



**Alameda County Employees' Retirement Association
BOARD OF RETIREMENT**

**OPERATIONS 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.

**Thursday, January 18, 2024
1:00 p.m.**

LOCATION AND TELECONFERENCE	COMMITTEE MEMBERS	
ACERA C.G. "BUD" QUIST BOARD ROOM 475 14TH STREET, 10TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574 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. https://zoom.us/join Call-In Number: 1 699 900 6833 Meeting ID: 852 7189 6345 Password: 869443 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	KELLIE SIMON, CHAIR	ELECTED GENERAL
	OPHELIA BASGAL, 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, either of the two Elected General Members, or both the Retired and Alternate Retired members.

This is a meeting of the Operations Committee if a quorum of the Operations Committee attends, and it is a meeting of the Board if a quorum of the Board attends. This is a joint meeting of the Operations 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 posted online at www.acera.org and also may be inspected at 475 14th Street, 10th Floor, Oakland, CA 94612-1900.

Public comments are limited to four (4) minutes per person in total. The order of the items on the agenda is subject to change without notice.

Note regarding accommodations: If you require a reasonable modification or accommodation 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.

OPERATIONS COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 2 of 3 – January 18, 2024

Call to Order: 1:00 p.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 Discharge of Overpayments Policy

-Erica Haywood

Recommendation

That the Committee recommend that the Board of Retirement make the revisions to the Discharge of Overpayments Policy shown in the redline included with this agenda packet.

2. Review of the Board Education Policy

-Lisa Johnson

Recommendation

That the Committee recommend that the Board of Retirement make the revisions to the Board Education Policy shown in the redline included with this agenda packet.

3. Review of the Felony Forfeiture Policy

-Lisa Johnson

Recommendation

That the Committee recommend that the Board of Retirement make the revisions to the Felony Forfeiture Policy shown in the redline included with this agenda packet.

4. Review of the Board Travel Policy

-Lisa Johnson

Recommendation

That the Committee recommend that the Board of Retirement make the revisions to the Board Travel Policy shown in the redline included with this agenda packet.

OPERATIONS COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 3 of 3 – January 18, 2024

Information Items: These items are not presented for Committee action but consist of status updates and cyclical reports

1. Operating Expenses as of 11/30/2022

-Erica Haywood

Trustee Remarks

Future Discussion Items

February (to be presented at Board)

- Proposed 2024 Operations Committee Work Plan
- Un-Audited Financial Statements as of 12/31/23
- Operating Expenses as of 12/31/23
- Actual Cash Report as of 12/31/23
- Board Member Conference Expense Report for 4th Qtr. 2023
- Senior Manager Conference and Training Expense Report for 4th Qtr. 2023
- Discussion and possible motion to Approve the 2023 Discharge Request of Benefits Overpayments

March (to be presented at Board)

- Operating Expenses as of 01/31/24

Establishment of Next Meeting Date

May 1, 2024, at 9:30 a.m.

Adjournment



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: January 18, 2024

TO: Members of the Operations Committee DS
EH

FROM: Erica Haywood, Fiscal Services Officer

SUBJECT: **Review of Discharge of Overpayments Policy**

Executive Summary

The Fiscal Services Department, in collaboration with the Legal and Benefits Departments, has reviewed and revised the Discharge of Overpayments Policy for Board approval. The revised policy expands and clarifies discharge authority language.

Background

This Policy was adopted by the Board on November 17, 2016. The board last reviewed and affirmed this policy with revisions on December 20, 2018. The Operations Committee shall review this policy at least every three (3) years to ensure that it remains relevant and appropriate. The next review is scheduled for January 2027 on the standard three-year review cycle.

Staff's review of the Policy resulted in the following revisions:

- The principal focus of this policy is to ensure that staff follow consistent, Board-approved guidelines to determine that an amount due is deemed uncollectable, and therefore qualifies to be discharged from ACERA's financial accounting records.
- Discharging uncollectable benefit overpayments from ACERA's financial accounting records does not prevent the Board from recouping the resulting shortfall by transferring the shortfall to ACERA's unfunded liability.
- ACERA can later accept repayment from the member or beneficiary after a discharge.
- Upon discovery of an overpayment of benefits, the Benefits Department will proceed according to the ACERA Error Correction Policy.
- Some minor changes have been added for additional clarification.

Recommendation

Staff recommends that the Operations Committee recommend that the Board of Retirement revise the Discharge of Overpayments Policy, per the redlined version.

Attachments:

Discharge of Overpayments Policy (redlined version)
ACERA Error Correction Policy



Discharge of Overpayments Policy

I. Purpose

- A. This policy sets forth procedures for discharge of uncollectable benefit overpayments. For purposes of this policy, “benefit overpayments” include retirement benefits, health care premiums, credit union deductions, and taxes.
- B. The primary objective of this policy is to ensure that uncollectable benefit overpayments to a member or a beneficiary are properly identified, tracked and, when appropriate, discharged from ACERA’s financial accounting records.
- C. ~~Therefore, t~~The principal focus of this policy is to ensure that ~~management and~~ staff follows consistent, Board-approved guidelines to ~~objectively~~ determine that an ~~am~~ount due is deemed uncollectable, and therefore qualifies to be discharged from ACERA’s financial accounting records.

II. Assumptions

- A. Benefit overpayments deemed uncollectable should be discharged from ACERA’s financial accounting records as “receivables” in accordance with generally accepted accounting principles.
- B. Discharging uncollectable benefit overpayments from ACERA’s financial accounting records does not prevent the Board from ~~exercising its fiduciary responsibility to~~ recouping the resulting shortfall ~~to the plan, participants, and beneficiaries~~ by transferring the shortfall to ~~the~~ ACERA’s unfunded liability.
- C. ~~Moreover,~~ ACERA can later accept repayment ~~of the overpayments~~ from the member or beneficiary ~~even after a~~ discharging them.

III. Guidelines

- A. Upon discovery of an overpayment of benefits, the Benefits Department will ~~(when necessary) suspend or reduce ongoing payment of benefits, document the overpayment, and proceed to collect all overpayments in accordance with applicable policies and procedures regarding collection activities~~ proceed according to the ACERA Error Correction Policy.
- B. When the Benefits Department, in consultation with the Legal Department, determines that an overpayment is uncollectable following exhaustion of all reasonable efforts (taking into account the statute of limitations for court filings), the Benefits Manager shall notify the Fiscal Services Officer in writing.
- C. Included in that writing shall be name of the recipient, amount of the receivable, the cause of the overpayment, the date on which the Benefits Department initially became aware of the overpayment circumstance, the steps taken to collect the overpayment, and the determination that the overpayment is uncollectable consistent with applicable procedures.
- D. Upon receipt of the writing, the Fiscal Services Department shall track the uncollectable accrued overpayment until approval by the Board of Retirement to discharge the overpayment is received.
- E. At the beginning of each calendar year, the Fiscal Services Officer shall ~~prepare~~ present a Notice of Uncollectable Receivables ~~to present~~ to the Operations Committee to request a recommendation to the Board of Retirement that it authorize the discharge of accounts that have been deemed uncollectable receivables for the previous calendar year ending December 31.

IV. Policy Review

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

V. Policy History

- A. The Board adopted this policy on November 17, 2016.

- B. The Board updated this policy on December 20, 2018 and January 18, 2024.



Error Correction Policy

I. Purpose

This Policy establishes standards and procedures for recovery or resolution of overpayments or underpayments of benefits and underpayments of member contributions. This policy does not apply to overpayments of member contributions, which are resolved according to IRS requirements.¹

II. Objectives

- A. To meet the Board's fiduciary obligation to conserve fund assets and protect the integrity of the fund for the benefit of the members and beneficiaries.
- B. To make reasonable efforts to restore the Plan to the position it would have been in had no error occurred.
- C. To maintain the tax-qualified status of the pension plan and avoid making any gift of public funds.

III. Assumptions

- A. The procedures and outcomes are intended to comply with applicable requirements of the Internal Revenue Code (IRC) and Internal Revenue Service (IRS) regulations, including the IRS Employee Plans Compliance Resolution System (EPCRS). If there is a conflict between applicable law and this policy, the law shall govern.
- B. This policy applies when an error affects an individual member's or beneficiary's benefits or contributions. In the event of a system-wide error that affects multiple members'/beneficiaries' benefits or contributions, the Board may implement a system-wide correction process that it determines appropriate under the circumstances.

¹ In general, employers refund overpaid member contributions to active members and ACERA refunds overpaid member contributions to inactive or retired members.

IV. Guidelines & Procedures

A. Investigation and Reporting.

1. Investigation: When an error is identified, Staff shall promptly notify the CEO (or designee), who shall ensure that an appropriate and timely investigation is undertaken into the facts and circumstances surrounding the error and that all necessary corrective actions are taken.
2. Reporting: The CEO shall make periodic reports to the Board on errors and corrections results at least annually.
3. Overpayment based upon fraud:
 - a. Staff shall be vigilant for any indications of fraud as a cause for overpayment, whether by the payee or a third party.
 - b. In the event that fraud is suspected, Staff shall immediately notify the Legal Department and the CEO who will investigate whether evidence of fraud exists.
 - c. Further investigation may include retention of a private investigator or other outside resources as may be deemed appropriate under the circumstances.
 - d. Based on the evidence uncovered, Staff and the Legal Department may notify law enforcement and pursue criminal action.
 - e. If justified and reasonable, Staff and the Legal Department may undertake civil action to recover fraudulently obtained ACERA funds.

B. Overpaid Benefits and Underpaid Contributions: Correction and Recovery

1. As soon as possible after an error is discovered, ACERA staff shall determine:
 - a. The appropriate date of correction;
 - b. The amount of the correct benefit or contribution amount starting from the date of correction;
 - c. The amount of the error starting from the beginning of the erroneous payment to the date of correction;

- d. The “appropriate interest” related to the error as defined below.
2. ACERA shall promptly notify the member/beneficiary in writing of the following:
 - a. The amount and starting date of any prospective adjustment to benefits or contributions reflecting the corrected amount. The starting date must be no less than 30 days after ACERA sends the notice to the member/beneficiary, unless ACERA’s Chief Counsel determines that there is good cause to make the correction sooner.
 - b. The circumstances of the error and the means used to calculate the corrected amount.
 - c. The amount of any overpaid benefits or underpaid contributions plus the amount of appropriate interest.
 - d. Repayment options, which may include a lump sum payment, installment payments or an offset against future benefits; and
 - e. The right of the member/beneficiary to appeal the ACERA staff determination. ACERA will make the necessary adjustments on a going-forward basis regardless of whether an appeal is filed. If the staff determination is overturned, the ACERA Board may direct staff to refund any amounts withheld during the appeal process.
 3. Appropriate Interest
 - a. If the evidence shows that the benefit overpayment or contribution underpayment resulted from fraud or dishonest conduct by the member/beneficiary or because the member/beneficiary provided, or caused to be provided, inaccurate information to ACERA or the member’s employer, then “appropriate interest” will be as follows:
 - 1) ACERA’s smoothed, semi-annual interest returns on its investments from the time of the error until the last period of smoothed semi-annual interest returns before discovery of the error (investment losses will not result in any reduction to the principal amount the member owes ACERA).

- 2) ACERA's assumed annual effective rate of return, compounded monthly (e.g., monthly interest of 0.56541% when the assumed rate of return is 7% annually) from the last period of smoothed semi-annual interest returns (per No. 1 immediately above) until such amounts are fully repaid.
 - b. If the benefit overpayment or contribution underpayment was solely the result of an error by ACERA or the member's employer, then "appropriate interest" will be as follows:
 - 1) No interest shall be charged from the time of the error until ACERA notifies the member of the error. Any liability created by this action shall be part of ACERA's unfunded liability.
 - 2) ACERA's assumed annual effective rate of return, compounded monthly (e.g., monthly interest of 0.56541% when the assumed rate of return is 7% annually) from the time the member is notified of the error until such amounts are fully repaid.
 4. In structuring a repayment methodology, ACERA staff shall take into consideration the financial circumstances of the member/beneficiary affecting their ability to make payments. The repayment schedule will not exceed 10 years except in cases of extreme hardship as defined below.
 5. In the event of the death of the member/beneficiary before full repayment has been made, ACERA shall use all reasonable efforts to recover the unpaid amount from the member/beneficiary's estate or trust, survivors, heirs, and/or beneficiaries.
 6. If no agreement can be reached with the member/beneficiary for repayment, or if the member/beneficiary fails to respond to communications from ACERA staff, ACERA may take action to recover of the unpaid amount, including through reductions to future benefit payments, subject to Board review if the member appeals to the Board.
- C. Compromise & Settlement.
1. In some circumstances, ACERA may agree to receive less than the full amount in repayment. The recovery options may include:

- a. Using a discounted interest rate;
 - b. Waiving interest altogether; or
 - c. Accepting less than full repayment of the principal.
2. Factors to be considered in compromising any recovery shall include, but not limited to:
 - a. The likelihood of collection;
 - b. The cost of collection;
 - c. The amount of possible recovery;
 - d. The relative fault of the member/beneficiary, ACERA and employer; and
 - e. Extreme hardship to the member/beneficiary or to his/her estate or heirs.
 3. For purposes of this policy, “extreme hardship” will be determined as follows:
 - a. The member bears the burden of establishing any claimed “extreme hardship.”
 - b. “Extreme hardship” is not a bright line test, and a finding of “extreme hardship” depends on the facts and circumstances presented by the member.
 - c. ACERA will consider the following factors in determining whether the member has established an “extreme hardship” justifying compromise of the amount owed by the member:
 - 1) Net worth of member and spouse.
 - 2) Amounts and sources of all income to the member and spouse. In general, ACERA will consider that an “extreme hardship” is established if the member’s gross income is no more than 400% of the current federal poverty level based on the member’s household composition of single, married or family.
 - 3) Monthly expenses.
 - 4) Existence and value of real estate and personal assets.

- 5) Divorce or legal separation.
 - 6) Current or pending catastrophic financial events.
 - 7) Other factors presented by the member.
4. If the member's gross income is no more than 400% of the federal poverty level as defined above, ACERA will not collect more than 15% of the member's gross income.
 5. In consultation with the Chief Counsel the CEO is authorized to compromise recovery of error amounts of \$15,000.00 or less, excluding interest. The CEO shall apply the standards for compromise set forth in this Section. The CEO is also authorized to waive recovery of claims of \$500.00 or less. All other compromises must be approved by the Board.
 6. ACERA shall maintain a record of all error corrections, payments, collection efforts and compromises and releases related to those errors.

D. Underpayment of Benefits

1. When ACERA has underpaid benefits to the member, the member shall be entitled to a prospective adjustment to his or her retirement benefits necessary to correct the error, as well as a lump sum payment for all past amounts owed as a result of the error.
2. If the underpayment was due to an ACERA error, as determined by the CEO in consultation with the Chief Counsel, ACERA will pay interest at ACERA's assumed annual effective rate of return, compounded monthly (e.g., monthly interest of 0.56541% when the assumed rate of return is 7% annually) from the time of underpayment to the time the member is made whole for the underpayment.
3. If the member who was underpaid dies before payment of the lump sum amount due, the payment will be made in accordance with ACERA's process for paying residual amounts following the death of the member.

E. Underpayment of Contributions:

For underpaid member contributions (which includes completely missed contributions), ACERA will follow the procedures outlined in the Membership Policy for members who are currently employed with a participating employer and will follow the procedure outlined in Sections IV(B) and (C) above for members who are no longer employed by a participating employer.

F. Appeals/Due Process.

The member/beneficiary may appeal any staff decision regarding corrective actions consistent with the Board Administrative Appeals Policy.

V. Policy Review

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

VI. Policy History

- A. The Board adopted this policy on September 17, 2015.
- B. The Board reviewed and affirmed this policy, with revisions on June 21, 2018²
- C. The Board reviewed and affirmed this policy, with revisions on April 20, 2023.

² The Board adopted the Recovery of Overpayment of Member Benefits & Underpayment of Member Contributions Policy on September 17, 2015. The Board reviewed and affirmed, with revisions, May 19, 2016, June 21, 2018 and September 17, 2020.



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: January 18, 2024
TO: Members of the Operations Committee
FROM: Lisa Johnson, Assistant Chief Executive Officer
SUBJECT: **Review of the Board Education Policy**

A handwritten signature in blue ink, appearing to read "L. Johnson", positioned to the right of the "FROM:" line.

Executive Summary

The Board Education Policy (“Policy”) addresses how Board Trustees fulfill the educational requirements necessary to carry out their fiduciary duties to the ACERA Plan.

Background

This Policy was last reviewed, affirmed with revisions, and adopted by the Board of Retirement on November 21, 2019. It will next be reviewed in January 2027 on the standard three-year review cycle.

Staff’s review of the Policy resulted in the following findings:

- This Policy is necessary and continues to address the recurring need for effective operation of the Board and does not overlap with other existing Board policies.
- Some changes have been added in red and red line to update some of the language to be more concise in describing the policy’s purpose, assumptions, objectives, and guidelines.

Recommendation

Staff recommends that the Operations Committee recommend that the Board of Retirement revise the Board Education Policy, per the redline in the agenda backup.

Attachments:

Proposed Board Education Policy (redlined version)



Board Education Policy

I. Purpose

To establish guidelines and procedures for ~~ACERA Board and Alternate~~ Trustees (~~“Trustees”~~) that recognize the importance of education to the success of to fulfilling their fiduciary responsibilities ~~and to mitigate the risk that Trustees will not possess the minimum level of knowledge necessary for carrying out their fiduciary duties in overseeing the pension plan and~~ adhering to satisfy the ~~Trustee~~ education requirements ~~set forth in~~ the Government Code ~~section 31522.8.~~

II. Assumptions

The Policy rests on the following important assumptions:

A. The role of a Trustee is distinct from that of management and requires ~~correspondingly~~ different knowledge and education.

B. ~~Specific t~~Eraining and education will assist Trustees in carrying out their fiduciary ~~roles and~~ responsibilities.

C. Trustees are responsible for making policy decisions affecting all major aspects of pension plan administration and therefore must acquire an appropriate level of knowledge of all significant facets of ~~the plan~~ administration ~~rather than limiting their knowledge to only some areas.~~

D. No single method of educating Trustees works for everyone so a variety of approaches is ~~necessary and~~ appropriate. ~~This Policy is not intended to dictate that Trustees attend only specific conferences, programs or other training opportunities.~~ Trustees have discretion to determine which programs best meet their needs and the objectives of this policy.

~~E. The Policy is not intended to dictate that Trustees attend only specific conferences, programs or other training opportunities. Trustees have discretion to determine which programs best meet their needs and the objectives of this policy.~~

~~F.E.~~ This Policy ~~is in compliance~~ complies with Government Code section 31522.8.

III. Objectives

The objectives of this Policy are as follows:

- A. Ensure that all Trustees gain the knowledge they need to effectively carry out their fiduciary responsibilities as defined by the County Employees Retirement Law of 1937 Act (Government Code §31450, et seq.).
- B. Ensure that access to the necessary educational opportunities ~~are-is made~~ available to all ~~Board and Alternate~~ Trustees.
- C. Ensure that Trustees possess a shared knowledge of pension administration that facilitates group discussion, debate, and effective decision-making.
- D. Ensure that Trustees have the opportunity to acquire ~~a~~ relevant ~~level of~~ knowledge across all major aspects of pension plan administration, ~~as opposed to only gaining specialized knowledge in particular areas.~~
- E. Ensure that all newly appointed or elected Trustees are provided with sufficient knowledge to ~~actively and~~ effectively participate in Board and committee deliberations.

IV. Policy Guidelines

Trustee Education and Training Requirements

All Trustees agree to develop and maintain their knowledge and understanding of the issues involved in the management of ACERA ~~throughout their terms as Trustees.~~

A. Minimum Hours of Education

- 1. All new Trustees must receive a minimum of 24 hours of Board member education within the first two years of assuming office.
- 2. After first two years of assuming office, ~~every each~~ Trustee must receive a minimum of 24 hours of Board member education every two years.

B. Educational Topics

- 1. Trustees agree to develop and maintain ~~a~~ relevant ~~level of~~ knowledge across a broad spectrum of pension-related topics in at least the following areas:
 - a. Fiduciary responsibilities.

- b. Ethics.
- c. Pension fund investments and investment program management.
- d. Actuarial matters.
- e. Pension funding.
- f. Benefits administration.
- g. Disability evaluation.
- h. Fair hearings.
- i. Pension fund governance.

~~(Government Code §31522.8.)~~

C. Process for Selecting Educational Opportunities

- i. Trustees shall consider the following requirements when selecting an educational vehicle that best meets their needs:
 - a. The opportunity is designed to provide Trustees with the knowledge they need to carry out their ~~roles and~~ responsibilities;
 - b. The opportunity assists Trustees in securing a useful level of knowledge of the areas listed above;
 - c. The opportunity meets the requirements of this Policy; and
 - d. The cost-effectiveness of the program.
- 2. Trustees will ~~seek out, evaluate and~~ attend appropriate educational programs, such as:
 - a. Conferences, seminars, workshops, and roundtables;
 - b. Courses, workshops and presentations sponsored by academic institutions or external service providers;
 - c. In-house workshops, seminars, or presentations delivered by ACERA staff;
 - d. Self-study from relevant periodicals, articles, trade journals, textbooks, and electronic media or other sources of educational material; and
 - ~~e.~~ Any other educational opportunities that the Trustees deem ~~necessary and~~ appropriate.

~~§c. Annual Retreat: Trustees shall participate in an annual planning and educational retreat organized by ACERA management with input from the Board. The Board may identify collective areas for improvement in the Board's knowledge base and direct that training in those areas be included at the annual retreat.~~

3. Educational seminars sponsored by pension fund organizations or accredited academic institutions shall be deemed to meet the Trustee education requirements. ~~(Government Code §31522.8.)~~

D. Orientation Program

1. A formal orientation program shall be developed by senior management for the benefit of new Trustees designed to ensure that new Trustees are in a position to contribute fully to Board and committee deliberations, and effectively carry out their fiduciary duties as soon as possible ~~upon~~ after joining the Board.
2. New Trustees shall be encouraged to participate in the orientation program within 45 days of being elected or appointed to the Board.
3. The orientation program shall include:
 - a. An Orientation Handbook;
 - b. Introduction to all key members of senior management and staff;
 - c. A tour of the ACERA offices; and
 - d. A comprehensive briefing by senior management.
4. The Orientation Handbook shall include:
 - a. Most recent plan description and member handbook;
 - b. Roles and responsibilities of Trustees, committees, and senior management, ~~both fiduciary and operational~~;
 - c. Copies of ACERA Board policies;
 - d. Most recent actuarial valuation and financial statements;
 - e. Most recent actuarial asset/liability study;
 - f. Most recent investment performance report;
 - g. Most recent business plan and budget;

- h. Up-to-date organizational chart;
- i. Up-to-date names and phone numbers of other Trustees and ~~the Chief Executive Officer~~ CEO;
- j. Relevant readings covering pension fiduciary fundamentals; and
- k. Copies of relevant ACERA publications/brochures.

E. Required Trustee Trainings

- 1. Sexual Harassment Prevention Training
 - a. Each trustee is required to take two hours of sexual harassment prevention training within the first six months of taking office and every two years after that. (Government Code §§53237, et. seq.)
 - b. Sexual harassment prevention training obtained by a Trustee at an ~~previous~~ employer will ~~serve to~~ satisfy this requirement ~~so long as if~~ the training is ~~compliant~~ with current legal requirements and was completed within one year before the Trustee took office.
- 2. Ethics Training:
 - a. Each Trustee is required to take ethics training within one year of taking office and every two years after that. (Government Code §§53234, et seq.)
 - ~~a.~~ [The California Attorney General's website includes training for "Local Officials" that satisfies this requirement.](#)
 - ~~b.~~ [Refer to the Conflict of Interest Policy, Section VI, for more details.](#)

F. Policy Compliance

- 1. Each Board member must maintain a record of his or her compliance with the education requirements (Government Code §31522.8). The Board members must certify their compliance on the form attached as Exhibit A and provide the ~~original form~~ to the ~~CEO's Legal~~ Office no later than January 31 for the previous calendar year.
- 2. This Policy and an annual report on Board Member Compliance with the Policy will

be on the ACERA website (Government Code §31522.8).

3. Trustees agree to be accountable to each other, as a group, for complying with the provisions of this Policy.
4. The ~~ACERA Legal Department Office~~ will maintain records indicating the date sexual harassment prevention training and ethics training were ~~was~~ completed and the entities^y that provided the trainings.
- ~~5. The ACERA Legal Department will maintain the records indicating the date ethics training was completed and the entity that provided the training consistent with the reporting requirements stated in the Conflict of Interest Policy.~~

V. Policy Review

This policy shall be reviewed by the Operations Committee every three (3) years to ensure that it remains relevant and appropriate.

VI. Policy History

The Board reviewed and affirmed this policy, with revisions, on ~~November 21, 2019~~ January 18, 2024.¹

¹ The Board adopted the Policy (then named the Trustee Education Policy) on October 16, 1999. The Board reviewed and affirmed with revisions September 18, 2003; November 18, 2003; November 9, 2006; December 18, 2008; December 20, 2012; October 17, 2013; September 17, 2015; January 19, 2017; February 15, 2018; and November 21, 2019.



Certification of Compliance: Board Education Policy

I, _____, am a Trustee on the Board of Retirement for the Alameda County Employees' Retirement Association (ACERA).

I have been informed of the education and continuing education requirements under California Government Code Section 31522.8 and ACERA's *Board Education Policy*.

I hereby state that I am in compliance with the obligations imposed on me by California Government Code Section 31522.8 and ACERA's *Board Education Policy*.

This is applicable for the period January 1, _____, to December 31, _____.

Dated: _____ Signature: _____



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: January 18, 2024
TO: Members of the Operations Committee
FROM: Lisa Johnson, Assistant Chief Executive Officer
SUBJECT: **Review of the Felony Forfeiture Policy**

A handwritten signature in blue ink, appearing to read "Lisa Johnson", positioned to the right of the "FROM:" line.

Executive Summary

The Felony Forfeiture Policy (“Policy”) addresses how ACERA applies the statutes mandating the forfeiture of public pensions (or portions thereof) by employees who are convicted of certain crimes.

Background

This Policy was adopted by the Board on December 21, 2017. The board last reviewed and affirmed this policy with revisions on September 17, 2020. The next review is scheduled for January 2027 on the standard three-year review cycle.

Staff’s review of the Policy resulted in the following findings:

- This Policy is necessary and continues to provide guidance to comply with the applicable statutes and does not overlap with other existing Board policies.
- Some non-substantive changes have been added in red and red line to update some of the language to be more concise.

Recommendation

Staff recommends that the Operations Committee recommend that the Board of Retirement revise the Felony Forfeiture Policy, per the redline in the agenda backup.

Attachments:
Proposed Felony Forfeiture (redlined version)



Felony Forfeiture Policy

I. Purpose

This Policy ~~is to~~ provides guidance on how to handle felony forfeitures. The Public Employees' Pension Reform Act of 2013 ("PEPRA") added two forfeiture statutes applicable to ~~all~~ public employees convicted of felonies on or after January 1, 2013.¹ ~~The law took effect January 1, 2013, and t~~The relevant Government Code sections are 7522.72 for employees ~~hired~~ first employed before January 1, 2013, and 7522.74 for employees ~~hired~~ first employed on or after January 1, 2013².

II. Objectives

- A. The felony forfeiture statutes provide that "if a public employee is convicted by a state or federal trial court of any felony under state or federal law for conduct arising out of or in the performance of his or her official duties, in pursuit of the office or appointment, or in connection with obtaining salary, disability retirement, service retirement, or other benefits, he or she shall forfeit all accrued rights and benefits in any public retirement system in which he or she is a member . . . and shall not accrue further benefits in that public retirement system, effective on the date of the conviction."³
- B. ~~The felony forfeiture statutes f~~Further, ~~provide that~~ "if a public employee who has contact with children as part of his or her official duties is convicted of a felony that was committed within the scope of his or her official duties against or involving a child who he or she has contact with as part of his or her official duties, he or she shall forfeit all accrued rights and benefits in any public retirement system in which he or she is a member

¹ ~~Felony forfeiture laws applicable to public retirement benefits originally applied only to elected public officers who took public office, or were re-elected to public office on or after January 1, 2006. (Gov. Code §7522.20, formerly Gov. Code §1234.) PEPRA further provided that the pre-existing narrower felony forfeiture statute would not apply in any instance where the newly enacted felony forfeiture statute applied.~~

² ~~Gov. Code §7522.72 applies to public employees who were first employed, appointed, or elected before January 1, 2013 and Gov. Code §7522.74 applies to those who were first employed, appointed, or elected on or after January 1, 2013.~~

³ ~~Gov. Code §§7522.72(b)(1); 7522.74(b)(1).~~

... and shall not accrue further benefits in that public retirement system, effective on the date of the conviction.”⁴

- C. When ~~the a~~ felony is for conduct described in ~~either of~~ the above provisions, the member “shall forfeit all the rights and benefits earned or accrued from the earliest date of the commission of any felony described in subdivision (b) to the forfeiture date, inclusive. The rights and benefits shall remain forfeited notwithstanding any reduction in sentence or expungement of the conviction following the date of the member’s conviction. Rights and benefits attributable to service performed prior to the date of the first commission of the felony for which the member was convicted shall not be forfeited as a result of this section.”⁵
- D. The employee and prosecuting agency shall notify the employer within 60 days of the felony conviction including the date of conviction and date of the first known commission of the felony⁶. The member and the employer who employs or employed the member are required to notify ACERA within 90 days of the conviction⁷.
- E. If this Policy conflicts with any statutory provisions or case law, the statutory provisions or case law will govern.

III. Policy Guidelines

A. Investigation

Upon receipt of notification from any source of a felony conviction of an ACERA member, ~~ACERA Staff (“Staff”)~~ will investigate the matter including obtaining the criminal record. Staff will determine (1) the earliest date of the commission of the felony; (2) the conviction date; and (3) whether the conviction falls within the felony forfeiture statutes.

~~⁴ Gov. Code §§7522.72(b)(2); 7522.74(b)(2).~~

~~⁵ Gov. Code §§7522.72(c); 7522.74(c).~~

~~⁶ Gov. Code §§7522.72(e); 7522.74(e).~~

~~⁷ Gov. Code §§7522.72(f); 7522.74(f).~~

B. Notifying the Member

Following the notice of conviction, Staff will inform the member of ACERA's determination including:

1. The felony forfeiture statute that applies to his/her benefits;
2. Supporting documentation that the felony forfeiture statute applies; and
3. The amount forfeited, how that amount was calculated and the amount of contributions that ACERA will refund to the member.

C. Member Appeal Rights

The member has the right to appeal the matter to the Board at a regularly scheduled Board meeting. Staff will inform the member of the appeal process. Any such appeal shall proceed according to the ACERA Administrative Hearing Policy. ~~The Board shall have the discretion to hear the matter directly or refer it to a hearing officer for a recommendation, in which case the hearing officer's recommendation shall be made to the full Board for final decision⁸.~~

D. Forfeited Benefits

1. Computing Forfeited Benefits

Staff will follow the legal requirements to determine the amount of the benefit forfeited. The member is entitled to a return of his or her member paid contributions, without interest, made during the forfeited period⁹. Staff will reverse the member paid contributions and service credit for the forfeited period. Any paid contributions will be applied to an overpayment owed to ACERA first.

2. Notification to the Court and District Attorney

⁸ ~~Gov. Code §§31533, 31534.~~

⁹ ~~Gov. Code §§7522.72((d)(1); 7522.74(d)(1).~~

ACERA is required to notify the court and district attorney at least three business days prior to refund of the money to the member¹⁹.

3. Benefits Not Forfeited

Rights and benefits attributable to service performed before the date of the first commission of the felony for which the member was convicted shall not be forfeited¹⁴.

4. Reversal of Conviction

If a member's conviction is reversed and that decision is final, the employee can either recover the forfeited rights and benefits as adjusted for the contributions received or redeposit those contributions and interest that would have accrued during the forfeiture period, as determined by the system actuary, and then recover the full amount of the forfeited rights and benefits¹².

5. Returning to an ACERA Employer

After forfeiture of benefits, a member cannot return to employment with an ACERA employer and accrue further benefits in ACERA¹³.

IV. Policy Review

The Operations Committee shall review the Felony Forfeiture Policy at least every three (3) years to ensure that it remains relevant and appropriate.

V. Policy History

A. The Board adopted this policy on December 21, 2017.

B. The Board reviewed and affirmed this policy, with revisions on September 17, 2020 and
January 18, 2024.

¹⁹ ~~Gov. Code §§7522.72(d)(2); 7522.74(d)(2).~~

¹⁴ ~~Gov. Code §§7522.72(c)(1); 7522.74(c)(1).~~

¹² ~~Gov. Code §§7522.72(h); 7522.74(h).~~


¹³ ~~Gov. Code §§7522.72(b)(1), (2); 7522.74(b)(1), (2).~~



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: January 18, 2024

TO: Members of the Operations Committee

FROM: Lisa Johnson, Assistant Chief Executive Officer 

SUBJECT: **Review of the Board Travel Policy**

Executive Summary

The Board Travel Policy (“Policy”) encourages and facilitates Trustees’ participation in education and business-related initiatives and provides procedures designed to ensure that expenditures incurred from travel or business-related activities are prudent and cost-effective, and to mitigate the risk of improprieties in such activities.

Background

This Policy was last reviewed and affirmed with revisions on November 21, 2019, two years early. This policy has been temporarily off the standard 3-year review cycle, due to regrouping of some related policies and timing. The next 3-year review is scheduled for January 2027, except for the annual update to the trustee calendar year allotment amount using the annual Greater San Francisco Area Consumer Price Index (CPI) effective January 1st of each year.

Staff’s review of the Policy resulted in the following findings:

- This Policy is necessary and continues to address the recurring need for effective operation of the Board and does not overlap with other existing Board policies.
- The annual trustee allotment has been increased.
- Two noteworthy, proposed changes include allowing digital receipt submission in addition to photocopied receipts and a proposed increase in the tipping percentage range for meals.
- Some non-substantive language changes have been added in red and red line to update some of the language to continue improving the readability and clarity of the Policy.

Recommendation

Staff recommends that the Operations Committee recommend that the Board of Retirement revise the Board Travel Policy, per the redline in the agenda backup.

Attachments:
Proposed Board Travel Policy (redlined version)



Board Travel Policy

I. Purpose

- A. To encourage ACERA ~~Board and Alternate~~ Trustees (“Trustees”) to pursue educational and business-related initiatives that will assist the Trustees in meeting their fiduciary duties to administer the pension plan;
- B. To facilitate Trustees’ participation in such activities;
- C. To ensure that expenditures incurred from travel or business-related activities are prudent and cost-effective, and to mitigate the risk of improprieties arising from these activities.

II. Assumptions

The Travel Policy rests on the following important assumptions:

- A. Prudent oversight of a public sector pension plan requires that Trustees travel to business meetings and educational conferences or seminars held in or outside of the State of California. Travel and related costs incurred in doing so not only represent legitimate expenses of the plan, but are a sound investment in the ongoing success of the organization in meeting the needs of the membership.
- B. Any expenditures relating to travel by ACERA Trustees and reimbursement of travel-related expenses by the plan must comply with the Board’s fiduciary obligations to plan members and beneficiaries.
- C. Trustees shall disclose all expenditures and expenses for which they seek reimbursement on claim reimbursement form.

III. Policy Guidelines

- A. ACERA Trustees are authorized to incur reasonable expenses necessary to fulfill their fiduciary or operational duties pursuant to the ~~Trustee-Board~~ Education Policy, subject to the guidelines contained herein and consistent with ACERA's Conflict of Interest Policy. ACERA shall reimburse Trustees for business and travel-related expenses consistent with this Travel Policy.
- B. Trustees shall ensure that all business and travel-related expenses are reasonable using ACERA specific business-related expense guidelines attached as Exhibit A.
- C. Each Trustee is allotted \$~~175,795~~~~049~~ for the calendar year effective January 1, 2024~~2~~. The allotment for each Trustee shall automatically increase by the Consumer Price Index (CPI) for the greater San Francisco area effective January 1 of each year, subject to budgetary constraints. Staff will automatically update the Policy to reflect the new allotment and will notify the Committee of the new amount each year.
- D. Excluded from the allotted annual amount are the following educational opportunities which provide unique, high-level learning opportunities for Trustees which are more expensive than typical training opportunities and in which Trustees are unlikely to participate every year:
 - 1. Half of the total expenditures of the Milken Global Institute conference. The total expenditures include conference fee, airfare, accommodation and other travel costs.
 - 2. For first time Trustees, the Wharton Portfolio Concepts and Management and CALAPRS Principles of Pension Management or comparable Wharton and CALAPRS Programs.
 - 3. The advanced Wharton and CALAPRS pension management trainings may be taken by each Trustee once every three years.
- E. Should a Trustee desire to incur business and travel-related expenses which exceed the annual allotment, the Trustee must receive approval from the Board before incurring the expense. Special consideration will be given to requests by New Trustees, who are encouraged to attend educational seminars to obtain sufficient knowledge to better prepare them to execute their fiduciary responsibilities and govern the system.

- F. In light of ACERA's asset allocation to international investments, the Board may authorize travel outside the U.S. if such a travel request is deemed to be consistent with all of the provisions in this Policy and the Conflict of Interest Policy. The Trustee shall seek approval for travel outside the U.S. from the Board.
- G. Trustees agree to make every attempt to attend any programs for which they have signed up to avoid the loss of travel and related expenses incurred by ACERA.
- H. Reservations for airline tickets and hotel accommodations may be made through the office of the CEO.
- I. When traveling by air Trustees may extend their trip if it will result in no additional cost or if it will result in a net savings to ACERA.
- J. Staff will provide each Trustee with a monthly statement listing the individual Trustee's travel and business related expenditures to date.
- K. Staff will provide the Operations Committee with a quarterly report identifying expenditures and the educational conferences that each Trustee has attended to date.

IV. Policy Review

The Operations Committee will review this policy every three ~~(3)~~ years to ensure that it remains relevant and appropriate. The Committee shall make recommendations to the Board concerning any improvements or modifications it deems necessary.

V. Policy History

The Board reviewed and affirmed this policy, with revisions, on ~~November 21, 2019~~January 18, 2024.¹

¹ The Board adopted the Board Travel Policy (~~then named the Travel Policy~~) on September 16, 1999. The Board reviewed and affirmed, with revisions, on September 20, 2001; May 19, 2005; May 18, 2006; November 9, 2006; October 18, 2007; November 19, 2009; March 18, 2010; January 20, 2011; November 8, 2012; September 19, 2013; October 16, 2014; November 12, 2015; June 22, 2017; February 15, 2018 and November 21, 2019. The Board reviewed and affirmed, without revisions, on November 9, 2011 ~~and affirmed with revisions on February 15, 2018 and on November 21, 2019~~. The Policy ~~was~~is automatically updated ~~from time to time to on February 14, 2022 to~~ reflect the CPI adjusted travel allotment ~~for 2022~~.



Board Travel Policy, Exhibit A Specific Travel Guidelines for Trustees

I. Purpose

These guidelines summarize the procedures for authorization and reimbursement of business and travel-related expenses for Trustees.

- A. The governing principle for business and travel-related expense reimbursement is that Trustees should neither profit nor suffer monetarily as a result of acquiring education and/or conducting ACERA business.
- B. Business and travel-related expenses include costs directly paid by ACERA to either an outside vendor for transportation, lodging, and related expenses, or to Trustees for reimbursement of incidental travel costs such as meals, tips, and baggage costs, incurred during the course of acquiring Trustee education or conducting ACERA business.
- C. ACERA will neither pay for nor reimburse a Trustee for business or travel-related expenses that have been or will be paid for or reimbursed from any outside sources.
- D. Trustees are expected to follow this Board Travel Policy in a manner that minimizes expenses and fairly assigns the costs of business-related activities to ACERA.

II. Reimbursement Request Responsibility And Requirements

- A. Trustees are required to comply with the Board Travel Policy. The Trustee requesting reimbursement or incurring the expense is responsible for ensuring all the following:
 - 1. The travel and other expenses are directly related to an approved education or business matter;
 - 2. Mileage and other reimbursement calculations are accurate; and

3. Proper business justification and supporting documentation have been provided to ACERA for processing the expense.
- B. Trustees must account for all business and travel-related expenses.
1. Substantiation of the expense requires the original receipts (a **digital or** photo copy of the original receipt is acceptable), printed confirmation of itinerary or order confirmation if purchased on the internet, and an adequate record of each expense indicating the provider of service or product, amount, date, and location of expense.
 2. Submit reimbursement within 45 days of completion of travel or the date the expense was incurred. Exceptions to the 45-day timeframe will be made for extenuating circumstance (e.g., illness, emergency, or unforeseen absence).
- C. The CEO or designee is responsible for approving a Trustee's request for reimbursement by verifying the following:
1. Expenses were related to an approved business matter;
 2. Expenses are documented as required and that the Board Travel Policy has been applied;
 3. Expense reports or other requests for reimbursement are **both** mathematically accurate **and reasonable in amount in light of the business purpose**; and
 4. The applicability of any exceptions.

III. General Expense Provisions

- A. ACERA will reimburse tips or gratuities for travel and business services such as meals, baggage handling and storage, ground transportation and hotel services. Reasonable and customary tips for meals are 15-~~25~~¹⁸% of the bill. Tips for other services will be in amounts that are reasonable and customary for the service rendered.
- B. ACERA will not provide, pay for, or make reimbursements for the travel-related expenses of companions or spouses who accompany a Trustee on ACERA business.

- C. ACERA will not reimburse or pay for personal items or services unrelated to a valid business or educational purpose.
- D. At no time, and under no circumstances, stated or unstated in this Board Travel Policy, will ACERA reimburse or pay for alcoholic beverages.

IV. Automobile, Shuttle, Taxi and Alternative Transportation

A. Generally,

- 1. Trustees will select a reasonable and cost effective means of transportation such as personally owned vehicles, rental cars, taxis, shared economy options (e.g., Uber or Lyft), Bay Area Regional Transit (BART), Alameda County (AC) Transit and other forms of public transportation.
- 2. Trustees shall maintain receipts to obtain reimbursements. Fees for transportation, parking and tolls are all reimbursable.
- 3. ACERA will not reimburse for parking tickets, fines for moving violations, vehicle towing charges, or auto repairs and maintenance.

B. Personally Owned ~~Automobiles~~ Vehicles (POV)

- 1. Trustees may only use their POV for ACERA business if they are in possession of both a valid driver's license and maintain current comprehensive auto insurance, including liability limits that match those carried by ACERA's vehicle insurance policy. If not, the Trustee is not authorized to drive for ACERA business travel.
- 2. Trustees may use their POV instead of flying if they provide documentation that the cost of using a POV is comparable to flying and, if needed, airport transportation and rental car charges at the final location.
- 3. Reimbursement for mileage is based on the Internal Revenue Service's (IRS) business standard mileage rate. ACERA will only reimburse mileage for the most reasonably direct route (given traffic and other constraints) driven solely for business purposes.

C. Mileage Expenses

1. To receive reimbursement for mileage, Trustees must complete an expense report specifying the purpose of the trip, point of origin, destination and date of trip. Trustees shall submit a documented route through a mapping service to verify the mileage.
2. Mileage shall ordinarily be computed one of the following two ways, depending upon the circumstance: a) Between the Trustee's office and the common carrier or destination (if Trustee left for travel from the workplace); or b) Between the Trustee's residence and the common carrier or destination (if Trustee left from his or her residence).

D. Rental Car Travel (Domestic and Foreign)

1. Rental cars are authorized only when another form of ground transportation is either unavailable or would create an unreasonable hardship for the Trustee. Trustees shall rent cars that are economical and reasonable.
2. Rental vehicles for ACERA business purposes are subject to the following conditions:
 - a. All drivers of rental vehicles must be over the age of 25 unless pre-approved by the CEO or designee.
 - b. ACERA's automobile insurance provides liability coverage, but does not provide coverage for any physical damage to the automobile. Collision insurance coverage provided by the rental agency is required for all vehicles.
 - c. If a rental vehicle is required for travel outside the United States, the Trustee is required to contact ACERA's Legal Department or Administration Department to ensure the agency's automobile insurance policy coverage is in force at the foreign destination.

- d. Any accident involving a rental vehicle must be reported in writing within 24 hours to both the car rental agency and the CEO or designee except in cases of injury rendering the ACERA Trustee unable to report within 24 hours.
3. Trustees are required to cooperate in the investigation of any accident involving their rental car.

V. Airline Travel

A. Airline Fares

Airfares should be the most economical that are reasonable under the circumstances regardless of whether ACERA purchases the tickets or Trustees purchase their own airline tickets.

B. Baggage and Lost Luggage/Items

The airline charge for one checked bag is a reimbursable business expense. Charges for more than one bag will be reimbursable under the following circumstances:

1. The Trustee is transporting ACERA business and/or conference materials; or
2. The Trustee is on a travel period longer than 3 days or is traveling internationally.

ACERA does not purchase or maintain insurance coverage for lost luggage or the personal belongings of Trustees while on ACERA business travel.

C. Parking or Other Forms of Transportation for the Airport

Airport or other business parking will be reimbursed. Trustees are urged to seek cost effective transportation to and from the airport such as shuttles or other public transportation.

VI. Lodging

A. Generally:

1. ACERA will directly pay for or reimburse for lodging expenses for a standard room during ACERA-related travel, which could also include an upgraded room where there is no increased cost.
2. ACERA will reimburse for business related services such as Wi-Fi connection, printing, and faxing when such expenses are incurred for authorized business travel.
3. If paying with a personal credit card, the Trustee must present an itemized hotel bill for reimbursement of lodging expenses.

B. Cancellations

1. ACERA will pay for costs incurred as a result of a hotel room cancellation only under extenuating circumstances such as illness or emergency.
2. A written explanation for the cancellation verified by the CEO or designee must be submitted to the Fiscal Service Department within 15 days of the cancellation.

C. “No-Show” Charges

1. Trustees are responsible for requesting a refund from the hotel for a “no show” charge regardless of whether ACERA or the Trustee made the reservation.
2. In the case of flight delays or cancellations which are outside of a Trustee’s control, ACERA will reimburse for additional expenses incurred to continue travel, such as rebooking fees or increased airfares.

VII. Meals For Business Meetings While Traveling

A. Trustee only Business Meals

1. ACERA will reimburse for meals during business-related travel (as distinguished from local business meals covered below in Section VIII) at a rate not to exceed \$100 per person, per day. Receipts for all meals are required.

2. As a general rule, Trustees are not expected to incur personal expense for meals while attending conferences, training workshops, and similar activities. If meals are provided and paid for as part of the cost of attendance, Trustee should exercise fiduciary responsibility and make a reasonable adjustment to the \$100 a day meal allowance. If, however, dietary restrictions prevent consumption of provided meals, no adjustment in the meal allowance is expected.

B. Business Meals for Others

1. Trustees may pay for the meals of other ACERA Trustees as part of a business-related meeting.
2. ACERA will also reimburse Trustees for meals paid for on behalf of other meeting attendees so long as the meal is for an ACERA business purpose and the expense is reasonable in light of that business purpose.
3. The receipt submitted by the Trustee must include the business justification for the expense and the names of all meal recipients and their affiliation with ACERA.

VIII. Meals For Business Meetings When Not Traveling

A. Trustee Only Business Meals

1. ACERA will reimburse Trustees for meals incurred as part of a meeting only where the primary purpose of the meeting is to conduct ACERA business and there is a valid business need to meet over the meal.
2. The receipt submitted by the Trustee must include the name of each meal recipient and the business purpose for purchasing the meal for the others. Meals under this circumstance should not exceed twenty-five dollars (\$25) each for breakfast and lunch and fifty dollars (\$50) for dinner per person.

B. Trustee Only Meals at Local Conferences, Seminars, Workshops, etc.

1. ACERA will reimburse Trustees for the cost of their meals when attending a local conference, seminar, workshop, presentation, or other similar group meeting when it extends through the usual mealtime.
2. The receipt submitted by the Trustee must include the purpose of the meeting and should not exceed twenty-five dollars (\$25) each for breakfast and lunch and fifty dollars (\$50) for dinner.
3. Meals provided and paid for by ACERA for in-house training, seminars, workshops, or meetings are not included in this Board Travel Policy.

IX. Lost Receipts

- A. A receipt or a credit card statement is required for all requests for reimbursement of purchases over \$5.
- B. If a Trustee loses a receipt and cannot obtain a duplicate, the Trustee may receive reimbursement by providing ACERA with a completed Affidavit Form for Business Expenses without Receipt. The use of affidavits is expected to be an exception and not a regular practice.



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: January 18, 2024

TO: Members of the Operations Committee

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Operating Expenses and Budget Summary for the period ended November 30, 2023

ACERA's operating expenses are \$497K under budget for the period ended November 30, 2023. Budget overages and surpluses worth noting are as follows:

Budget Overages

1. *Insurance*: Insurance is \$12K over budget from higher insurance premiums.
2. *Systems*: Systems are \$10K over budget. This amount comprised overages in county data processing of \$3K, minor computer hardware of \$45K, and the implementation of the intangible right to use software technology (GASB 96) of \$74K, offset by surpluses in business continuity of (\$16K), and software maintenance & support of (\$96K).

Budget Surpluses

1. *Staffing*: Staffing is \$83K under budget. This amount comprised surpluses in fringe benefits of (\$685K), and staff vacancies of (\$434K), offset by overages in temporary staffing of \$317K, and 5% staff vacancy adjustment of \$719K.
2. *Staff Development*: Staff Development is \$150K under budget for staff training and conferences.
3. *Professional Fees*: Professional Fees are \$112K under budget. This amount comprised surpluses in actuarial fees of (\$104K), consultant fees of (\$15K), and external audit of (\$5K), offset by overage in legal fee of \$12K.
4. *Office Expense*: Office Expense is \$73K under budget. This amount comprised surpluses in building expenses of (\$44K), equipment lease and maintenance of (\$12K), minor equipment and furniture of (\$3K), office maintenance and supplies of (\$8K), and printing and postage of (\$6K).

Operating Expenses Budget Summary for the period ended November 30, 2023

5. *Member Services*: Member Services are \$49K under budget. This amount comprised surpluses in disability legal arbitration and transcripts of (\$41K), disability medical expenses of (\$40K), and member training & education of (\$9K), offset by overages in health reimbursement of \$4K, member printing & postage of \$35K, and virtual call center of \$2K.
6. *Board of Retirement*: Board of Retirement is \$52K under budget. This amount comprised surpluses in board conferences and trainings of (\$50K), board strategic planning of (\$10K), offset overages in board reimbursement of \$5K, and board software maintenance & support of \$3K.

Staffing Detail

Vacant positions as of November 30, 2023:

Department	Position	Qty	Comments
Benefits	Retirement Benefits Specialist	1	Vacant - currently budgeted for the year
Benefits	Sr. Retirement Technician	2	Vacant - currently budgeted for the year
Benefits	Retirement Support Specialist	1	Vacant – currently budgeted for the year
Fiscal Services	Retirement Accountant II	1	Vacant - currently budgeted for the year
PRISM	Retirement System Program Analyst	1	Vacant – currently budgeted for the year
	Total Positions	6	

Pension Administration System Project - as of November 30, 2023					
	Year-To-Date			2023 Budget	2019-22 Actual
	Actual	Budget	Variance		
Consultant Fees					
Levi, Ray and Shoup	\$697,582	\$1,375,000	\$(677,418)	\$1,500,000	\$2,533,989
Segal and other consultant fees	614,480	440,000	174,480	480,000	1,632,042
Other expenses	-	-	-	-	1,500
Leap Technologies	-	-	-	-	98,970
Total	1,312,062	1,815,000	(502,938)	1,980,000	4,266,501
Staffing	612,696	638,000	(25,304)	696,000	2,158,220
TOTAL	\$1,924,758	\$2,453,000	\$(528,242)	\$2,676,000	\$6,424,721

Attachments:

- Total Operating Expenses Summary
- Professional Fees – Year-to-Date – Actual vs. Budget
- Actual Operating Expenses comparison with last year



**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TOTAL OPERATING EXPENSES SUMMARY**

YEAR TO DATE - ACTUAL VS. BUDGET					
<i>November 30, 2023</i>					
	<u>Actual</u>	<u>Budget</u>	<u>YTD</u>	<u>2023</u>	<u>% Actual to</u>
	<u>Year-To-Date</u>	<u>Year-To-Date</u>	<u>Variance</u>	<u>Annual</u>	<u>Annual Budget</u>
			<u>(Under)/Over</u>	<u>Budget</u>	
Staffing	\$ 14,779,235	\$ 14,862,440	\$ (83,205)	\$ 16,224,000	91.1%
Staff Development	201,901	351,590	(149,689)	367,000	55.0%
Professional Fees (Next Page)	1,115,237	1,228,160	(112,923)	1,301,000	85.7%
Office Expense	349,139	422,710	(73,571)	469,000	74.4%
Insurance	540,879	529,080	11,799	579,000	93.4%
Member Services	434,883	483,670	(48,787)	522,000	83.3%
Systems	1,135,852	1,125,480	10,372	1,223,000	92.9%
Depreciation	110,472	109,780	692	120,000	92.1%
Board of Retirement	525,626	577,870	(52,244)	614,000	85.6%
Uncollectable Benefit Payments	-	-	-	53,000	0.0%
Total Operating Expense	\$ 19,193,224	\$ 19,690,780	\$ (497,556)	\$ 21,472,000	89.4%



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET

November 30, 2023

	<u>Actual</u> <u>Year-To-Date</u>	<u>Budget</u> <u>Year-To-Date</u>	<u>YTD Variance</u> <u>(Under)/Over</u>	<u>2023</u> <u>Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
Professional Fees					
Consultant Fees - Operations and Projects ¹	\$ 311,109	\$ 326,120	\$ (15,011)	\$ 354,000	87.9%
Actuarial Fees ²	516,199	620,650	(104,451)	653,000	79.1%
External Audit ³	138,765	144,000	(5,235)	144,000	96.4%
Legal Fees ⁴	149,164	137,390	11,774	150,000	99.4%
Total Professional Fees	\$ 1,115,237	\$ 1,228,160	\$ (112,923)	\$ 1,301,000	85.7%

	<u>Actual</u> <u>Year-To-Date</u>	<u>Budget</u> <u>Year-To-Date</u>	<u>YTD Variance</u> <u>(Under)/Over</u>	<u>2023 Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
¹ CONSULTANT FEES - OPERATIONS AND PROJECTS:					
Administration					
Strategic Planning	6,731	-	6,731	-	0.0%
Total Administration	6,731	-	6,731	-	0.0%
Benefits					
Alameda County HRS (Benefit Services)	115,500	115,500	-	126,000	91.7%
Segal (Benefit Consultant/Retiree Open Enrollment)	118,250	120,120	(1,870)	131,000	90.3%
Total Benefits	233,750	235,620	(1,870)	257,000	91.0%
Fiscal Services					
Cashlog	-	20,000	(20,000)	20,000	0.0%
Total Fiscal Services	-	20,000	(20,000)	20,000	0.0%
Human Resources					
Lakeside Group (County Personnel)	70,628	70,500	128	77,000	91.7%
Total Human Resources	70,628	70,500	128	77,000	91.7%
Total Consultant Fees - Operations	311,109	326,120	(15,011)	354,000	87.9%

² ACTUARIAL FEES					
Actuarial Valuation	85,000	85,000	-	85,000	100.0%
Actuarial Audit	40,000	123,750	(83,750)	135,000	29.6%
GASB 67 & 68 Valuation	52,000	52,000	-	52,000	100.0%
GASB 74 & 75 Actuarial	15,500	16,000	(500)	16,000	96.9%
Actuarial Standard of Practice 51 Pension Risk	30,000	30,000	-	30,000	100.0%
Supplemental Consulting	209,699	229,900	(20,201)	251,000	83.5%
Supplemental Retiree Benefit Reserve valuation	44,000	44,000	-	44,000	100.0%
Triennial Experience Study	40,000	40,000	-	40,000	100.0%
Total Actuarial Fees	516,199	620,650	(104,451)	653,000	79.1%

³ EXTERNAL AUDIT					
External audit	121,046	121,000	46	121,000	100.0%
GASB 67 & 68 audit	9,400	11,000	(1,600)	11,000	85.5%
GASB 74 & 75 audit	8,319	12,000	(3,681)	12,000	69.3%
Total External Audit Fees	138,765	144,000	(5,235)	144,000	96.4%

⁴ LEGAL FEES					
Fiduciary & Litigation	77,320	68,750	8,570	75,000	103.1%
Tax and Benefit Issues	8,880	22,880	(14,000)	25,000	35.5%
Miscellaneous Legal Advice	62,964	45,760	17,204	50,000	125.9%
Total Legal Fees	149,164	137,390	11,774	150,000	99.4%

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TOTAL EXPENDITURES VS. PRIOR YEAR ACTUAL
For the Eleven Months Ending 11/30/2023

	<u>For the Month of November 2023</u>	<u>For the Month of November 2022</u>	<u>Variance</u>	<u>Year-To-Date 2023</u>	<u>Year-To-Date 2022</u>	<u>Variance</u>
STAFFING						
Salaries	926,257	863,039	63,218	9,645,782	9,308,395	337,387
Fringe Benefits	410,030	372,827	37,203	4,678,832	4,687,154	(8,322)
Temporary Staffing Cost	37,631	29,016	8,615	454,621	331,904	122,717
Staffing Total	<u>1,373,918</u>	<u>1,264,882</u>	<u>109,036</u>	<u>14,779,235</u>	<u>14,327,453</u>	<u>451,782</u>
STAFF DEVELOPMENT	24,928	11,786	13,142	201,901	238,675	(36,774)
PROFESSIONAL FEES						
Actuarial Fees	25,900	16,600	9,300	516,199	462,903	53,296
Consultant Fees - Operations	27,667	27,517	150	311,109	375,683	(64,574)
Consultant Fees - Legal	32,287	20,283	12,004	149,164	97,611	51,553
External Audit	0	(5,088)	5,088	138,765	136,912	1,853
Professional Fees Total	<u>85,854</u>	<u>59,312</u>	<u>26,542</u>	<u>1,115,237</u>	<u>1,073,109</u>	<u>42,128</u>
OFFICE EXPENSE						
Bank Charges & Misc. Admin	5,692	10,737	(5,045)	73,634	123,563	(49,929)
Building Expenses	3,260	1,498	1,762	30,705	(11,200)	41,905
Communications	10,010	14,667	(4,657)	97,337	140,767	(43,430)
Equipment Lease/Maintenance	7,895	9,312	(1,417)	90,868	97,881	(7,013)
Minor Equipment and Furniture	303	1,838	(1,535)	8,541	10,563	(2,022)
Office Supplies/Maintenance	1,938	5,922	(3,984)	34,467	33,884	583
Printing & Postage	1,481	920	561	13,587	12,213	1,374
Office Expense Total	<u>30,579</u>	<u>44,894</u>	<u>(14,315)</u>	<u>349,139</u>	<u>407,671</u>	<u>(58,532)</u>
INSURANCE	51,590	46,924	4,666	540,879	500,338	40,541
MEMBER SERVICES						
Disability - Legal Arbitration & Transcripts	0	7,840	(7,840)	(482)	24,392	(24,874)
Disability Medical Expense	2,000	(150)	2,150	136,645	63,974	72,671
Disability Claims Management	3,850	3,850	0	42,350	42,350	0
Health Reimbursement Acct. (HRA)	5,403	5,178	225	63,931	63,874	57
Member Training & Education	510	418	92	7,560	5,218	2,342
Printing & Postage - Members	4,439	3,083	1,356	125,274	113,786	11,488
Virtual Call Center	5,422	0	5,422	59,605	0	59,605
Member Services Total	<u>21,624</u>	<u>20,219</u>	<u>1,405</u>	<u>434,883</u>	<u>313,594</u>	<u>121,289</u>

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TOTAL EXPENDITURES VS. PRIOR YEAR ACTUAL
For the Eleven Months Ending 11/30/2023

	<u><i>For the Month of November 2023</i></u>	<u><i>For the Month of November 2022</i></u>	<u>Variance</u>	<u><i>Year-To-Date 2023</i></u>	<u><i>Year-To-Date 2022</i></u>	<u>Variance</u>
SYSTEMS						
Business Continuity Expense	18,623	15,694	2,929	220,113	198,913	21,200
County Data Processing	12,935	10,854	2,081	121,837	116,650	5,187
Minor Computer Hardware	887	4,107	(3,220)	82,964	51,806	31,158
Intangible right to use SBITA - GASB96	74,128	0	74,128	74,128	0	74,128
Software Maintenance & Support	18,857	58,136	(39,279)	636,810	669,551	(32,741)
Systems Total	<u>125,430</u>	<u>88,791</u>	<u>36,639</u>	<u>1,135,852</u>	<u>1,036,920</u>	<u>98,932</u>
DEPRECIATION						
Depreciation Expense	10,409	9,961	448	110,472	112,158	(1,686)
BOARD OF RETIREMENT						
Board Compensation	1,500	1,500	0	20,800	21,500	(700)
Board Conferences & Training	8,046	7,386	660	143,060	90,419	52,641
Board Election	0	7,831	(7,831)	0	11,363	(11,363)
Board Employer Reimbursement	29,660	28,250	1,410	330,860	316,355	14,505
Board Miscellaneous Expense	889	1,825	(936)	17,256	10,843	6,413
Board Software Maint. & Support	2,509	0	2,509	13,650	3,943	9,707
Board of Retirement Total	<u>42,604</u>	<u>46,792</u>	<u>(4,188)</u>	<u>525,626</u>	<u>454,423</u>	<u>71,203</u>
GRAND TOTALS	<u>1,766,936</u>	<u>1,593,561</u>	<u>173,375</u>	<u>19,193,224</u>	<u>18,464,341</u>	<u>728,883</u>

