



Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

**GOVERNANCE COMMITTEE/BOARD MEETING
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.

**November 21, 2024
11:00 a.m.**

LOCATION AND TELECONFERENCE	COMMITTEE MEMBERS	
<p>ACERA C.G. "BUD" QUIST BOARD ROOM 475 14TH STREET, 10TH FLOOR OAKLAND, CALIFORNIA 94612-1916 MAIN LINE: 510.628.3000 FAX: 510.268.9574</p> <p>The public can observe the meeting and offer public comment by using the below Webinar ID and Passcode after clicking on the below link or calling the below call-in number.</p> <p>https://zoom.us/join Call-In Number: 1 699 900 6833 Meeting ID: 856 7928 1427 Passcode: 883311 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193</p>	GEORGE WOOD, CHAIR	ELECTED GENERAL
	JAMIE GODFREY, VICE CHAIR	APPOINTED
	ROSS CLIPPINGER	ELECTED SAFETY
	HENRY LEVY	TREASURER
	ELIZABETH ROGERS	ELECTED RETIRED

The 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 Safety Member and an Elected General Member, are absent.

The Alternate Safety Member votes in the absence of the Elected Safety Member, either of the two Elected General Members, or both the Retired and Alternate Retired Members.

This is a meeting of the Governance Committee if a quorum of the Governance Committee attends, and it is a meeting of the Board if a quorum of the Board attends. This is a joint meeting of the Governance Committee and the Board if a quorum of each attends.

Board and Committee agendas and minutes, and all documents distributed to the Board or a Committee in connection with a public meeting (unless exempt from disclosure), are available online at www.acera.org and also may be inspected at 475 14th Street, 10th Floor, Oakland, CA 94612-1916.

Public comments are limited to four minutes per person in total. The order of agenda items is subject to change without notice.

Note regarding accommodations: If you require reasonable accommodations or modifications for a disability, please contact ACERA between 9:00 a.m. and 5:00 p.m. at least 72 hours prior to the meeting at accommodation@acera.org or at 510-628-3000.

GOVERNANCE COMMITTEE / BOARD MEETING

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Call to Order: 11:00 a.m.

Roll Call

Public Input (Time Limit: 4 minutes per speaker)

Action Items: Matters for Discussion and Possible Motion by the Committee

1. Review of the *Outside Counsel Policy*

Staff Recommendation

The Committee recommends to the Board that the *Outside Counsel Policy* continues to be necessary and appropriate and that the Board make the revisions shown in the redline included in the agenda backup.

– Jeff Rieger, Chief Counsel

2. Review of the *Record Retention Policy*

Staff Recommendation

The Committee recommends to the Board that the *Record Retention Policy* continues to be necessary and appropriate and that the Board affirm the Policy without revision.

– Jeff Rieger, Chief Counsel

3. Review of the *Retiree Payroll Deduction Policy*

Staff Recommendation

The Committee recommends to the Board that the *Retiree Payroll Deduction Policy* continues to be necessary and appropriate and that the Board affirm the Policy without revision.

– Jeff Rieger, Chief Counsel

4. Review of the *Securities Litigation Policy*

Staff Recommendation

The Committee recommends to the Board that the *Securities Litigation Policy* continues to be necessary and appropriate and that the Board affirm the Policy without revision.

– Jeff Rieger, Chief Counsel

Trustee Input

Establishment of Next Meeting: TBD

Adjournment



Office of the Chief Counsel

To: Governance Committee
From: Jeff Rieger, Chief Counsel
Meeting: November 21, 2024
Subject: **Policy Review**

A handwritten signature in black ink, appearing to be "JR", is written over the "From" and "Meeting" lines of the header.

At this meeting the Committee will review four policies under the normal three-year cyclical review process. Staff recommends minor revisions to the Outside Counsel Policy for clarity. Following this memorandum is a redline showing the recommended changes. Staff recommends that the Board affirm the other three policies without revision. Those three policies follow the redline of the Outside Counsel Policy.

I will be happy to answer any questions and Trustees should feel free to raise ideas for improvements to the policies.



Outside Counsel Policy

I. PURPOSE

To provide guidance to the Board of Retirement (Board) and ACERA Staff (Staff) when retaining outside legal counsel to provide advice regarding legal issues that relate to ACERA's business.

II. ASSUMPTIONS

- A. Article XVI, Section 17 of the California Constitution provides that the Board shall have plenary authority and fiduciary responsibility for investment of monies and administration of ACERA.
- B. The Board recognizes that there are times when it may be prudent for the Board or Staff to utilize specialized expertise of outside legal counsel.
- C. Use of outside legal counsel for specialized matters is an industry norm and best practice. The expense of retaining outside legal counsel is a prudent cost of administering ACERA.

III. POLICY GUIDELINES

- A. The Board may, by majority vote at a noticed meeting, engage the services of outside legal counsel to provide advice to Staff or the Board on any matter related to ACERA's business.
- B. The Chief Executive Officer and the Chief Counsel may engage the services of outside legal counsel to provide advice to Staff or the Board on any matter related to ACERA's business, and will promptly inform the Board when any new outside counsel is engaged.

The Chief Executive Officer and the Chief Counsel may also retain other providers of legal services including investigators, arbitrators, mediators and fact finders as they deem necessary to protect and advance ACERA's interests.
- C. When the Board Chair determines that the Chief Executive Officer and the Chief Counsel have a conflict of interest on a matter for which the Board Chair determines the Board needs advice from outside counsel, the Board Chair may engage the services of outside

counsel to advise the Board Chair and/or the Board. In these circumstances, the Board Chair shall provide oversight for outside legal counsel by assessing work performance, responsiveness and reasonableness of bills notwithstanding Section III(E).

- D. Legal advice must always be disseminated to and discussed by Trustees in compliance with the Brown Act.
- E. The Chief Counsel shall direct and provide oversight for outside legal counsel by assessing work performance, responsiveness and reasonableness of bills, except when the Chief Executive Officer determines that he or she should take over such functions (e.g., the Chief Counsel has a conflict of interest regarding the matter for which legal advice is sought or is unavailable).
- F. The budget reports provided to the Board shall include the costs for outside legal counsel.

IV. POLICY REVIEW

The Governance Committee shall review this policy at least every three ~~(3)~~ years to ensure it remains relevant and appropriate.

V. POLICY HISTORY

- A. The Board adopted this policy on October 19, 2006¹.
- B. The Board ~~last updated~~ revised this policy, ~~with revisions,~~ on ~~August 19,~~ November 21, ~~2024.~~ 2021.

¹ The Policy was reviewed, without revisions, on July 17, 2008; September 16, 2010; April 19, 2012; and September 20, 2018. This Policy was revised on August 19, 2021.



Record Retention Policy

I. PURPOSE

To provide guidance for efficient record management including the retention and disposal of records in accordance with their administrative, legal, fiscal, and historic value.

II. OBJECTIVES

- A. Compliance with all applicable statutes, regulations, and ordinances for the retention of records.
- B. Reduction and efficient management of the space and costs associated with maintaining a large number of records.
- C. Facilitate business continuity and disaster recovery efforts by setting forth clear retention periods for electronic official records.

III. AUTHORITY

- A. California Government Code §31537 allows the ACERA Board of Retirement to establish efficient record management and disposal procedures.
- B. Government Code §12236 provides that the Secretary of State shall establish local government records programs to establish guidelines for local government record retention. ACERA has relied upon these guidelines where applicable.
- C. Civil Code §§1633.1, et seq., provides the requirements for an electronic record to be retained in lieu of the paper record. The law allows electronic documents and electronic signatures to be enforceable in the same manner as paper documents.
- D. This policy applies to official records. “Official Records” are records that reflect the final, official position or activities of ACERA related to the specific content of the record.

ACERA is not required to retain unofficial records. Unofficial records consists of works in progress, drafts, and copies of notes and records that have either not been finalized or approved.

IV. GUIDELINES

- A. Records Manager. The Chief Executive Officer or Designee will assume the duties of Records Manager and will maintain a Records Retention Schedule listing the specific time frames to regularly purge documents consistent with this Policy and the law. The Chief Executive Officer or Designee/will also develop staff procedures for the purging of records.
- B. Records Listed in Records Retention Schedule. Records shall be retained for at least the minimum period indicated in the Records Retention Schedule. Unless otherwise noted, the retention period on the schedule applies to both electronic and paper documents.
- C. Retention Period. The minimum retention period must be consistent with applicable laws, orders, rules, and regulations. When no such mandate exists, a reasonable retention period will be established based upon ACERA's needs and the usefulness of the information. Once records have reached the end of their record retention period, they will be disposed of as soon as practical in accordance with the Records Retention Schedule. Staff shall provide guidelines for department heads on how to determine the length of time to retain a record that has no legal or statutory requirement.
- D. Records Not Listed in Records Retention Schedule. Disposal of records not specified within the Records Retention Schedule shall be conducted at the discretion of the Department Head.
- E. Electronic Records. The goal is to convert records that are created or received in paper format into an electronic format to the extent possible. The records will be converted in such a manner that allows for the record to be efficiently stored, accessible, and retrievable. The electronic record must accurately reflect the information set forth in the paper record at the time it was first generated in its final form as an electronic record. The record must be legible, accurate, and cannot be altered. The electronic record becomes the official record and will remain accessible for later reference.

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- F. Litigation Hold. Records pertinent to anticipated or pending litigation or administrative investigation shall be retained until the final resolution of the litigation or investigation, or until completion of the regular specified retention period, whichever is later. The Legal Department is responsible for communicating to all relevant parties the need for and duration of any litigation hold.
- G. Departure from Records Retention Schedule. The Chief Executive Officer or Designee may retain records for periods longer than provided by the Records Retention Schedule so long as there is a procedure in place justifying the extended retention and providing for a revised disposal date. Requests to depart from the Records Retention Schedule must be approved in writing by the Chief Executive Officer or Designee.
- H. Record Destruction.
1. Paper documents will be destroyed within 120 days after they have been converted to electronic format consistent with the requirements stated above for “Electronic Retention.” The Chief Executive Officer or Designee shall review and sign a Records Destruction Report, identifying the records to be destroyed within the 120 day window. For documents excluded from ACERA’s electronic document management system, the Department Heads will prepare a Records Destruction Form identifying the records to be destroyed.
 2. Electronic documents and those paper records which have not been converted to an electronic form will be purged at the beginning of each fiscal year consistent with the requirements in the Record Retention Schedule. For those documents included in the electronic document management system, the document system audit log will contain a record of this purge procedure.
 3. For those documents excluded from the electronic document management system, the Department Head shall prepare a Records Destruction Form identifying those documents for destruction and the Chief Executive Officer or Designee will review and sign the form.
- I. Maintaining Policy. The Legal Department is responsible for reviewing and updating the Records Retention Policy to ensure it accurately reflects the appropriate retention periods pursuant to state, federal, and/or regulatory requirements.

- J. Review Period for Retention Schedule. The Records Retention Schedule will be reviewed every three years and updated as necessary. Changes to the Schedule require CEO Approval.

V. POLICY REVIEW

The Records Retention Policy shall be reviewed by the Governance Committee at least every three (3) years, or upon amendments to applicable statutes and/or regulations, whichever is more frequent.

VI. POLICY HISTORY

- A. The Board adopted this policy on December 18, 2008.
- B. The Board affirmed this policy, with revisions on August 19, 2021.¹

¹ Previous amendment dates all with revisions: September 16, 2010; December 15, 2011; December 20, 2012; December 18, 2014; November 17, 2016 and September 20, 2018.



Retiree Payroll Deduction Policy

I. Purpose

This Retiree Payroll Deduction Policy (Policy) provides guidance for the administration of pension benefits by listing approved benefit deductions and prohibiting the assignment of benefits for any purpose other than those authorized by statute.

II. Assumptions

The role of the Board is to administer ACERA in accordance with the provisions of the County Employees Retirement Law of 1937, to protect the assets of ACERA and the interests of ACERA members and beneficiaries, and to prudently manage the critical risks facing ACERA.

III. Policy Guidelines

- A. Retirement benefits are not assignable, except as permitted by (1) Government Code section 31452 for family law related orders (C.C.P. § 704.110); (2) Government Code section 31452.5 for specific deductions approved by the Board and (3) federal law for Internal Revenue Service (IRS) levies.
- B. Pursuant to Government Code section 31452.5 the Board has approved the following list of retiree benefit deductions, with retiree revocable written authorization, and will not honor any other requests for benefit assignments:
 - 1. IRS levies.
 - 2. Premiums on any policy or certificate of group life insurance or group disability insurance by an admitted insurer.
 - 3. Premiums for Board approved medical, dental, and vision insurance premiums for the benefit of the retired member or his or her dependents.
 - 4. Payment of personal Income Taxes to the United States or the State of California.

5. Premiums for a prepaid group medical or hospital service plan.
6. Child, Spousal, and Family Support Withholding Orders
7. Payment of purchase of shares in or the payment of money to regularly chartered credit unions.
8. Payment to any of the following recognized retiree organizations: Retired Employees of Alameda County (REAC) and Alameda County Retired Employees (ACRE). *See* Gov. Code §31471.5.
9. Payment for any retiree benefit program available through the recognized retiree organization.
10. PERS Long Term Care

ACERA shall pay the entity named and the amount stated in the retiree's authorization.

- C. The Board will not permit assignment of retiree benefits for any other reason. This policy against assignment of benefits includes monthly benefit warrants and lump-sum payments of benefits, including retroactive benefits awarded during the disability application process.
- D. ACERA will stop making previously authorized payments as soon as practicable after receiving a member's written request to stop making the payments, which, absent extraordinary circumstances, will be no later than the second month-end payroll after receiving a valid written request. Any payments ACERA makes after receiving such written direction (due to administrative processing time) must be recovered from the recipient of the payments, not ACERA.
- E. ACERA may charge the member a reasonable fee for the making of deductions and payments.

IV. Policy Review

The Governance Committee shall review this policy at least every three (3) years to ensure it remains relevant and appropriate.

V. Policy History

- A. The Board adopted this policy on August 16, 2007¹.
- B. The Board reviewed and updated this policy, with revisions, on August 19, 2021

¹ *This Policy was updated on August 20, 2009 (with revisions); December 15, 2011 (without revisions); December 20, 2012 (with revisions); December 18, 2014 (with revisions); September 15, 2006 (with revisions); September 20, 2018 (with revisions).*



Securities Litigation Policy

I. Purpose

- A. The purpose of the ACERA Securities Litigation Policy is to establish procedures and guidelines for monitoring and participating in domestic and international securities class action lawsuits or similar litigation impacting the investment portfolio, when appropriate to protect ACERA's interests.

II. Assumptions

- A. The authority to pursue claims is delegated to the Legal Department. Legal staff may retain outside consultants to assist in monitoring securities litigation cases, identifying those cases that potentially involve ACERA's assets and evaluate ACERA's potential losses and chances or recovery. Legal staff may also retain outside counsel to assist in identifying and evaluating other types of claims resulting in investment losses and assessing potential financial interest particularly claims pursuant to antitrust laws or the Commodity Exchange Act. Such retention would include assessing ACERA's potential financial interest in pursuing litigation for such claims to the extent possible.
- B. Legal staff will attempt to ensure that ACERA obtains its fair share of any recovery in such cases where ACERA has a valid claim. Where the size of ACERA's potential loss in a particular case justifies involvement, Legal staff will monitor and/or participate in the case as appropriate. Alternatively, in cases where it may be difficult to assess ACERA's potential recovery, and if the case appears to have a potentially significant interest and has merit, Legal staff shall determine whether ACERA will participate in such cases. Additionally, Legal staff may also monitor and/or object to attorneys' fee requests made in cases where ACERA has standing to file a claim. Legal staff monitors foreign securities litigation fraud cases, and determines whether ACERA will participate in such cases.

- C. When deciding whether to pursue lead plaintiff status in securities litigation class actions or class actions alleging alternative theories of liability for investment losses, Legal staff will consult with the Chief Executive Officer and the Chief Investment Officer.
- D. The implementation of this policy should not place an inordinate burden on ACERA Legal staff. Existing resources should be used to keep the Board apprised of the status of the filing and settlement of securities class action cases or other class action litigation impacting ACERA's investment portfolio.

III. Policy Guidelines

- A. Review of Class Action Filings. Legal staff shall monitor the filing and settlement of securities class actions.
- B. Active Case Monitoring. Where the potential amount ACERA could recover in a case is sufficiently large and the case has merit, Legal staff shall determine whether ACERA should actively monitor and/or actively participate in the litigation.
- C. Participation in Settlement. Legal staff shall develop and implement procedures for ensuring that timely claims are submitted on behalf of ACERA in all appropriate securities class action settlements as well as other class action litigation impacting the portfolio. Legal staff will develop and implement procedures for filing objections to attorneys' fees requests made by plaintiffs' counsel(s) where appropriate in securities class action settlements.
- D. Reports to the Board. Legal staff shall report annually to the Board regarding those cases which are being monitored and cases in which ACERA has taken an active role. Legal staff shall keep the Board apprised of any unusual or extraordinary events as they occur.

IV. Policy Review

- A. This policy shall be reviewed by the Governance Committee at least every three (3) years to ensure that it remains relevant and appropriate.

V. Policy History

- A. This Board adopted this policy on April 18, 2002.
- B. The Board reviewed and affirmed this policy without revisions, on August 19, 2021.¹

¹ The Board adopted the Policy on April 18, 2002. The Board reviewed and affirmed it, with revisions, on October 19, 2006; July 17, 2008; September 10, 2014; September 15, 2016; and September 20, 2018. The Board reviewed and affirmed, without revisions, on September 16, 2010, and April 19, 2012.