



To: Members of the Board of Retirement

From: Elizabeth Rogers, Chair
Governance Committee

Date: August 15, 2019

Subject: Summary of the August 15, 2019, Governance Committee Meeting

Governance Committee Chair, Elizabeth Rogers, called the August 15, 2019, meeting to order at 1:03 PM. Committee Members present were Ophelia Basgal, Tarrell Gamble, Liz Koppenhaver, Henry Levy, and Elizabeth Rogers. Other Board members present were Dale Amaral, Jaime Godfrey, George Wood, Nancy Reilly, and Dale Walker. Staff present were David H. Nelsen, Chief Executive Officer; Harsh Jadhav, Chief of Internal Audit; Kathy S. Foster, Assistant Chief Executive Officer; Betty Tse, Chief Investment Officer; Margo M. Allen, Fiscal Services Officer; Angela Bradford, Executive Secretary; Sandra Dueñas-Cuevas, Benefits Manager; Jessica Huffman, Benefits Manager; and Susan Weiss, Investment Counsel.

ACTION ITEMS

1. Review, discussion, and possible motion to update the *Board and Committee Operations Policy* with or without revisions.

The Committee reviewed Staff's August 15, 2019, memorandum and its recommendation regarding proposed revisions to the *Board and Committee Operations Policy (Policy)*.

Staff also recommended that the Committee find that: (i) the Policy is necessary and continues to address the recurring need for effective operation of the Board and committees; (ii) the Policy continues to address the risk of inconsistent resolution of recurring issues and the unnecessary proliferation of policies; (iii) the issues addressed by the Policy continue to be within the Board's responsibility to effectively administer the pension plan and to mitigate risk to ACERA; and (iv) the Policy continues to be appropriate in meeting the needs of ACERA and does not overlap with other existing Board policies.

Following discussion on the Policy, the Committee recommended to the Board of Retirement that the Policy continues to be relevant and contains the required policy elements and that it should be continued with the revisions proposed by Staff.

A motion was moved by Trustee Basgal and seconded by Trustee Koppenhaver that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and that Staff's proposed revisions to the Policy be adopted as presented in the memorandum. The motion was approved by a vote of 8 in favor (Dale Amaral, Ophelia

Basgal, Tarrell Gamble, Jaime Godfrey, Liz Koppenhaver, Henry Levy, Elizabeth Rogers, and George Wood), 0 against, 0 abstaining.

2. Review, discussion, and possible motion to update the *Board Policy Development Process* with or without revisions.

The Committee reviewed Staff's August 15, 2019, memorandum and its recommendation regarding proposed revisions to the *Board Policy Development Process*.

Staff recommended that the *Board Policy Development Process* is necessary and continues to address the recurring need for policy development and review. The *Board Policy Development Process* continues to address the risk of inconsistent resolution of recurring issues and the unnecessary proliferation of policies.

Following discussion, the Committee recommended to the Board of Retirement that the *Board Policy Development Process* continues to be relevant and contains the required policy elements and that it be continued with certain revisions proposed by Staff and the Committee.

In addition to the revisions proposed by Staff in its memorandum, the Committee recommended the following revisions: (1) striking the words "coordinated, consistent and thoughtful" from the second sentence in Section I ("Purpose" Section); (2) replacing the phrase, "and senior management in carrying out managerial or governance activities which" with "and are intended to" at Section II.A ("Guidelines" Section); (3) restoring paragraph C to Section III ("Policy Development") with details of how Staff shall identify the need for a Board policy to the relevant committee; and (4) adding language at Section IV ("Policy Review Process") to clarify that individual Trustee(s) can request that a Board policy be reviewed.

A motion was moved by Trustee Koppenhaver and seconded by Trustee Basgal that the Governance Committee recommends to the Board of Retirement that the *Board Policy Development Process* remains relevant and necessary and shall be updated, as recommended by the Committee and Staff. The motion was approved by a vote of 8 in favor (Dale Amaral, Ophelia Basgal, Tarrell Gamble, Jaime Godfrey, Liz Koppenhaver, Henry Levy, Elizabeth Rogers, and George Wood), 0 against, 0 abstaining.

3. Review, discussion, and possible motion to update the *Board Elections Policy* with or without revisions.

The Committee reviewed Staff's August 15, 2019, memorandum on the *Board Elections Policy* ("Policy"), which did not propose any changes to the Policy:

Staff recommended that the *Board Elections Policy* be affirmed without changes and that the Committee find that: (i) the policy continues to address the recurring need to elect members to the Board; (ii) the Policy continues to address the inherent risks involved in not having a

policy in place to manage the elections and ensure a fair and efficient process; (iii) the issues addressed by this Policy continue to be within the Board's responsibilities of electing members to the Board; and (iv) the Policy continues to be necessary and does not overlap with other Board policies.

Following discussion on the Policy, the Committee recommended to the Board of Retirement that the Policy continues to be relevant and contains the required policy elements and that it be continued without revision.

A motion was moved by Trustee Basgal and seconded by Trustee Koppenhaver that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and to continue the *Board Elections Policy*, without substantive revisions, as recommended by the Committee and Staff. The motion was approved by a vote of 8 in favor (Dale Amaral, Ophelia Basgal, Tarrell Gamble, Jaime Godfrey, Liz Koppenhaver, Henry Levy, Elizabeth Rogers, and George Wood), 0 against, 0 abstaining.

INFORMATION ITEMS

- None

TRUSTEE / PUBLIC INPUT

There was public comment regarding whether and how candidate statements for ACERA elections could be distributed at the workplace. ACERA CEO David Nelsen indicated that such inquiries should be directed to the relevant Participating Employer.

FUTURE DISCUSSION ITEMS

- *Conflict of Interest Policy*
- *Conflict of Interest Code*
- *Board Travel Policy*
- *Board Education Policy*

ESTABLISHMENT OF NEXT MEETING DATE

- TBD

ADJOURNMENT

- The meeting adjourned at 1:27 PM