

## **MINUTES OF THE RETIREMENT BOARD**

### **November 19, 2015**

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A regular meeting of the Retirement Board convened on Thursday, November 19, 2015 at 8:33 a.m. in the Large Training Resource Center (TRC) Room. The meeting was called to order by President Doug Higashi.

**Roll Call** – The following Retirement Board Members were present: Alex Coate, Doug Higashi, Tim McGowan, Frank Mellon, Marguerite Young, and Lisa Ricketts.

The following staff members were present: Laura Brunson, Elizabeth Grassetti, Scott Klein, Lourdes Matthew, Sophia Skoda, and Lisa Sorani.

### **PUBLIC COMMENT**

John Briceno, President of Local 444, spoke about the two employee deaths that occurred recently and how it was difficult for family members to manage the mounds of papers and forms they received. He said the family of Tobias Light was shocked to find out that his wife would only receive 50% of the maximum benefit, even though Tobias was considering retirement but had not yet submitted his application.

Britt Light then spoke on behalf of the family. She said that her father was a 20-year employee who died one month shy of retirement. She asked that the retirement board consider changing the ordinance to provide full benefits for those who pass away close to retirement.

The Board expressed its sympathies to the Light family and said that a memo on pension benefits was provided to the Board of Directors for the November 24th Board meeting.

### **CONSENT CALENDAR**

1 - 4. **Consent Calendar** – A motion was made by Marguerite Young and seconded by Frank Mellon to approve the Consent Calendar. The motion carried (5-0) by the following voice vote: AYES (Coate, Higashi, McGowan, Mellon, Young), NOES (none), ABSTAIN (none), ABSENT (none).

### **ACTION**

5. **Recommend changes to the Retirement Board Ordinance for IRS Letter of Determination** - Lourdes Matthew informed the Board that in order to apply for a new Letter of Determination of tax-exempt status, the Retirement Ordinance must be updated to reflect the Heroes Earning Assistance and Relief Tax Act of 2008 (“HEART Act”). The HEART Act requires that plans allow Beneficiaries of Members who die while performing active military service to be entitled to any additional benefits that would have been provided under the plan had the participant resumed employment and then terminated employment on account of death. Frank Mellon moved the recommendation and Alex Coate second it. The motion carried (5-0-0) by the following voice vote: AYES (Coate, Higashi, McGowan, Mellon, Young), NOES (None), ABSTAIN (none), ABSENT (none).

## **INFORMATION**

6. **3rd Quarter Performance Review as of September 30, 2015** – David Sancewich from PCA presented the report. The fund was down 5.2% for the quarter at 1.33 billion. The one-year return was 0.1%. The fund was positive for the 3, 5, 10 and 20-year periods. The fund was underweight in international equities and overweight in Real Estate and Covered calls, both of which have been doing well.

7. **Annual Retirement System Audited Financial Report** - Scott Klein presented the Audited Financial Report for the year ending June 30, 2015. Maze and Associates gave the Retirement System a clean opinion. Scott reviewed that charts showing that the Unfunded Actuarially Accrued Liability improved to 68.9% and total membership was over 3500 people.

8. **District Health Plan Update** - Lisa Sorani updated the Board on the health premiums for 2016. The under-65 rates had increases of between 6.9% and 13.9%. The rates for Medicare eligible retirees had increases ranging from -0.8% for Kaiser Senior Advantage Low to 23.8% for Anthem Blue Cross Family tier.

9. **Disability Earnings Income Verification for 2015** - Elizabeth Grassetti reviewed the disability retiree earnings Safeguard for 2015, verifying that there were no disability retirees who earned more than their earnings safeguard which is what they would have been making if they were still working in the position they had when they retired.

10. **Training Module – Environmental, Social Governance (ESG) Considerations** - Sophia Skoda and Dari Barzel provided training on Environment, Social, and Governance concerns to take into account when investing. Some considerations are how companies manage resources, do they respect human rights, and how they disclose and report information. She then reviewed EBMUD's past decisions that were made with ESG considerations in mind, provided an overview of other retirement systems ESG practices, and how they developed a set of beliefs to guide decisions. She then reviewed what other similar sized systems are doing and what resources are available to help guide systems moving forward.

Additionally, PCA provided a report on ESG, and the author, Sarah Bernstein, spoke briefly on the report.

11. **ESG Fiduciary Considerations Presentation** – Lourdes Matthew introduced Thomas Reicher, an attorney at Cooley LLP, who spoke on Fiduciary considerations of ESG. He discussed using ERISA as a guide, Fiduciary concerns and DOL Guidance. He then spoke about action steps that pension funds can take.

12. **Schedule of Retirement Board Meetings for Calendar Year 2016** - Staff provided a schedule of the 2016 Retirement Board meetings.

## **REPORTS FROM THE RETIREMENT BOARD:**

13. Brief report on any course, workshop, or conference attended since the last Retirement Board meeting.

None to report.

## **ITEMS TO BE CALENDERED / UPCOMING ITEMS**

- UC Representative to speak on ESG at next meeting
- Review proxy voting policies in light of ESG considerations

**ADJOURNMENT** – Doug Higashi moved to adjourn the meeting at 11:28 a.m. and Marguerite Young seconded the motion; the motion carried (5-0) by the following voice vote: AYES (Coate, Higashi, McGowan, Mellon Young), NOES (none), ABSTAIN (none), ABSENT (none).

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President

ATTEST: \_\_\_\_\_  
Secretary

01/21/2016