service rules though the positions would be included in the county salary ordinance. These positions would serve at the pleasure of the Board.

CERL Legislation of Interest

AB 2076 (County employees' retirement: disability date of retirement)

The bill authorizes a county retirement system in Los Angeles County to correct a prior board decision determining the effective date of retirement for a member permanently incapacitated for disability that was made between January 1, 2013, and December 31, 2015, and was based upon an error of law existing at the time of the decision. The bill authorizes a member seeking correction under these provisions to file an application with the board no later than one year from the date these provisions become operative.

Impact to ACERA: None. This bill applies only to an issue specific to LACERA.

SB 846 and SB 866 (Committee on Budget and Fiscal Review. Employment)

This bill is an Internal Revenue Service clean-up bill for Kern County Employees Retirement Association to prevent it from losing its tax-exempt status. The Legislature signed SB 866 in this legislative session, which required that Kern County Hospital enroll all new hires into KCERA. KCERA realized that SB 866 could jeopardize KCERA's tax status with the Internal Revenue Service and thus, the Legislature adopted SB 846 to rectify the problem.

Impact to ACERA: None. This bill applies only to an Internal Revenue Service issue specific to KCERA.

Pension Reform Legislation

There were several pending pension reform bills, but none were signed into law:

SB 1031 (Public employees' retirement: cost-of-living adjustments: prohibitions)

This bill would have prohibited a cost of living adjustment if the unfunded liability is greater than 20%.

SB 1033 (Public employees' retirement: reciprocal benefits: actuarial liability)

This bill would have required a PERS employer that increase the compensation of a member who was previously employed by a different agency to bear all the actuarial liability for the action if the increase results in an increased actuarial liability beyond what would have been reasonably expected for the member. While there was sympathy for the bill, there was no interest in addressing pension reform bills.

SB 1149 (Public employees' retirement: defined contribution plan)

This bill would have allowed new employees to elect a defined contribution plan instead of contributing to the defined benefit plan.

Social Responsibility Legislation

SB 964 (Public employees' retirement fund and teachers' retirement fund: investments: climate-related financial risk)

Through January 31, 2035, CalPERS and CalSTRS are required to analyze material (as determined by the boards) climate-related financial risk, and to publicly report every three years on the climate-related financial risk of their public market portfolios and the exposure of the funds to long term climate-related risks.

The law does not require either board to take action unless the board determines in good faith that the action is consistent with its fiduciary responsibilities.

The Legislature declared great concern about climate change and its long term impact on the environment, health, and economy and stated that climate risk is especially salient to retirement funds given that retirement boards have a fiduciary duty to ensure sufficient funding for both current and future retiree benefits.

Impact to ACERA: None directly. This new law demonstrates how state retirement systems are required to analyze and evaluate the financial risks of climate change.

Personnel and Employment Legislation of Interest

AB 2770 (Privileged communications: communications by former employer: sexual harassment)

Existing law authorizes an employer to inform a prospective employer whether or not the employer would rehire the employee. Such a communication is deemed privileged and protected from a lawsuit for defamation under Civil Code Section 47 if done without malice.

AB 2770 amends Section 47 to add among those privileged communications the following: (a) complaints of sexual harassment by an employee—without malice—to an employer based on credible evidence; (b) communications between the employer and interested persons—without malice—regarding a complaint of sexual harassment; (c) communications by the employer—without malice—whether the employer’s decision to not rehire the employee is based on the employer’s determination that the former employee engaged in sexual harassment.

Impact to ACERA: In the event that ACERA is involved in sexual harassment matter, this law protects communications involving sexual harassment so that victims, witnesses and former employers are not liable for any damages to the alleged harasser’s reputation, if the communication is without malice.

SB 1343 (Sexual Harassment Training)

Existing law requires employers with 50 or more employees to provide supervisors with at least two hours of sexual harassment training. This new law expands the training requirement to employers with 5 or more employees. Additionally by January 1, 2020, the law requires that employers provide at least one hour of training to non-supervisory employees and once every two years thereafter. Beginning January 2020, the law requires that the employer train seasonal and temporary employees (unless the employee is hired through a temporary service agency.) The DFEH will develop training materials for employers.

Impact to ACERA: The County has been providing sexual harassment training to supervisory employees. This law adds at least one hour of training to non-supervisory employees by January 1, 2020 and beginning January 1, 2020, requires training of temporary and seasonal employees.

SB 826 (Gender Composition of Boards of Directors)

This new law provides for mandatory inclusion of women on corporate boards of directors. Specifically, by the end of 2019, publicly held domestic or foreign corporations with principal executive offices in California must have a minimum of one female director on its their boards, and by the end of 2021, these corporations must comply with the following: (1) If its number of directors is six or more, the corporation shall have a minimum of three female directors; (2) If its number of directors is five, the corporation shall have a minimum of two female directors; (3) If its number of directors is four or fewer, the corporation shall have a minimum of one female director. The new law also requires the Secretary of State to publish certain statistical information in this regard on its website.

Impact to ACERA: ACERA is not a publicly traded company so there is no direct impact. However, companies that ACERA invests in may be impacted by this law.



Date: December 5, 2018

To: Members of the Operations Committee

From: Ophelia Basgal, Chair

Subject: Summary of the December 5, 2018, Operations Committee Meeting

Operations Committee Chair Ophelia Basgal called the December 5, 2018 Operations Committee Meeting to order at 9:34 a.m. Committee members present were Ophelia Basgal, Vice-Chair; Liz Koppenhaver; Elizabeth Rogers; and George Wood. Other Board members present were Tarrell Gamble; Jaime Godfrey; and Alternates Nancy Reilly and Darryl Walker. Staff present were David Nelsen, Chief Executive Officer; Margo Allen, Fiscal Services Officer; Kathy Foster, Assistant Chief Executive Officer; Kathy Mount, Chief Counsel; Betty Tse, Chief Investment Officer; Vijay Jagar, Chief Technology Officer; and, Sandra Dueñas-Cuevas, Benefits Manager.

ACTION ITEMS

1. Review, discussion and possible motion to update the Discharge of Benefit Overpayments Policy

The Discharge of Benefits Overpayments Policy has been reviewed and revised. The revised policy provides management reasonable authority to discharge benefit overpayments from financial records in a timely and consistent manner, so as not to overstate assets into perpetuity that are deemed to be uncollectable.

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver that the Operations Committee recommend to the Board of Retirement approve the updated Discharge of Benefit Overpayments Policy.

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

2. Discussion and possible motion to approve ACERA's 2019 LEAP Technologies (Process Excellence) contract

LEAP's 2019 scope of work will focus on new and ongoing strategic initiatives. The 2019 LEAP contract is for \$155,000, of which \$100,000 will be capitalized into the Pension Administration System capital upgrade project, with the remaining \$55,000 allocated in the 2019 budget for ongoing performance excellence initiatives.

It was moved by Liz Koppenhaver and seconded by Elizabeth Rogers that the Operations Committee recommend to the Board of Retirement approval of ACERA's 2019 LEAP Technologies (Process Excellence) contract.

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

3. Discussion and possible motion to approve ACERA's Benefits consultant annual contract

ACERA's contract with Keenan expires on December 31, 2018. Due to reoccurring issues with quality and timeliness of work, staff is recommending to not renew their contract. Instead, Staff recommends to contract the services of the second ranked firm from the 2017 bidding process, which is Segal Consulting for \$123,000 effective January 1, 2019.

It was moved by Tarrell Gamble and seconded by George Wood that the Operations Committee recommend to the Board of Retirement approval of ACERA's Benefits Consultant annual contract.

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

4. Discussion and possible motion to consolidate the work of the Board into fewer standing committees

At the Board of Retirement Off-Site, the topic of consolidating the work of the Board into fewer Committees was introduced. Currently, the Board has eight standing committees, two Ad-Hoc Committees and monthly Board meetings. Staff presented a memo discussing the positive and possible negative impacts to consolidating the committees.

After discussion, there was no motion. When possible, committee chairs will work with committee liaisons on developing efficient 2019 committee work plans, which may lead to fewer monthly meetings.

INFORMATION ITEMS

1. Operating Expenses

Staff presented the Total Operating Expense Budget Summary for October 31, 2018. As of October 31, 2018, actual expenses were \$260K under budget. Budget overages noted were Staffing (\$266K over budget). Budget surpluses noted were Staff Development (\$213K under budget), Professional Fees (\$13K under budget), Office Expense (\$12K under budget), Insurance (\$4K under budget), Member Services (\$49K under budget), Systems (\$111K under budget), Depreciation (\$6K under budget), and Board Expenses (\$118K under budget).

2. Call Center Report

Staff reported on the call center service levels for the 3rd quarter of 2018.

3. Presentation on expanded use of the Board consent calendar and discussion

Staff provided a memo describing possible additional items for inclusion of an expanded consent calendar.

The Board will review possible items to be moved to the consent calendar. The Board chair will determine what, if any, changes will be made to the consent calendar for future Board meetings. There was no motion.

TRUSTEE/PUBLIC INPUT

None.

RECOMMENDATIONS

The Committee recommends, and I move, that the Board of Retirement approve the updated Discharge of Benefit Overpayments Policy.

The Committee recommends, and I move, that the Board of Retirement approve ACERA's 2019 LEAP Technologies (Process Excellence) contract.

The Committee recommends, and I move, that the Board of Retirement approve ACERA's Benefits Consultant annual contract.

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for February 6, 2019, at 9:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 10:33 a.m.



December 5, 2018

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

Subject: Summary of the December 5, 2018 Retirees Committee Meeting

Committee Chair Liz Koppenhaver called the December 5, 2018 meeting to order at 10:43 a.m. Committee members present were Liz Koppenhaver, George Wood, and Jamie Godfrey. Also present were Ophelia Basgal, Tarrell Gamble, and Elizabeth Rogers, and alternate member Nancy Reilly. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Kathy Mount, Chief Counsel; Sandra Dueñas-Cuevas, Benefits Manager; and Jessica Huffman, Benefits Manager.

ACTION ITEMS

1. Adoption of Medicare Part B Reimbursement Plan Benefit for 2019

Staff provided information on ACERA's Medicare Part B Reimbursement Plan (MBRP) benefit, including retirees' out-of-pocket costs, and the percentage of retirees affected at each of the designated income levels, based on the retirees' ACERA retirement allowances only. Staff recommends to continue the benefit for 2019 based on the reimbursement at the lowest standard premium rate of \$135.50.

It was moved by George Wood and seconded by Jaime Godfrey that the Committee recommend to the Board of Retirement to continue to provide the Medicare Part B Reimbursement Plan (MBRP) benefit to eligible retirees in 2019, and approve the reimbursement based on the lowest standard monthly Medicare Part B premium at the rate of \$135.50.

The motion carried 6 yes (*Basgal, Gamble, Godfrey, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

2. Adoption of Updates to Appendix A of 401(h) Account Resolutions

Staff stated that in order for Resolution No. 07-29 to remain current for the upcoming 2019 Plan Year, Appendix A was amended to reflect the Board of Retirement's (Board) decisions regarding the Monthly Medical Allowance amounts for Group and Individual plans; and medical, dental, and vision premium amounts as adopted by the Board.

It was moved by Ophelia Basgal and seconded by Tarrell Gamble that the Committee recommend to the Board of Retirement (Board) to adopt the revised and updated Appendix A to Resolution No. 07-29, which reflects the changes approved by the Board

to the Monthly Medical Allowance amounts for Group and Individual Plans as well as the Retiree Health Benefit contribution amounts for Plan Year 2019.

The motion carried 6 yes (*Basgal, Gamble, Godfrey, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

INFORMATION ITEMS

1. Annual Report on Retired Member (Lump Sum) Death Benefits Paid in 2018

Staff provided information on the number and amount of the Retired Member (lump sum) Death Benefit payments made to eligible beneficiaries of retirees for the 12-month period December 1, 2017 through November 30, 2018, including the payments made by reciprocal agencies. This \$1,000 benefit is funded by the Supplemental Retiree Benefit Reserve and is a vested benefit, as long as there are funds available. Trustees directed Staff to provide information at a future meeting for consideration to increase the amount of this benefit.

2. Retiree Health and Wellness Fair Results and Open Enrollment Activity

Staff provided a report on the results of the Retiree Health and Wellness Fair (Fair), which was held on October 25, 2018 at the Albert H. DeWitt Officer's Club in Alameda, California. This year, Staff implemented online pre-registration for the Fair. Of the 142 retirees who pre-registered, 93 retirees attended, and an additional 235 registered the day of the Fair. So far, Staff has received 125 Open Enrollment forms. A more detailed report on ACERA's medical, dental and vision, and Via Benefits' enrollment plan changes will be provided at the February 2019 Committee meeting.

3. Miscellaneous Updates

There were no benefit topics impacting both retirees and ACERA Staff to report at this time.

RECOMMENDATIONS

1. Adoption of Retired Medicare Part B Reimbursement Plan Benefit for 2019

The Committee recommends, and I move that the Board of Retirement continue to provide the Medicare Part B Reimbursement Plan (MBRP) benefit to eligible retirees in 2019, and approve the reimbursement based on the lowest standard monthly Medicare Part B premium at the rate of \$135.50. The MBRP benefit is a non-vested benefit funded by contributions from ACERA Employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

2. Adoption of Updates to Appendix A of 401(h) Account Resolutions

The Committee recommends, and I move that the Board of Retirement (Board) adopt the revised and updated Appendix A to Resolution No. 07-29, which reflects the changes approved by the Board to the Monthly Medical Allowance amounts for Group and Individual Plans as well as the Retiree Health Benefit contribution amounts for Plan Year 2019.

TRUSTEE REMARKS

Trustee Koppenhaver stated that she recently learned that ACERA retiree, Olga Kempton, had passed away. Ms. Kempton was very active in the Alameda County Retired Employees retiree association, and was willing to help everyone. Trustee Koppenhaver also stated that a couple of retirees had contacted her regarding medical expense reimbursements through Via Benefits, which she is working on with Staff to resolve.

PUBLIC INPUT

None.

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for February 6, 2019 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:08 a.m.

November 7, 2018
Investment Committee Minutes
For approval under December 20, 2018
Board “Consent Calendar”



Date: November 7, 2018
To: Members of the Board of Retirement
From: Elizabeth Rogers – Chair
Subject: Summary of November 7, 2018 Investment Committee Meeting

The Investment Committee (“Committee”) met on Wednesday, November 7, 2018 at 9:34 a.m. The Committee members present were Ophelia Basgal, Tarrell Gamble, Jaime Godfrey, Henry Levy, Elizabeth Rogers, and George Wood. Also present were Alternate Safety member Darryl Walker and Alternate Retired member Nancy Reilly. Members of the Staff present were Dave Nelsen, Chief Executive Officer; Kathy Mount, Chief Counsel; and Betty Tse, Chief Investment Officer.

ACTION ITEMS

1. Discussion of and Possible Motion to Recommend to the Board:

- i) To 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 LargeMidCap 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);
 - ii) To 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;
 - iii) To 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
- Representatives of State Street Global Advisors (SSgA), a wholly-owned subsidiary of State Street Bank and Trust Company, presented to the Committee the history, background, and culture of SSgA, as well as the ongoing opportunity set, investment team, AUM, scope, and strategy of SSgA’s indexing business. The representatives noted that SSgA is currently providing similar Real Assets indexing services to two other California counties.
 - The representatives discussed the elements of Real Assets index composition including the rationale for using the Bloomberg Roll Select Commodity Index vs. the Bloomberg

Commodity Index to allow for selection among all available forward futures contracts to enhance performance. SSgA will also invest in the S&P Global LargeMidCap Natural Resources Index over the S&P Global Natural Resources Index to broaden exposure to global materials, energy, and agriculture equities thereby reducing exposure to predominantly large, integrated oil companies. All three proposed Liquid Pool components provide potential hedges against inflation thereby improving diversification, and lowering correlation with other traditional asset classes.

- Responding to a trustee question, Verus explained that, among the several institutional index providers examined, SSgA was the only one that had an existing capability to provide the custom strategy required for ACERA's Real Assets Liquid Pool.
 - After further discussion, Mr. George Wood moved, seconded by Mr. Darryl Walker, to recommend to the Board that it:
 - 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 LargeMidCap 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);
 - Approve fully redeeming 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;
 - Approve increasing 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.
 - All approvals are pending completion of legal and investment due diligence, background investigations, and successful contract negotiation.
 - The motion carried with 8 yes (Basgal, Gamble, Godfrey, Levy, Reilly, Rogers, Walker, and Wood), 0 no, and 0 abstention.
2. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$40 Million Investment in EQT Infrastructure IV in ACERA's Real Assets Portfolio – Infrastructure
- Representatives of EQT Partners presented to the Committee the history, background, and culture of the firm, as well as the ongoing opportunity set, investment team, and strategy

of EQT Infrastructure IV (EQT IV). The representatives noted that ACERA is currently invested in one other EQT fund (EQT Credit Opportunities III Fund (2016)).

- The representatives discussed EQT IV's strategy of focusing on infrastructure assets in the transportation and logistics sectors. The strategy has remained the same throughout all the predecessor funds, and the strategy has performed well since inception. Through June 30, 2018, EQT I, II, and III have produced IRR's of 17%, 22%, and 45%, net of fees, respectively.
- Verus explained that EQT's prior three infrastructure funds ranked in the top quartile for returns for their vintage years of 2008, 2013, and 2016 as compared to Global Buyout Funds of similar vintage. Verus compared EQT fund results against similar infrastructure funds in its own database and found that EQT consistently ranks as the top performing infrastructure manager.
- After discussion, Mr. George Wood moved, seconded by Mr. Jaime Godfrey, to recommend that the Board Approve an up to \$40 Million Investment in EQT Infrastructure IV in ACERA's Real Assets Portfolio – Infrastructure, pending completion of legal and investment due diligence, background investigations, and successful contract negotiation.
- The motion carried with 8 yes (Basgal, Gamble, Godfrey, Levy, Reilly, Rogers, Walker, and Wood), 0 no, and 0 abstention.

Information Items: These items are not presented for Committee action but consist of status updates and cyclical reports

1. Discussion of Proposed Revisions To ACERA's Real Estate Investment Guidelines, Policies and Procedures
 - Seeking input from the Committee, Staff and representatives from Callan discussed the proposed changes to the real estate policy. Staff and Callan suggested adding the flexibility of debt real estate and international real estate to reflect the current investments of the real estate asset class and provide for greater diversification, but within defined limits. Furthermore, Staff and Callan also recommended adding a compliance checklist for private real estate placements.
 - Representatives from Callan provided an in-depth education regarding debt real estate and international real estate to the ACERA real estate portfolio and explained the rationale and potential advantages and further diversification of adding these additional investment types.

- The Committee inquired about how emerging investment managers for real estate fit into the policy, and separately, suggested that the Real Estate performance management report be changed to semi-annual from quarterly.
- Staff and Callan will return with an Action Item in the next couple of months to make a formal recommendation.

Recommendations:

- The Committee recommends, and I move, that the Board
 - i. 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 LargeMidCap 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);
 - ii. 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;
 - iii. 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.

All approvals are pending completion of legal and investment due diligence, background investigations, and successful contract negotiation.

- The Committee recommends, and I move, that the Board Approve an up to \$40 Million Investment in EQT Infrastructure IV in ACERA's Real Assets Portfolio – Infrastructure, pending completion of legal and investment due diligence, background investigations, and successful contract negotiation.

TRUSTEE/PUBLIC INPUT

Betty Tse, Chief Investment Officer, updated the Committee on the current status of the Small Cap Growth Search. Staff and Verus finished the due diligence site visits and found that one of the four managers is resource-constrained in terms of its organization and team.

With the consent from the Committee, Staff may bring fewer than four candidates to present in the interview at the December 12 Investment Committee Meeting.

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

Wednesday, December 12, 2018 at 9:30 a.m.

ADJOURNMENT

The meeting ended at 11:59 a.m.

**Minutes for the December 20, 2018
Governance Committee
Will be included on the January 17, 2019,
Board “Consent Calendar” for approval.**

NEW BUSINESS

9.A. Board Election Results (ORAL REPORT).

9.B. Chief Executive Officer's Report.

NEW BUSINESS

9.A. Board Election Results (ORAL REPORT).

NEW BUSINESS

9.B. Chief Executive Officer's Report.

DATE: December 20, 2018

TO: Members of the Board of Retirement

FROM: Dave Nelsen, Chief Executive Officer *DN*

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.
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.
Discuss Committee Consolidation	Dave Nelsen	December	This was brought to the Operations committee in December. No recommendation to the Board but an acknowledgment to minimize the number of Operations and Retirees committee meetings in 2019.	Possible consolidation of the Committee's work
Expand the Use of the Consent Calendar	Kathy Mount	December	This was presented at the Operations Committee in December. A survey will be sent out soliciting interest in which items can be put on Board Consent Calendar.	Discuss some items that could be included on the Consent Calendar rather than individual Board action items.
Discuss Modifying the Delegated Investment Authority to Staff	Betty Tse	To be determined		By modifying the delegated investment authority it may free up more time for other discussions or education at Investment Committee meetings.
Frequency of Staff Reports	Committee Liaisons	Addressed at respective Committees		Evaluating the frequency of Staff reports may increase administrative efficiency without sacrificing good governance.

Conference Schedule

No Conferences in the near future. However, I will be out of the office from December 21st through December 27th on vacation leave. Kathy Foster will be in charge during my absence.

Other

At the SACRS Fall Conference, I was asked to Co-Chair the SACRS Legislative Committee with Eric Stern, the CEO of the Sacramento Employees' Retirement Association. The full SACRS Board will vote to formally approve this at their Board Meeting on December 18, 2018.

Process Excellence Activities:

- The second project is for Staff to complete their work on developing Employee Personal Development Plan templates and processes. This will be implemented in early 2019.
- 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 was provided at the Health Fair, as well as personal phone call interviews to recent retirees.
 - Meeting investment benchmark performance on a rolling 10-year basis.

Projects identified for 2019 include requirements definition for the Pension Administration System Replacement Project, benefits process optimization using lean process improvement, departmental organization optimization, and implementing performance development and training tools.