



Date: December 20, 2018  
To: Members of the Board of Retirement  
From: Ophelia Basgal, Vice Chair  
Governance Committee

**Subject: Summary of the December 20, 2018, Governance Committee Meeting**

Governance Committee Vice Chair, Ophelia Basgal, called the December 20, 2018, meeting to order at 1:01 p.m. Committee Members present were Ophelia Basgal, Jaime Godfrey, and Liz Koppenhaver. Other Board members present were Dale Amaral, Keith Carson, Tarrell Gamble (arrived 1:15 p.m.), Henry Levy, and alternate member Darryl Walker (arrived 1:15 p.m.). Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Kathy Mount, Chief Counsel; Margo Allen, Fiscal Services Officer; Harsh Jadhav, Chief of Internal Audit; Victoria Arruda, Human Resources Officer; and Lori Schnall, Associate Counsel.

**ACTION ITEMS**

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

The Committee reviewed Staff's December 20, 2018, memorandum and its recommendation regarding proposed revisions to the *Membership Policy*. The revisions focused on the following:

- Deleting the reference to members who withdraw their funds after being terminated from employment and are subsequently reinstated, as the relevant information is provided for in the *Termination Election of Membership Form*;
- Including the Federal rules on purchasing of military service credit; and
- Clarifying that ACERA cannot seek repayment of an overpayment through deductions from a death benefits except in the case of a surviving spouse.
- Other changes were to extend the review period for the policy from 2 to 3 years, and to make non-substantive changes to improve clarity of language.

Following discussion on the *Policy*, the Committee requested staff to include a reference to the *Termination Election of Membership Form* in Section II.F. *Terminated Employees*. The Termination Form contain the procedure for how members who have been reinstated from termination of employment may redeposit their withdrawn funds.

A motion was moved by Trustee Koppenhaver and seconded by Trustee Godfrey that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and to update the *Membership Policy*, with revisions, as recommended by the Committee and Staff. The motion was approved by a vote of 5 in favor (Basgal, Godfrey, Koppenhaver, Levy, and Amaral), 0 against, 0 abstaining.

**2. Review, discussion and possible motion to update the *Regulations of the Board of Retirement* with or without revisions.**

The Committee reviewed Staff's December 20, 2018, memorandum and its recommendation regarding proposed revisions to the *Regulations of the Board of Retirement*.

The *Regulations* are generally only updated when there is a change in law or policy. Since the last revision of these *Regulations*, the Legislature granted authority to retirement boards to give greater quorum and voting rights to alternate members. The revisions to the *Regulations* incorporate these changes. The *Regulations*, once adopted by the Retirement Board, will go to the Board of Supervisors for approval.

A motion was moved by Trustee Levy and seconded by Trustee Koppenhaver that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and to update the *Regulations of the Board of Retirement*, with revisions, as recommended by the Committee and Staff. The motion was approved by a vote of 5 in favor (Basgal, Godfrey, Koppenhaver, Levy, and Amaral), 0 against, 0 abstaining.

**3. Review, discussion and possible motion to update the *Conflict of Interest Policy* with or without revisions.**

The Committee reviewed Staff's December 20, 2018, memorandum and its recommendation regarding proposed revisions to the *Conflict of Interest Policy*. The revisions focus on the following:

- Eliminating the provision specifically prohibiting in-house ACERA attorneys from engaging in professional activities that are incompatible with their employment as ACERA attorneys, as all professional staff are prohibited from this activity.
- Revising the frequency of reports listing the individuals and entities with whom ACERA is currently contracting from quarterly to annual coinciding with distribution of the Form 700 materials.
- Other changes were to extend the review period for the policy from 2 to 3 years, and to make non-substantive changes to improve clarity of language.

Following discussion on the policy, the Committee recommended that as a procedure, but not specifically part of the policy, that the Trustees subject to Form 700 filing complete an annual one page affirmation that neither they nor their immediate family members have any conflict of interest related to any of the vendors on the annual list provided by the legal department. Staff noted two drafting errors that would be corrected as follows: In Section III.C. state "conflicts of interest, bribes,

gifts, or favors that elevate private gains over the duty of Trustees and Staff to ACERA participants and beneficiaries are unacceptable.” In Section VI delete the duplicative phrase “including ACERA trustees.”

A motion was moved by Trustee Godfrey and seconded by Trustee Koppenhaver that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and to update the *Conflict of Interest Policy*, with revisions, by the Committee and Staff. The motion was approved by a vote of 6 in favor (Basgal, Godfrey, Koppenhaver, Levy, Gamble, and Amaral), 0 against, 1 abstaining (Walker).

### **INFORMATION ITEMS**

Finally, as an information item, the Committee received an update on planned changes to the format of Board policies, new titles, moving review of policies from 2 years to 3 years consistent with the Board Development Policy Process, and setting a review schedule that groups related policies together for Board and Committee consideration.

### **TRUSTEE / PUBLIC INPUT**

- None

### **FUTURE DISCUSSION ITEMS**

- *Board Elections Policy*
- *Board Policy Development Process*
- *Board and Committee Operations Policy*

### **ESTABLISHMENT OF NEXT MEETING DATE**

- TBD

### **ADJOURNMENT**

- The meeting adjourned at 1:42 p.m.