



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
*BOARD OF RETIREMENT*  
MINUTES

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**Monday, May 20, 2013**

Chair Dale Amaral called the meeting to order at 3:05 p.m.

Trustees Present: Dale Amaral  
Ophelia Basgal  
Annette Cain-Darnes  
Keith Carson  
George Dewey  
Liz Koppenhaver  
Elizabeth Rogers  
David Safer (*Alternate*)  
Darryl Walker (*Alternate*)  
Donald White  
George Wood

Staff Present: Margo Allen, Fiscal Services Officer  
Victoria Arruda, Human Resources Officer  
Vincent Brown, Chief Executive Officer  
Kathy Foster, Assistant Chief Executive Officer  
Robert Gaumer, Chief Counsel  
Harsh Jadhav, Internal Auditor  
Rose Kwong, Benefits Manager  
Martha Richardson, Executive Secretary  
Betty Tse, Chief Investment Officer  
Latrena Walker, Project and Information Services Manager

Staff Excused: Catherine Walker, Assistant Chief Executive Officer

**13-44**

**The minutes of the regular meeting of April 18, 2013 were accepted on a motion by Elizabeth Rogers, seconded by George Wood and approved by a vote of 8 yes, 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*

**NEW EMPLOYER PAY ITEMS**

*Appendix F*

**APPLICATION FOR DISABILITY RETIREMENT – NON CONTESTED ITEMS**

*Appendix G*

**APPLICATION FOR DISABILITY RETIREMENT – HEARING OFFICER  
RECOMMENDATIONS**

*Appendix H*

**DISABILITIES STATUS REPORT**

**APPROVAL OF COMMITTEE MINUTES**

Chair Dale Amaral recused himself from the Board's vote on the Consent calendar. First Vice Chair Keith Carson chaired the Board's discussion and action regarding the Consent Calendar.

**It was moved by Liz Koppenhaver, seconded by Elizabeth Rogers and approved by a vote of 8 (Amaral recused, Walker voted) yes, 0 no, 0 abstentions, that the following resolution is adopted:**

**13-45**

**BE IT RESOLVED BY THIS BOARD that the Consent Calendar is approved as presented.**

Dale Amaral resumed as chair of the meeting.

**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 May Committee meeting minutes are posted on the ACERA website ([www.acera.org](http://www.acera.org)) after approval at the May 20, 2013 Board meeting. This month's Committee reports were presented in the following order:*

***Actuarial:***

George Wood noted that the Actuarial Committee met on April 22, 2013 at 10:07 a.m., and highlighted the following:

Margo Allen, Fiscal Services Officer, reviewed the 2013 Actuarial Work Plan. Ms. Allen highlighted that Segal will discuss the actuarial valuation with the Participating Employers at a meeting scheduled for May 21, 2013.

Paul Angelo and Andy Yeung of The Segal Company presented the Actuarial Valuation and Review as of December 31, 2012. Mr. Angelo informed the Committee that Segal will recommend lowering the earnings assumption during the next review of the economic assumptions for the actuarial valuation as of December 31, 2014. No action was taken at this meeting. There was a discussion about the elimination in 2012 of the Retired Lump Sum Death Benefit of \$4,250 which was funded by the SRBR. It was noted that Segal will discuss the SRBR Funding Policy at the Retirees Committee meetings later in the year.

**13-46**

**It was moved by George Wood and seconded by Liz Koppenhaver that the Board approve the April 22, 2013 Actuarial Committee minutes. The motion carried 9 yes, 0 no, and 0 abstentions.**

***Operations:***

Elizabeth Rogers noted that the Operations Committee met on May 1, 2013 at 9:02 a.m., and highlighted the following:

Margo Allen, Fiscal Services Officer, presented the quarterly financial statements as of March 31, 2013. For the period ending March 31, 2013 net assets held in trust for pension benefits total \$5,970,785,148.

Margo Allen, Fiscal Services Officer, presented the year-to-date operating expenses – budget vs. actual. As of March 31, 2013 actual expenses are under budget \$374,058.

Margo Allen, Fiscal Services Officer, presented Board Conference Expense Quarterly Report ending March 31, 2013.

Sharen Stanek-Lowe, Assistant Benefits Manager, presented the 1st Quarter 2013 Call Center report.

Committee Chair Elizabeth Rogers announced that the June 5, 2013 Operations Committee meeting is cancelled.

**13-47**

**It was moved by Elizabeth Rogers and seconded by George Dewey that the Board approve the May 1, 2013 Operations Committee minutes. The motion carried 9 yes, 0 no, and 0 abstentions.**

***Retirees:***

Liz Koppenhaver noted that the Retirees Committee met on May 1, 2013 at 10 a.m., and highlighted the following:

Margo Allen, Fiscal Services Officer, presented information regarding the 401(h) contributions for the 2013-2014 fiscal year. The analysis and calculations are the same as that done last year by The Segal Company, ACERA's Actuary. The projected contribution that will be required is \$36,842,000. After adjusting this amount by the estimated balance remaining in the 401(h) account for each Participating Employer, the net contribution amount is projected to be \$30,666,443.

**13-48**

**It was moved by Liz Koppenhaver and seconded by George Wood that after contributions are made to the 401(h) accounts by the respective Participating Employers, ACERA, in accordance with the CERL, treat an equal amount of Supplemental Retiree Benefit Reserve (SRBR) assets as employer contributions for pensions and transfer the amount equal to the pro rata share of the 401(h) contributions for the 2013-2014 fiscal year for each Participating Employer. The exact amount will be adjusted by the balance remaining in each of their 401(h) accounts and is contingent upon receipt by ACERA of an authorizing resolution from each of the Participating Employers' governing bodies. The motion carried 9 yes, 0 no, and 0 abstentions.**

Kathy Foster, Assistant Chief Executive Officer, provided a letter from Alameda County stating that the final Implicit Subsidy estimate for 2012 is \$7,370,466. This amount was verified by Keenan & Associates, ACERA's Benefits Consultant.

**13-49**

**It was moved by Liz Koppenhaver and seconded by Elizabeth Rogers that the Board authorize Staff to transfer \$7,370,466 from the Supplemental Retiree Benefit Reserve (SRBR) account to the County Advance Reserve to be amortized over 20 years as the Implicit Subsidy payment for plan year 2012. The motion carried 9 yes, 0 no, and 0 abstentions.**

Kathy Foster, Assistant Chief Executive Officer, recommended that ACERA state its intent to fund the Implicit Subsidy Program for plan year 2014. The Implicit Subsidy cost for plan year 2013 is estimated by Alameda County to be \$6,993,032. The estimated cost of

the Implicit Subsidy for plan year 2014 will not be known until the County has completed its medical plan contract negotiations.

**13-50**

**It was moved by Liz Koppenhaver and seconded by Elizabeth Rogers that the Board adopt a Statement of Commitment to continue the Implicit Subsidy Program for health plan year 2014, following a determination by ACERA at the end of plan year 2014 that the amount is not greater than the actual retiree Implicit Subsidy. The motion carried 9 yes, 0 no, and 0 abstentions.**

The Segal Company (Segal), ACERA's Actuary, provided a preliminary report of the Supplemental Retiree Benefit Reserve (SRBR) financial status, which indicates that the terminal year of Other Post-Employment Benefits (OPEB) is projected to be 2026 with full benefits paid through 2025, for a total of 13 full years and one partial year. The terminal year of the SRBR for non-OPEB is projected to be 2030, four years later than what was projected last year. Segal will re-combine the OPEB and non-OPEB balances and provide new projections. The Committee and Actuary agreed this is appropriate due to the major changes that occurred by eliminating the death benefits from the non-OPEB portion of the fund. New projections on the sufficiency of the SRBR will be provided at the June Committee meeting.

Sharen Stanek-Lowe, Assistant Benefits Manager, reported that the medical plan renewal requests to Alameda County included inquiries related to the Affordable Care Act, CMS mandates, disease management/wellness, pricing, providers/medical groups, and prescriptions. Also, new information was requested on "never events" and "preventable errors".

Sharen Stanek-Lowe, Assistant Benefits Manager, provided a report on the feedback received from 318 (out of 1,511) retirees losing their coverage through UnitedHealthcare and enrolling in Individual Plans through Extend Health, Inc.

Kathy Foster, Assistant Chief Executive Officer, introduced Isa (short for Isabella) Janus, ACERA's new Keenan & Associates' Consultant/Account Manager, stating that she will provide consulting assistance on benefit programs, and offering recommendations and advice based on ACERA's needs and objectives.

Sharen Stanek-Lowe, Assistant Benefits Manager, provided an update on the issues raised by retirees who expressed concerns with Extend Health, Inc.; and the Employer Group Waiver Plan and Self-Funded WRAP plan. She also provided answers to questions related to Kaiser Permanente that were raised at last month's Committee meeting and the Annual Health Plan meeting with retiree associations.

**13-51**

**It was moved by Liz Koppenhaver and seconded by George Dewey that the Board approve the May 1, 2013 Retirees Committee minutes. The motion carried 9 yes, 0 no, and 0 abstentions.**

***Investment:***

Annette Cain-Darnes reported that the Investment Committee met on May 8, 2013 at 9:04 a.m., and highlighted the following:

Staff and SIS identified and explained the major/impactful changes proposed in the amended version of the ACERA General Investment Guidelines, Policies and Procedures.

**13-52**

**It was moved by Annette Cain-Darnes and seconded by Donald White that the Board adopt the proposed amendments to ACERA's General Investment Guidelines, Policies and Procedures as modified by the Committee. The motion carried 9 yes, 0 no, and 0 abstentions.**

**13-53**

**It was moved by Annette Cain-Darnes and seconded by Donald White that the Board adopt the recommended Benchmarks for ACERA's Active U.S. Public Securities Account Managers, specifically: i) to reduce the TCW Policy Alpha Target to 200 bps, ii) to reduce the Bivium Policy Alpha Target to 100 bps, and iii) to maintain all other existing Policy Alpha Targets. The motion carried 8 yes, 0 no, and 1 abstention (Dewey).**

Information item included – Review of Next Century Small Cap Growth and Ultra Growth

**13-54**

**It was moved by Annette Cain-Darnes and seconded by Ophelia Basgal that the Board approve the May 8, 2013 Investment Committee minutes. The motion carried 9 yes, 0 no, and 0 abstentions.**

***Audit:***

Donald White noted that the Audit Committee met on May 20, 2013 at 1:30 p.m., and noted the following:

Margo Allen, Fiscal Services Officer, proposed to take up the first information item, concerning the presentation by Williams Adley & Company, LLP (WACO) of the December 31, 2012 audited Financial Statements, before taking action on this item.

**13-55**

**It was moved by Donald White and seconded by Annette Cain-Darnes that the Board accept and file the December 31, 2012 audited Financial Statements and the Independent Auditors' Report, with the changes discussed at the meeting. The motion carried 9 yes, 0 no, and 0 abstentions.**

ACERA's external auditor, William Adley & Company (WACO), presented the Audit Results for the year ending December 31, 2012.

In the external auditors' presentation Audrey Elbert, WACO's Engagement Partner, presented the Audit Results, expressing that the audit was completed that they will be providing an unqualified opinion on the Financial Statements.

Robert Griffin, WACO's Engagement Manager, then referred to the Required Communications and New GASB standards implemented: *GASB 63 Financial Reporting of Outflows of Resources, deferred Inflows of Resources and Net Position*, and *64 Derivative Instruments: Application of Hedge Accounting Termination Provisions- An Amendment of GASB 53*, effective for the year ending December 31, 2012.

Harsh Jadhav, Internal Auditor presented the 2013 Internal Audit Department Quarterly Report. He presented a progress report on the 2013 Audit Plan and new audit initiatives.

### **13-56**

**It was moved by Donald White and seconded by George Dewey that the Board approve the May 20, 2013 Audit Committee minutes. The motion carried 9 yes, 0 no, and 0 abstentions.**

### **NEW BUSINESS**

#### **Vince Brown, Chief Executive Officer Report**

CEO Vince Brown reported on the following items:

- Council of Institutional Investors, Milken Global 2013, and SACRS Spring Conferences
- Update on SACRS Business Meeting
- May Day Demonstration
- Organizational Ethics Training
- Strategic Planning Assessment
- Alameda County Take Your Child to Work
- Public Service Recognition Week

### **CONFERENCE REPORT**

Several Board members reported on their attendance at the following conferences:

- Brandywine Global Conference, May 8-10, 2013, Philadelphia, PA
- Milken Global 2013 Conference, April 28 – May 1, 2013, Los Angeles, CA
- SACRS Spring Conference, May 13-17, 2013, Napa, CA

### **ESTABLISHMENT OF THE NEXT MEETING**

Thursday, June 20, 2013 at 2 p.m.

**ADJOURNMENT INTO CLOSED EXECUTIVE SESSION**

Conference with Legal Counsel-Existing Litigation: The Board will convene into Closed Session pursuant to Government Code §54956.9(a) to confer with legal counsel regarding pending litigation in matter of:

- 1) DSA v. ACERA, Case No.: RG12658890
- 2) Macaulay v. ACERA, Case No.: RG11583736

Pursuant to Government Code §54957 – Public Employee Discipline/Dismissal/Release.

Conference with Legal Counsel – Anticipated Litigation – Significant exposure to litigation pursuant to subdivision Government Code §54956.9(b) (2 cases).

**RECONVENE INTO OPEN SESSION TO ANNOUNCE ANY ACTION TAKEN IN CLOSED EXECUTIVE SESSION**

The Board reconvened into Open Session and announced the following:

Counsel advised the Board regarding the status of the *DSA v. ACERA* litigation. The Board took no action.

Counsel advised the Board regarding potential litigation, The Board took no action.

Counsel advised the Board regarding settlement of the *Macaulay v. ACERA* litigation. The Board took action and approved contributing \$135,000 towards settlement. The motion passed as follows:

Dale Amaral	Yes
Ophelia Basgal	Yes
Annette Cain-Darnes	Yes
Keith Carson	Yes
George Dewey	Yes
Liz Koppenhaver	Yes
Elizabeth Rogers	Yes
Donald White	Yes
George Wood	Yes

Counsel advised the Board regarding personnel matters. The Board took no action.

Counsel advised the Board regarding potential litigation. The Board took no action.



**ADJOURNMENT**

The meeting adjourned at 4:15 p.m.

Respectfully Submitted,

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Vincent P. Brown  
Chief Executive Officer

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Date Adopted

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**APPENDIX A**  
**APPLICATION FOR SERVICE RETIREMENT**

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ANDERSEN, Rick L.  
Effective: 12/31/2012  
Zone 7

JONES, Annie M.  
Effective: 12/15/2012  
Alameda County Medical Center

BARON, Cynthia A.  
Effective: 12/22/2012  
Human Resource Services

KEMP, Kecia D.  
Effective: 12/22/2012  
Sheriff's Office

BENEDICT, Melba A.  
Effective: 3/30/2013  
Alameda County Medical Center - DEF

KHANGURA, Balbir S.  
Effective: 12/22/2012  
Sheriff's Office

CARTER, Wendy L.  
Effective: 12/2/2012  
Probation

LAWSON, Stephen  
Effective: 12/29/2012  
Assessor

CRAIG, Conrad T.  
Effective: 12/22/2012  
Sheriff's Office - DEF

LEMOS, Aida T.  
Effective: 12/22/2012  
Superior Court

D'ONOFRIO, Maryann J.  
Effective: 12/22/2012  
Behavioral Health Care Services

MARTIN, James L.  
Effective: 12/29/2012  
Information Technology

EICHHORN, Diane T.  
Effective: 1/31/2013  
District Attorney - DEF

MC CRAY, Barbara D.  
Effective: 11/28/2012  
Superior Court

FOLLRATH, Robert H.  
Effective: 12/27/2012  
Sheriff's Office

MC CULLOUGH, Carol E.  
Effective: 12/29/2012  
County Counsel

FRANKLIN, Sandra J.  
Effective: 12/29/2012  
Information Technology

MC KAY, Ana  
Effective: 2/2/2013  
Social Services Agency

GIBRICK, Joyce  
Effective: 1/17/2013  
DRO

MINTO, Melody A.  
Effective: 12/29/2012  
Public Works Agency

HURST, Donald A.  
Effective: 11/19/2012  
Sheriff's Office

MITRA, Josefina R.  
Effective: 12/29/2012  
Assessor

JOHNSON, Mary J.  
Effective: 12/22/2012  
Sheriff's Office

NICE, Charles C.  
Effective: 12/29/2012  
Sheriff's Office

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**APPENDIX A**  
**APPLICATION FOR SERVICE RETIREMENT**

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O'NEILL, Melanie A.  
Effective: 12/29/2012  
Sheriff's Office

STEVERSON, Isiah  
Effective: 12/22/2012  
Social Services Agency

PACE, Glenn R.  
Effective: 12/29/2012  
Sheriff's Office

TORRES, Rachel  
Effective: 12/29/2012  
Information Technology

PANG, Hansen Y.  
Effective: 11/24/2012  
District Attorney

TSUJIMOTO, Janice N.  
Effective: 12/22/2012  
Public Health

PATTON, Scott D.  
Effective: 2/25/2013  
District Attorney - DEF

TU, Khuu  
Effective: 12/23/2012  
Sheriff's Office

PULLUM, Sylvia V  
Effective: 12/29/2012  
Alameda County Medical Center

TYLER, Pamela A.  
Effective: 12/22/2012  
Social Services Agency

PURPURA, John T.  
Effective: 12/29/2012  
Sheriff's Office

VANDERBECK, Michael J.  
Effective: 12/28/2012  
Public Works Agency

RAMOS, Manuel F.  
Effective: 11/30/2012  
Probation

VELEZ, Manuel  
Effective: 12/29/2012  
Social Services Agency

ROCHA, Ignacio  
Effective: 12/29/2012  
Sheriff's Office

WADE, Heloisa S.  
Effective: 12/29/2012  
Social Services Agency

SANCHEZ, Maria-Nesa Q.  
Effective: 4/1/2012  
Alameda County Medical Center

WALLACE, Paul A.  
Effective: 12/29/2012  
District Attorney

SMITH, Marshall  
Effective: 12/22/2012  
Social Services Agency

WINKELSTEIN, Julie A.  
Effective: 2/6/2013  
Library - DEF

STAVERT, Dean N.  
Effective: 12/29/2012  
Sheriff's Office

WOLFE, Michael S.  
Effective: 12/29/2012  
Public Works Agency

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**APPENDIX D**  
**LIST OF DECEASED MEMBERS**

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ALBERDING, Leslie L.  
4/16/2013  
Survivor of Doris M. Alberding

LEON, Delmaine J.  
3/23/2013  
Survivor of Cleo P. Leon

BIGELOW, Edward J.  
4/6/2013  
Community Development Agency - DEF

MAYER, Priscilla M.  
4/7/2013  
Alameda County Medical Center

BUTLER, Charlene V.  
3/30/2013  
Alameda County Medical Center

MC CULLOUGH, Lenora  
3/16/2013  
Alameda County Medical Center

CORNETT, Brett C.  
3/4/2013  
Sheriff's Office

OLIVA, Brian P.  
1/9/2013  
Environmental Health

CROUCH, Harry R.  
3/25/2013  
Sheriff's Office

RUDNEVA, Estera  
3/28/2013  
Alameda County Medical Center

CROWELL, Helen B.  
3/25/2013  
Human Resource Services

SANDERS, Louise  
3/29/2013  
General Services Agency

FARIA, Cherie  
4/18/2013  
Alameda County Medical Center

VLACH, Laurie A.  
4/26/2013  
Superior Court

HA, Dean H.  
8/19/2012  
Social Services Agency

WATSON, Christine N.  
3/23/2013  
Probation

KAIDA, Alice S.  
4/21/2013  
Alameda County Medical Center

WILLSON, Albert W.  
3/27/2013  
Alameda County Medical Center

KOSTER, Ertle M.  
4/1/2013  
Alameda County Medical Center

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**APPENDIX G**  
**APPLICATION FOR DISABILITY RETIREMENT**

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**Name:** **Hing, Rhoda**  
Type of Claim: Annual Review for SCD (Granted on 3/15/2012)

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to continue the allowance for service connected disability and to not require future annual medical examinations and questionnaires at this time.

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**Name:** **Prescott, Ta-Tanisha**  
Type of Claim: Annual Review for SCD (Granted on 2/16/2012)

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to continue the allowance for service connected disability and to require future annual medical examinations and questionnaires.