



Date: September 20, 2018
To: Members of the Board of Retirement
From: George Wood, Chair
Governance Committee
Subject: Summary of the September 20, 2018, Governance Committee Meeting

Governance Committee Chair, George Wood, called the September 20, 2018 meeting to order at 1:04 p.m. Committee Members present were George Wood, Ophelia Basgal, Liz Koppenhaver, and Elizabeth Rogers. Other Board members present were, Dale Amaral, Keith Carson, Tarrell Gamble, Henry Levy and Alternate Darryl Walker. Staff present were Dave Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Kathy Mount, Chief Counsel; Margo Allen, Fiscal Services Officer; Lori Schnall, Associate Counsel; Vijay Jagar, Chief Technology Officer; Harsh Jadhav, Chief of Internal Audit; and Victoria Arruda, Human Resources Officer.

ACTION ITEMS

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

The Committee reviewed Staff's September 20, 2018 memo and its recommendation regarding Securities Litigation Policy.

Staff proposed the following revisions:

- Include other types of class actions that involve investment losses and assessing potential financial interest particularly claims pursuant to ant-trust laws or the Commodity Exchange Act.
- Stylistic non-substantive changes.

Staff and the Committee discussed the proposed revisions. The Committee had minor edits but otherwise approved Staff's revisions.

It was moved by Trustee Basgal and seconded by Trustee Levy that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and to update the Securities Litigation Policy, with revisions as recommended by Staff and the Committee. The motion was approved by a vote of 8 in favor (Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, and Wood) 0 against, 0 abstaining.

2. Review, discussion and possible motion to update the Retiree Payroll Deduction and Assignment Policy with or without revisions

The Committee reviewed Staff's September 20, 2018, memo and its recommendation regarding the Retiree Payroll Deduction.

Staff proposed the following revisions:

- Clarify that family law orders and IRS levies are automatic deductions.
- Delete the reference to attorney fees.
- Clarify that retirees must authorize in writing voluntary deductions with specific requirements.
- Stylistic non-substantive changes.

Staff and the Committee discussed the proposed revisions. After discussion, the Committee approved Staff's proposed revisions.

It was moved by Trustee Koppenhaver and seconded by Trustee Levy that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and to update the Retiree Payroll Deduction, with revisions as recommended by Staff and the Committee. The motion was approved by a vote of 8 in favor (Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, and Wood) 0 against, 0 abstaining.

3. Review, discussion and possible motion to update the Records Retention Policy with or without revisions.

The Committee reviewed Staff's September 20, 2018, memo and its recommendation regarding the Records Retention Policy.

Staff proposed the following revisions:

- Add a section that provides the legal authority for the Policy
- Add language to provide guidance in establishing retention periods where there is no legal authority.
- Identify the role of the Legal Department.
- Add a review period for the Record Retention Schedule

Staff and the Committee discussed the proposed revisions. After discussion, the Committee approved Staff's proposed revisions.

It was moved by Trustee Basgal and seconded by Trustee Rogers that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and to update the Records Retention Policy, with revisions by Staff and the

Committee. The motion was approved by a vote of 8 in favor (Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, and Wood) 0 against, 0 abstaining.

4. Review, discussion and possible motion to update the Fiduciary Counsel Policy with or without revisions.

The Committee reviewed Staff's September 20, 2018, memo and its recommendation regarding the Fiduciary Counsel Policy.

Staff proposed the following revisions:

- Change the title of the Policy to "Retention of Outside Counsel."
- Grant explicit authority to the Legal Department to retain outside counsel and other legal service providers such as investigators, arbitrators and mediators.
- Add the role and benefits of outside counsel, including fiduciary counsel.
- Clarify that the Chief Counsel directs and provides oversight for outside counsel.

Staff and the Committee discussed the proposed revisions. After discussion, the Committee approved Staff's proposed revisions.

It was moved by Trustee Carson and seconded by Trustee Amaral that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and to update the Fiduciary Counsel Policy, with revisions by Staff and the Committee. The motion was approved by a vote of 8 in favor (Amaral, Basgal, Carson, Gamble, Koppenhaver, Levy, Rogers, and Wood) 0 against, 0 abstaining.

INFORMATION ITEMS

- None

TRUSTEE / PUBLIC INPUT

- None

RECOMMENDATIONS

1. The Committee recommends, and I move, that the full Board adopt the Securities Litigation Policy, with revisions, as recommended by the Committee.
2. The Committee recommends, and I move, that the full Board update the Retiree Payroll Deduction and Assignment Policy, with revisions, as recommended by the Committee.
3. The Committee recommends, and I move, that the full Board update the Records Retention Policy, with revisions as recommended by the Committee.
4. The Committee recommends, and I move, that the full Board update the Fiduciary Counsel Policy, with revisions as recommended by the Committee.

FUTURE DISCUSSION ITEMS

- ACERA Membership Policy
- Board Regulations
- Conflict of Interest Policy

ESTABLISHMENT OF NEXT MEETING DATE

- December 20, 2018

ADJOURNMENT

- The meeting adjourned at 1:32 p.m.