



Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

**OPERATIONS COMMITTEE/BOARD MEETING
NOTICE and AGENDA**

THIS MEETING WILL BE CONDUCTED VIA TELECONFERENCE PER GOV'T CODE § 54953(e)

ACERA MISSION:

To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

**Wednesday, February 2, 2022
9:30 a.m.**

ZOOM INSTRUCTIONS	COMMITTEE MEMBERS	
The public can view the Teleconference and comment via audio during the meeting. To join this Teleconference, please click on the link below. https://zoom.us/join Call-In Number: 1 699 900 6833 Meeting ID: 879 6337 8479 Password: 699406 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	OPHELIA BASGAL, CHAIR	APPOINTED
	KELLIE SIMON, VICE CHAIR	ELECTED GENERAL
	KEITH CARSON	APPOINTED
	HENRY LEVY	TREASURER
	GEORGE WOOD	ELECTED GENERAL

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.

The order of agenda items is subject to change without notice. Board and Committee agendas and minutes, and all documents distributed to the Board or a Committee in connection with a public meeting (unless exempt from disclosure), are available online at www.acera.org.

Note regarding public comments: Public comments are limited to four (4) minutes per person in total.

Note regarding accommodations: The Board of Retirement will provide reasonable accommodations for persons with special needs of accessibility who plan to attend Board meetings. Please contact ACERA at (510) 628-3000 to arrange for accommodation.

OPERATIONS COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 2 of 3 – February 2, 2022

Call to Order: 9:30 a.m.

Roll Call:

Public Input (Time Limit: 4 minutes per speaker)

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

1. Discussion and Possible Motion to Recommend to the Board of Retirement to Approve the 2021 Discharge of Benefits Overpayments

- David Nelsen

Recommendation

Staff recommends that the Operations Committee recommend to the Board of Retirement to approve the 2021 discharge request of benefits overpayments in the amount of \$42,126.20.

2. Discussion and Possible Motion to Recommend to the Board of Retirement an Interest Rate for Monthly Installment Plan Payments of Lump Sum Death Benefits, Per Gov't Code § 31784.

-Jeff Rieger

Recommendation

Staff recommends that the Operations Committee recommend to the Board of Retirement an interest rate to be used when a beneficiary elects monthly installment payments, per Gov't Code sec. 31784.

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

1. Un-Audited Financial Statements as of 12/31/2021

-David Nelsen

2. Operating Expenses as of 12/31/2021

-David Nelsen

3. Actual Cash Report as of 12/31/2021

-David Nelsen

4. Board Member Conference Expense Report for 4th Qtr. 2021

-David Nelsen

5. Senior Manager Conference and Training Expense Report for 4th Qtr. 2021

-David Nelsen

6. Proposed 2022 Operations Committee Work Plan

-David Nelsen

OPERATIONS COMMITTEE/BOARD MEETING

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Trustee Remarks

Future Discussion Items

March

- Operating Expenses as of 01/31/22

April

- Operating Expenses as of 02/29/22
- Statement of Reserves as of 12/31/21
- 2021 CAFR Report
- Medical Advisor Recommendation

Establishment of Next Meeting Date

April 6, 2022, at 9:30 a.m.

Adjournment



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 2, 2022
TO: Members of the Operations Committee
FROM: Erica Haywood, Fiscal Services Officer *EH*
SUBJECT: 2021 Discharge Request of Uncollectable Benefit Overpayments

Executive Summary

For the 2021 financial reporting period, benefits' management has deemed 22 accounts uncollectable, for a total net uncollectable amount of \$42,126.20. The following table summarizes the type, quantity, and respective accrual amounts of each uncollectable account type in this 2021 discharge request.

2021 Discharge Summary		
Type of Benefit Overpayment	QTY	Total Net Uncollectable
Continuance	3	\$3,766.46
Duty Related Disability Retirement	2	\$12,247.92
Non Duty Related Disability Retirement	1	\$488.77
Service Retirement	7	\$23,258.47
Survivorship		
Health Reimbursement Account (HRA)		
All Other Benefit Related Items	9	\$2,364.58
Total	22	\$42,126.20

Budget and Financial Statement Impact

In preparing the 2021 budget, fiscal services staff created a budget expense line item to discharge benefit overpayments in the amount of \$68,000.00. The Fiscal Services Officer is requesting approval to discharge \$42,126.20 of uncollectable accruals from ACERA's stated assets.

The impact to the financial statements will be approximately \$243K of accrued receivables for benefit overpayments remaining on the unaudited 2021 end-of-year Statement of Fiduciary Net Position, under "Other Receivables" (Note 8).

Recommendation

Staff recommends that the Operations Committee recommend to the Board of Retirement to approve the 2021 discharge request of benefit overpayments in the amount of \$42,126.20.

Attachment

- 1). Discharge of Benefits Overpayments Receivables Policy (December 20, 2018)



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, the principal focus of this policy is to ensure that management and staff follow consistent, Board approved guidelines to objectively determine that an account 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 recoup the resulting shortfall to the plan, participants, and beneficiaries by transferring the shortfall to the unfunded liability.
- C. Moreover, ACERA can later accept repayment of the overpayments from the member even after 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.
- 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 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.



To: Operations Committee
From: Jeff Rieger, Chief Counsel
Meeting: February 2, 2022
Subject: **Interest Rate For Monthly Installment Payments Of Death Benefits**

Handwritten initials, possibly "JR", are written in blue ink to the right of the "From:" and "Meeting:" lines.

PROCEDURAL HISTORY

The Board considered this matter at its November 18, 2021 meeting, but the Board took no action at that meeting. The Chair directed Staff to provide more information about (a) other CERL systems' practices, and (b) calculations to illustrate the scope of the issue.

ISSUE BEFORE THE BOARD

Gov't Code § 31784 provides:

The person to whom the whole or any part of a death benefit is payable may, at any time before payment thereof, elect in writing to have such death benefit or part thereof paid over a period not to exceed 10 years in monthly installments, plus interest on the unpaid balance thereof, **at a rate to be determined by the board**. If such person dies before all such installments are paid, the board shall pay the balance in one lump sum to his estate or person entitled to receive his property.

Section 31784 appears to have been originally designed to apply to the active member death benefits under Section 31781 (accumulated contributions, plus up to six months of salary), because the benefits in Section 31781 are defined as "the death benefit." Section 31784 does not appear to apply to the \$1,000 payment at a retiree's death, or the allowance that is accrued but unpaid to a retiree in the month of death (the "prorate"), as the Legislature surely did not intend to allow members to spread out these types of small payments over a period of up to 10 years. I conclude, however, that payments under Section 31760.1 (lump sum upon early retiree death), and payments under Section 31761 (reduced allowance to retiree with higher lump sum upon early retiree death), both of which can be very large, qualify as "death benefits" under the Legislature's intended meaning of that phrase in Section 31784.

ACERA beneficiaries have historically not made elections under Section 31784 and staff can find no record of the Board determining an interest rate for such elections. Thus, staff recommends that the Board determine an interest rate, so that ACERA beneficiaries may elect death benefits in monthly installments pursuant to Section 31784.

OTHER CERL SYSTEMS

Based on polling of other CERL systems' Chief Counsels and Chief Executive Officers, Staff is informed that current staffs at 14 systems are not aware of ever having implemented section 31784 (Sonoma, San Mateo, Contra Costa, Tulare, Merced, Imperial, Kern, Orange, Fresno, Santa Barbara, Sacramento, Ventura, San Bernardino and San Joaquin). The one system that has implemented section 31784 (San Diego) adopted the 10-Year Treasury rate in 2018. The practices of the remaining four CERL systems are unknown.

CALCULATION EXAMPLES

The calculation of a monthly payment for a beneficiary under section 31784 is identical to the calculation of a home mortgage based on the amount of principal, the interest rate and the length of the payment period. By analogy, the member is the lender and ACERA is the borrower. Thus, the calculation can be run through a basic amortization calculator. The monthly benefit is directly proportional to the amount of the lump sum benefit. For example, the monthly payment for a \$50,000 benefit would be exactly half of the monthly payment for the \$100,000 benefit illustrated below.

The following are the monthly payments for a \$100,000 beneficiary who elects the maximum 10-year installment plan, at different rates the Board may adopt:

- Assumed Rate of Return (7%): \$1,161.08 (\$39,330.18 interest paid).
- 10-Year Expected Return (5.8%): \$1,100.19 (\$32,022.57 interest paid).
- Inflation Assumption (2.75%): \$954.11 (\$14,493.24 interest paid).
- Approx. 10-Year Treasury (1.5%): \$897.91 (\$7,749.80 interest paid).

RECOMMENDATION

Which interest rate to adopt is up to the Board. For administrative ease, Staff recommends that the Board adopt either a flat rate or a rate that is tied to an ACERA assumption, rather than a rate that floats beyond ACERA's control, which would require regular adjustments to ACERA's systems or processes. Staff further recommends that the Board adopt (a) its assumed rate of investment return on the high end, (b) an interest rate that approximates a no-risk interest rate available to an individual in the marketplace on the low end (e.g., 1.5%), or (c) some other reasonable rate in between those high and low ends (e.g., ACERA's 5.8% 10-year expected return or 2.75% inflation assumption).



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 2, 2022

TO: Members of the Operations Committee

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Quarterly Unaudited Financial Statements as of December 31, 2021

Executive Summary

Attached for review and discussion is the unaudited financial statements for the year ended December 31, 2021.

The Fiduciary Net Position Held in Trust and the Change in Fiduciary Net Position compared to the same period in 2020 increased by \$2.21 billion.

Financial Highlights

- Net Position Restricted (Held in Trust for Benefits), as reported on the Statement of Fiduciary Net Position totaled \$11.84 billion. Total Receivables decreased by \$92 million, Investments at fair value¹ increased by \$2.23 billion, Capital Assets increased by \$2 million, Cash decreased by \$1 million, and Total Liabilities without Security Lending Liability decreased by \$71 million.
- The year-over-year Change in Net Position increased by \$1.37 billion. This is due to increase in additions of \$1.39 billion and increase in deductions of \$26 million as explained below:
 - Total Additions year-over-year increased by \$1.39 billion. This includes, increase in net investment income of \$583 million, increase in contributions¹ of \$812 million, and increase in miscellaneous income of \$1 million.
 - Total Deductions year-over-year increased by \$26 million. The amount is mainly attributable to the growth in payments of service retirement and disability benefits.

¹ This increase includes additional contribution payments made by the County of Alameda in the amount of \$800 million and by the Livermore Area Recreation and Park District in the amount of \$13 million in June 2021. It should be noted that the additional contribution payment made by the County of Alameda will be used to reduce only its safety member actuarial accrued liability.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF FIDUCIARY NET POSITION
As of 12/31/2021

	Year-To-Date 2021	Year-To-Date 2020
ASSETS		
Cash (Note 1)	1,754,098	3,236,571
Securities Lending Cash Collateral (Note 2)	127,313,079	117,170,544
Receivables:		
Contributions (Note 3)	22,097,253	21,756,333
Investment Receivables (Note 4a)	19,624,427	17,178,702
Unsettled Trades - Investments Sold	7,652,879	96,399,659
Futures Contracts (Note 5a)	161,229	236,299
Foreign Exchange Contracts (Note 7a)	83	5,852,639
Other Receivables (Note 8)	350,348	196,974
Total Receivables	49,886,219	141,620,606
Prepaid Expenses	802,521	755,153
Total Current Assets	179,755,917	262,782,873
Investments - at Fair Value:		
Short-Term Investments (Note 9)	263,949,698	182,037,100
Domestic Equity	679,809,682	562,386,920
Domestic Equity Commingled Funds	2,645,584,783	2,159,590,537
International Equity	1,417,146,348	1,296,336,181
International Equity Commingled Funds (Note 10)	1,618,473,687	1,460,569,370
Domestic Fixed Income	1,714,638,364	1,093,182,716
International Fixed Income	82,608,231	190,474,272
International Fixed Income - Commingled Funds (Note 11)	85,022,652	159,175,588
Real Estate - Separate Properties (Note 12)	72,112,917	72,474,307
Real Estate - Commingled Funds (Note 13)	641,673,901	528,670,959
Real Assets	749,496,617	467,886,286
Absolute Return (Note 14a)	764,772,498	645,134,433
Private Equity (Note 14b)	938,688,389	726,180,411
Private Credit	158,511,146	57,746,561
Total Investments	11,832,488,914	9,601,845,640
Capital Assets at Cost (Net of Accumulated Depreciation and Amortization) (Note 15)	6,184,907	4,318,514
Total Assets	12,018,429,739	9,868,947,027
LIABILITIES		
Securities Lending Liability (Note 2)	127,313,079	117,170,544
Unsettled Trades - Investments Purchased	25,746,243	100,393,063
Investment-Related Payables (Note 4b)	14,073,244	12,191,391
Futures Contracts (Note 5b)	589,217	0
Foreign Exchange Contracts (Note 7b)	912,711	76
Accrued Administration Expenses (Note 16)	2,624,040	2,858,128
Members Benefits & Refunds Payable (Note 17a)	6,378,735	6,154,499
Retirement Payroll Deductions Payable (Note 17b)	313,991	267,465
Lease Liability	102,449	144,511
Total Liabilities	178,053,709	239,179,677
DEFERRED INFLOWS OF RESOURCES		
Net Position		
Restricted - Held in Trust for Benefits	11,840,376,030	9,629,767,350
Total Net Position	11,840,376,030	9,629,767,350

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Twelve Months Ending 12/31/2021

	Year-To-Date 2021	Year-To-Date 2020
ADDITIONS		
Contributions: (Note 18)		
Members	111,161,676	106,104,226
Employers	1,116,575,840	309,752,998
Total Contributions	1,227,737,517	415,857,224
From Investment Activities:		
Net Appreciation/(Depreciation) in Fair Value of Investments (Note 19a)	1,492,160,781	989,948,648
Interest	48,608,082	41,181,829
Dividends	42,464,902	32,450,567
Real Estate - Net	27,276,248	21,871,589
Private Equity and Alternatives	69,711,435	(18,497,485)
Brokers Commissions - Directed Brokerage	14,639	27,975
Sub-Total of Dividends, Interest, Other Investment Income (Note 19b)	188,075,305	77,034,475
Total Income from Investment Activities	1,680,236,086	1,066,983,123
Total Investment Expenses (Note 20)	(80,282,302)	(50,246,543)
Net Income from Investment Activities (Note 21)	1,599,953,784	1,016,736,579
From Securities Lending Activities:		
Securities Lending Income	913,843	1,182,187
Securities Lending Expenses	(202,207)	(583,683)
Net Income from Securities Lending Activities (Note 22)	711,636	598,504
Total Net Investment Income	1,600,665,421	1,017,335,083
Miscellaneous Income (Note 23)	968,861	318,006
Total Additions	2,829,371,798	1,433,510,312
DEDUCTIONS		
Benefits:		
Service Retirement and Disability Benefits (Note 24)	542,077,135	517,161,770
Death Benefits (Note 25)	3,616,018	3,300,726
Supplemental Cost of Living Allowance	932,177	1,116,523
Retiree Healthcare Program	45,916,769	46,020,705
Total Benefit Payments	592,542,099	567,599,724
Member Refunds	9,643,740	9,184,318
Administration: (Note 26)		
Administrative Expenses	12,193,817	12,006,184
Actuarial Expenses	458,576	335,096
Business Continuity Expenses	628,213	621,570
Legal Expenses	854,883	943,671
Technology Expenses	904,289	903,392
401(h) Expenses	1,537,500	1,416,000
Total Administration	16,577,278	16,225,913
Total Deductions	618,763,118	593,009,955
Net Increase(Decrease)	2,210,608,680	840,500,357
Net Position Held in Trust for Benefits:		
Net Position - January 1	9,629,767,350	8,789,266,993
Net Position - December 31	11,840,376,030	9,629,767,350

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2021

Basis of Accounting

ACERA follows the accounting principles and reporting guidelines set forth by the Government Accounting Standards Board (GASB). ACERA's financial statements are prepared on the accrual basis of accounting.

(Note 1)

Cash - \$1.75 million

Cash balance is the sum of the funds in the Wells Fargo Bank operating accounts. The decrease of \$1.48 million from 3.24 million in December 31, 2020, is primarily due to the timing difference between receipt of contributions and the transfer of funds for retiree payroll and investment.

(Note 2)

Securities Lending Cash Collateral - \$127.31 million

Cash collateral of \$127.31 million and \$117.17 million was held by ACERA related to securities on loan as of December 31, 2021, and December 31, 2020, respectively. This amount is reported as an asset with a corresponding liability for the same amount in compliance with the GASB Statement No. 28.

(Note 3)

Contributions Receivables - \$22.10 million

The receivable balances of December 31, 2021, increased approximately \$0.34 million from \$21.76 million in December 31, 2020. This is primarily due to an increase in the number of days accrued at the end of the period.

(Note 4)

4a. Investment Receivables - \$19.62 million

The investment receivables balance as of December 31, 2021, increased by \$2.44 million from \$17.18 million for December 31, 2020. The increase is mainly attributed to interest and dividend receivables.

4b. Investment Related Payables - \$14.07 million

The increase of \$1.88 million in investment related payables balance as of December 31, 2021, from \$12.19 million for December 31, 2020 is primarily due to increase in investment managers and incentive fees payable.

(Note 5)

5a. Futures Contracts Receivables - \$0.16 million

The receivable represents unrealized gains on open future contracts. The balance for unrealized gains as of December 31, 2021, and December 31, 2020, were \$0.16 million and \$0.24 million, respectively.

5b. Futures Contracts Payables - \$0.59 million

The payables represents the unrealized losses on open future contracts. The balance for unrealized losses as of December 31, 2021, and December 31, 2020, were \$0.59 million and none, respectively.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2021

(Note 7)

7a. Foreign Exchange Contracts Receivables - \$0.00 million

The receivables represents unrealized gains on foreign exchange contracts. Foreign exchange (FX) contracts include currency forward contracts and spot contracts. As of December 31, 2021, and December 31, 2020, unrealized gains on FX contracts were \$0.00 million and \$5.85 million, respectively. The decrease of \$5.85 million is due to change in number and valuation of contracts and market volatility.

7b. Foreign Exchange Contracts Payables - \$0.91 million

The payables represents unrealized losses on foreign exchange contracts. Foreign exchange (FX) contracts include currency forward contracts and spot contracts. As of December 31, 2021, and December 31, 2020, unrealized losses on FX contracts were \$0.91 million and \$0.00 million, respectively. The increase in unrealized losses of \$0.91 million is due to change in number and valuation of contracts and market volatility.

(Note 8)

Other Receivables - \$0.35 million

Other receivables as of December 31, 2021, are comprised primarily of funds due from deceased retirees' estates for overpayment of benefits and from insurance for ACERA legal claims.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2021

(Note 9)

Short-Term Investments - \$263.95 million

Short-term investments are temporarily kept in a pooled account with State Street Bank. These pooled assets are primarily invested in short-term investment funds and deposits, including U.S. Treasury and agency obligations, corporate bonds, commercial paper, repurchase agreements, certificates of deposit, bankers' acceptances, time deposits, and floating-rate notes.

(Dollars in Millions)

Fund Name	12/31/2021
Unallocated Cash	\$ 117.63
Brandywine	50.89
Baird Investors	35.96
Capital Guardian	17.51
Parametric Portfolio Associates (cash overlay)	10.95
Loomis	9.08
Kennedy	4.58
TCW	4.54
Aristotle Capital	4.32
William Blair Small Cap Growth	3.37
Mondrian	1.71
Bivium - Dundas Partners	0.74
Bivium - Denali Advisors	0.60
Bivium - Radin Capital Partners	0.56
Bivium - Arga Investment Management	0.52
Bivium - Applied Research Management	0.30
Bivium Redwood Investment	0.25
Bivium - Global Alpha Capital Mgmt	0.25
AQR Capital Management, LLC	0.11
Bivium RVX Asset Management LLC	0.06
Transition	0.02
Total	\$ 263.95

(Note 10)

International Equity Commingled Funds - \$1,618.47 million

As of December 31, 2021, and December 31, 2020, the International Equity Commingled Funds were \$1,618.47 million and \$1,460.57 million, respectively. The increase of \$157.90 million is due to additional investments net of distributions and net market appreciation.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2021

(Note 11)

International Fixed Income Commingled Funds - \$85.02 million

The decrease of \$74.15 million from the prior year is due to additional distributions net of investments and market depreciation. Disclosure of credit ratings on mutual fund holdings of fixed income portfolio is not required per GASB Statement No. 40.

(Note 12)

Real Estate Separate Properties - \$72.11 million

The following is a summary of Real Estate – Separate Property investments as of December 31, 2021, and December 31, 2020. The year over year decrease of \$0.36 million is due to the market depreciation of the Oakland 14th Street property.

(Dollars in Millions)

<i>Investment Manager</i>	<i>Net Mkt. Value 12-31-2021</i>	<i>Net Mkt. Value 12-31-2020</i>	<i>No. of Properties 2021</i>	<i>No. of Properties 2020</i>
RREEF	\$ 72.11	\$ 72.47	1	1

(Note 13)

Real Estate Commingled Funds - \$641.67 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under the California Government Code Section 6254.26. The increase of \$113.00 million in 2021 as compared to 2020 is mainly due to market appreciation and additional investments net of distributions.

(Note 14)

14a. Absolute Return - \$764.77 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$119.64 million in 2021 as compared to 2020 is predominantly due to net gain on investments.

14b. Private Equity - \$938.69 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$212.51 million in 2021 as compared to 2020 is mainly due to additional investments net of distributions; and net gain on investments.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2021

(Note 15)

Capital Assets at Cost (Net of Accumulated Depreciation and Amortization) - \$6.18 million

(Dollars in Millions)

<i>Net Capital Assets</i>	<i>12/31/2021</i>	<i>12/31/2020</i>
Retirement Information System and Others - Construction-In-Process	\$ 4.86	\$ 2.87
Equipment, Furniture & Information Systems	13.58	13.54
Electronic Document Management System	4.18	4.18
Right-to-Use Leased Office Equipments	0.21	0.21
Less: Accumulated Depreciation and Amortization	(17.82)	(17.75)
Net Book Value	5.01	3.05
Leasehold Improvements	2.59	2.59
Less: Accumulated Depreciation	(1.42)	(1.32)
Net Book Value	1.17	1.27
Total Capital Assets, Net	\$ 6.18	\$ 4.32

Depreciation is computed using the straight-line method over the following estimated useful lives or over the term of the lease:

<input type="checkbox"/> Computer Hardware	5 years
<input type="checkbox"/> Computer Software	3 years
<input type="checkbox"/> Equipment	5 years
<input type="checkbox"/> Furniture	7 years
<input type="checkbox"/> Information System – Retirement	7 years
<input type="checkbox"/> Information System – Accounting	3 years
<input type="checkbox"/> EDMS	5 years
<input type="checkbox"/> Right to use Leased Assets	5 years
<input type="checkbox"/> Disaster Recovery	5 years
<input type="checkbox"/> Leasehold Improvements	27.5 years

(Note 16)

Accrued Administration Expenses - \$2.62 million

Accrued administration expenses consist of accounts payable, payroll expense, actuarial services payable and other operating expense.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2021

(Note 17)

17a. Members' Benefits & Refunds Payable - \$6.38 million

The detail of Members Benefits and Refund Payables are as follows:

(Dollars in Millions)

<i>Accrued Benefits and Refunds</i>	<i>12/31/2021</i>	<i>12/31/2020</i>
Basic Active Death Benefits	\$ 1.14	\$ 1.00
Active Death Contribution Refunds	1.84	2.50
Retired Death Benefits	2.84	2.43
Members' Contribution Refunds	0.56	0.22
Total Members' Benefit & Refunds Payable	\$ 6.38	\$ 6.15

17b. Retirement Payroll Deductions Payables - \$0.31 million

The balance for December 31, 2021, includes \$0.01 million in health premium prepayments for 3 retirees and accrual of \$0.30 million Health Reimbursement Account (HRA) benefits. The corresponding balance for December 31, 2020, included \$0.01 million in health premium prepayments for 4 retirees and accrual of \$0.26 million HRA benefits.

(Note 18)

Contributions - \$1,227.74 million

The increase in contributions of \$811.88 million in 2021 as compared to 2020 is primarily due to the \$800.00 million advance County safety UAAL contribution and \$12.61 million advance LARPD general UAAL contribution; which is partially offset by the decrease in County's employer contribution rates for safety membership and the decrease in LARPD's employer contribution rates, effective September 2021.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2021

(Note 19)

19a. Net Appreciation in Fair Value of Investments – \$1,492.16 million

(Dollars in Millions)

	<i>For the Period Ended</i>	
	<i>12/31/2021</i>	<i>12/31/2020</i>
<i>Actual / Realized Gains/(Losses)</i>		
Domestic Equities	\$ 144.63	\$ 80.42
International Equities	104.54	102.14
Domestic Bonds	2.76	26.93
International Bonds	20.45	16.14
Real Estate Commingled Funds	(82.95)	2.53
Real Estate Sep. Props.	0.03	(0.01)
Private Equity & Alternative	286.31	25.96
Real Assets	6.16	4.14
Private Credit	0.20	0.60
Swaps and Others	4.04	2.95
Futures	1.05	(7.09)
Currency	-	3.94
<i>Total Realized Gains/(Losses)</i>	487.22	258.65
<i>Paper / Unrealized Gains/(Losses)</i>		
Domestic Equities	559.94	392.14
International Equities	80.54	234.07
Domestic Bonds	(57.72)	38.12
International Bonds	(39.53)	21.78
Real Estate Commingled Funds	176.93	(4.91)
Real Estate Sep. Props.	(2.03)	(2.32)
Private Equity & Alternative	191.78	47.93
Real Assets	99.09	3.11
Private Credit	3.95	(2.46)
Swaps and Others	(0.66)	0.06
Futures	(7.35)	1.28
Currency	-	2.50
<i>Total Unrealized Gains/(Losses)</i>	1,004.94	731.30
Total Net Realized and Unrealized Gains/(Losses)	\$ 1,492.16	\$ 989.95

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2021

19b. Dividend, Interest, and Other Investment Income - \$188.07 million

(Dollars in Millions)

<i>Dividend, Interest, and Other Investment Income</i>	<i>For the Period Ended</i>	
	<i>12/31/2021</i>	<i>12/31/2020</i>
Interest Income	\$ 48.61	\$ 41.18
Dividend Income	42.46	32.45
Real Estate Income	27.28	21.87
Private Equity, Absolute Return, Private Credit and Real Asset Income/(Loss) ⁽¹⁾	69.71	(18.50)
Directed Brokerage Commission Recapture	0.01	0.03
Total Net Income⁽²⁾	\$ 188.07	\$ 77.03

⁽¹⁾ Income in current year is mostly related to Private Equity investments and the loss in last year was mainly related to Absolute Return investments.

⁽²⁾ The increase in Net Income of \$111.04 million in current year as compared to last year is mostly due to Private Equity gains in 2021 and Absolute Return losses in 2020.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2021

(Note 20)

Investment Expenses - \$80.28 million

(Dollars in Millions)

<i>Investment Expenses</i>	<i>For the Period Ended</i>			
	<i>Basis Points</i>	<i>12/31/2021</i>	<i>Basis Points</i>	<i>12/31/2020</i>
Investment Manager and Incentive Fees	64.34	\$ 76.13	46.57	\$ 44.72
Investment Custodian	0.47	0.56	0.58	0.56
Investment Consultants & Other Expenses(*)	0.79	0.93	2.47	2.37
Subtotal	65.60	77.62	49.62	47.64
Investment Allocated Cost	2.25	2.66	2.71	2.60
Total Investment Expenses(**)	67.85	\$ 80.28	52.33	\$ 50.25

(*) *Investment Consultant and Other Expenses*

(Dollars in Millions)

	<i>For the Period Ended</i>			
	<i>Basis Points</i>	<i>12/31/2021</i>	<i>Basis Points</i>	<i>12/31/2020</i>
Investment Advising & Performance (Pearls, Alternative Investment)	0.81	\$ 0.96	0.97	\$ 0.93
Consultant - Portfolio Rebalancing	0.04	0.05	0.06	0.06
Consultant - Legal (Alternative Investment)	0.26	0.31	0.30	0.29
Subtotal – Consultants Expenses	1.11	1.32	1.33	1.28
Proxy Services	0.05	0.05	0.06	0.05
Transaction Cost Analysis	0.04	0.05	0.05	0.05
Other Investment Expenses/(Income)	(0.41)	(0.49)	1.03	0.99
Subtotal – Other Investment Expenses	(0.32)	(0.39)	1.14	1.09
Total Investment Consultants and Other Expenses	0.79	\$ 0.93	2.47	\$ 2.37

(**) The increase in total investment expenses of \$30.03 million in 2021 as compared to 2020 is primarily due to Private Equity and Absolute Return incentive fees which are based on funds' performance.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2021

(Note 21)

Net Investment Income/ (Losses) - \$1,599.95 million

(Dollars in Millions)

	<i>For the Period Ended</i>		<i>Inc./ (Dec.)</i>
	<i>12/31/2021</i>	<i>12/31/2020</i>	<i>from previous period</i>
Paper / Unrealized Gains/(Losses)	\$ 1,004.93	\$ 731.30	\$ 273.63
Actual / Realized Gains/(Losses)	486.51	258.65	227.86
Investment Income (Interest/Dividend/RE/Other) -	108.51	26.79	81.72
Net of Expenses			
Total Net Income/ (Losses)	\$ 1,599.95	\$ 1,016.74	\$ 583.21

(Note 22)

Securities Lending Net Income - \$0.71 million

The securities lending net income balance as of December 31, 2021, and December 31, 2020, were \$0.71 million and \$0.60 million, respectively. There is slight increase of \$0.11 million in securities lending income.

(Note 23)

Miscellaneous Income - \$0.97 million

The miscellaneous income of \$0.97 million is predominantly from prior year investment income and recovery.

(Note 24)

Service Retirement and Disability Benefits - \$542.08 million

The increase of \$24.92 million was predominantly due to the higher average benefit paid to the newly added retirees as compared to that of deceased retirees with lower average benefits as well as a modest increase of 236 in the total number of retirees and beneficiaries receiving benefits, from 10,271 on December 31, 2020 to 10,507 on December 31, 2021.

(Note 25)

Death Benefits - \$3.62 million

The death benefits paid out during the year ended December 31, 2021, were comprised of \$0.26 million of Retired Death Benefits, \$1.04 million of Active Death Benefits, and \$2.32 million of Survivorship Benefits.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2021

(Note 26)

Total Administration - \$16.58 million

ACERA's Board of Retirement adopted Section 31580.2 of the 1937 Act. This Section allows ACERA to exclude investment (included in Total Investment Expenses under Note 20 above), actuarial, legal, business continuity related expenses and technology costs from administrative expenses subject to the statutory limits. Under Section 31618.5 ACERA excludes the SRBR administrative expenses from its total administrative expenses. ACERA's SRBR administrative expenses are the amount that exceeds the employers' 401(h) contributions allocated to estimated administrative costs of Postemployment Medical Benefits. The detail of total Administration Expenses are as follows:

(Dollars in Millions)

	<i>12/31/2021</i>	<i>12/31/2020</i>	<i>Inc./(Dec.) from previous period</i>
Administrative Expenses	\$ 12.20	\$ 12.01	\$ 0.19
Actuarial Expenses	0.46	0.34	0.12
Business Continuity Expenses	0.63	0.62	0.01
Legal Expenses	0.85	0.94	(0.09)
Technology Expenses	0.90	0.90	-
401(h) Administrative Expenses	1.54	1.42	0.12
Total	\$ 16.58	\$ 16.23	\$ 0.35



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 2, 2022

TO: Members of the Operations Committee

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Operating Expenses and Budget Summary for the year ended December 31, 2021

ACERA's operating expenses are \$2,192K under budget for the year ended December 31, 2021. Budget overages and surpluses worth noting are as follows:

Budget Overages

1. *Depreciation*: Depreciation is \$3K over budget.

Budget Surpluses

2. *Staffing*: Staffing is \$1,301K under budget. This amount comprises surpluses in staff vacancies of (\$356K), and fringe benefits of (\$1,171K), offset by an overage in temporary staffing of \$226K due to vacant positions filled by temporary staff.
3. *Staff Development*: Staff Development is \$111K under budget due to savings from unattended staff trainings and conferences.
4. *Professional Fees*: Professional Fees are \$14K under budget. This amount comprises overage in actuarial fees of \$85K mainly due to consultancy for County and LARPD additional UAAL contributions, offset by surpluses in legal fees of (\$81K) partially due to transfer from contingency fund, benefit consultant fees of (\$2K), and external audit fees of (\$16K).
5. *Office Expense*: Office Expense is \$143K under budget. This amount comprises surpluses in printing and postage of (\$16K) and office maintenance and supplies of (\$54K) both due to savings in usage, communication expenses of (\$14K), building expenses of (\$3K), interest and amortization expense of (\$2K), bank charges and miscellaneous administration of (\$19K) mainly due to savings from security expense of investment committee meetings and active for life expenses, equipment lease and maintenance of (\$20K) mainly due to savings from overall equipment maintenance, and minor equipment and furniture of (\$15K) due to savings from ergonomic equipment and furniture expenses.
6. *Insurance*: Insurance is \$165K under budget due to significant decrease in Alameda County Risk Management and Workers' Compensation programs charges.

7. *Member Services*: Member Services are \$49K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$41K) due to reduction in legal arbitration cases, members' printing and postage of (\$20K), and member training and education of (\$16K) due to open enrollment event held virtually this year, offset by overages in virtual call center of \$24K due to increase in usage and additional functionality added, health reimbursement account of \$2K, and disability medical expense of \$2K.
8. *Systems*: Systems are \$72K under budget. This amount comprises surpluses in software maintenance and support of (\$106K) mainly due to savings from database migration project and capitalization of Great Plains upgrade expenses, offset by overages in business continuity expense of \$25K due to increase in usage of amazon workspaces, minor computer hardware of \$1K, and county data processing of \$8K.
9. *Board of Retirement*: Board of Retirement is \$313K under budget. This amount comprises surpluses in board conferences and trainings of (\$126K) mainly due to unattended trainings and conferences, board employer reimbursement of (\$160K) mainly due to adjustment of prior year overpayments, board miscellaneous expenses of (\$18K), board software maintenance and support of (\$1K), board strategic planning of (\$10K) due to no offsite event happened this year, and board compensation of (\$1K), offset by overage in board election of \$3K.
10. *Uncollectable Benefit Payments*: Uncollectable Benefit Payments are \$27K under budget.

Staffing Detail

Permanent vacant positions as of December 31, 2021:

Department	Position	Qty	Comments
Administration	Administrative Assistant	1	Vacant - currently budgeted until 12/2021
Administration	Assistant Chief Executive Officer	1	Vacant - currently budgeted until 12/2021
Benefits	Administrative Specialist II	1	Vacant - currently budgeted until 12/2021
Benefits	Retirement Benefit Specialist	1	Vacant - currently budgeted until 12/2021
Fiscal	Retirement Accountant II ¹	1	Vacant - currently budgeted until 12/2021
Investments	Investment Operation Officer	1	Vacant - currently budgeted until 12/2021
Investments	Investment Analyst	1	Vacant - currently budgeted until 12/2021
Total Positions		7	

¹ The Financial Services Specialist II vacancy is reallocated to Retirement Accountant II position.

Operating Expenses Budget Summary for the period ended December 31, 2021

Pension Administration System Project as of December 31, 2021					
All amounts are in \$	Year-To-Date				
	Actual	Budget	Variance	2021 Budget	2019-20 Actual
Consultant Fees					
Levi, Ray and Shoup	956,427	683,000	273,427	683,000	1,085,179
Segal	402,940	384,000	18,940	384,000	800,450
Other expenses	-	50,000	(50,000)	50,000	1,500
Leap Technologies	-	-	-	-	98,970
Total	1,359,367	1,117,000	242,367	1,117,000	1,986,099
Staffing	634,835	627,000	7,835	627,000	881,052
TOTAL	1,994,202	1,744,000	250,202	1,744,000	2,867,151

Attachments:

- Total Operating and Investment Expenses Summary
- Professional Fees – Year-to-Date – Actual vs. Budget



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

YEAR TO DATE - ACTUAL VS. BUDGET					
<u>December 31, 2021</u>					
	<u>Actual</u>	<u>Budget</u>	<u>YTD</u>	<u>2021</u>	<u>% Actual to</u>
	<u>Year-To-Date</u>	<u>Year-To-Date</u>	<u>(Under)/Over</u>	<u>Budget</u>	<u>Annual Budget</u>
Staffing	\$ 14,748,265	\$ 16,049,000	\$ (1,300,735)	\$ 16,049,000	91.9%
Staff Development	162,694	274,000	(111,306)	274,000	59.4%
Professional Fees (Next Page)	1,164,355	1,178,000	(13,645)	1,178,000	98.8%
Office Expense	430,414	574,000	(143,586)	574,000	75.0%
Insurance	660,130	825,000	(164,870)	825,000	80.0%
Member Services	415,283	464,000	(48,717)	464,000	89.5%
Systems	1,130,087	1,202,000	(71,913)	1,202,000	94.0%
Depreciation	120,937	118,000	2,937	118,000	102.5%
Board of Retirement	361,435	675,000	(313,565)	675,000	53.5%
Uncollectable Benefit Payments	41,268	68,000	(26,732)	68,000	60.7%
Total Operating Expense	\$ 19,234,868	\$ 21,427,000	\$ (2,192,132)	\$ 21,427,000	89.8%
Investment Consultant Fees	1,319,630	1,399,000	(79,370)	1,399,000	94.3%
Investment Custodian Fees	560,613	606,000	(45,387)	606,000	92.5%
Investment Manager and Incentive Fees	75,415,544	48,942,000	26,473,544	48,942,000	154.1%
Other Investment Expenses	(388,839)	426,000	(814,839)	426,000	-91.3%
Total Portfolio Management Investment Expense	\$ 76,906,948	\$ 51,373,000	\$ 25,533,948	\$ 51,373,000	149.7%
Total Operating and Portfolio Management Investment Expense	\$ 96,141,816	\$ 72,800,000	\$ 23,341,816	\$ 72,800,000	132.1%



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET

December 31, 2021

	<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>2021</u> <u>Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
Professional Fees					
Consultant Fees - Operations and Projects ¹	\$ 330,984	\$ 333,000	\$ (2,016)	\$ 333,000	99.4%
Actuarial Fees ²	500,576	415,000	85,576	415,000	120.6%
External Audit ³	140,985	157,000	(16,016)	157,000	89.8%
Legal Fees ⁴	191,810	273,000	(81,190)	273,000	70.3%
Total Professional Fees	\$ 1,164,355	\$ 1,178,000	\$ (13,645)	\$ 1,178,000	98.8%

	<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>2021 Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
¹ CONSULTANT FEES - OPERATIONS AND PROJECTS:					
Benefits					
Alameda County HRS (Benefit Services)	126,000	126,000	-	126,000	100.0%
Segal (Benefit Consultant/Retiree Open Enrollment)	127,200	130,000	(2,800)	130,000	97.8%
Total Benefits	253,200	256,000	(2,800)	256,000	98.9%
Human Resources					
Lakeside Group (County Personnel)	77,784	77,000	784	77,000	101.0%
Total Human Resources	77,784	77,000	784	77,000	101.0%
Total Consultant Fees - Operations	\$ 330,984	\$ 333,000	\$ (2,016)	\$ 333,000	99.4%
² ACTUARIAL FEES					
Actuarial valuation	79,000	79,000	-	79,000	100.0%
GASB 67 & 68 Valuation	49,000	49,000	-	49,000	100.0%
GASB 74 & 75 Actuarial	14,500	15,000	(500)	15,000	96.7%
Actuarial Standard of Practice 51 Pension Risk	25,000	40,000	(15,000)	40,000	62.5%
Supplemental Consulting	291,076	190,000	101,076	190,000	153.2%
Supplemental Retiree Benefit Reserve valuation	42,000	42,000	-	42,000	100.0%
Total Actuarial Fees	\$ 500,576	\$ 415,000	\$ 85,576	\$ 415,000	120.6%
³ EXTERNAL AUDIT					
External audit	120,798	132,000	(11,203)	132,000	91.5%
GASB 67 & 68 audit	10,819	13,000	(2,181)	13,000	83.2%
GASB 74 & 75 audit	9,368	12,000	(2,632)	12,000	78.1%
Total External Audit Fees	\$ 140,985	\$ 157,000	\$ (16,016)	\$ 157,000	89.8%
⁴ LEGAL FEES					
<u>Fiduciary Counseling & Litigation</u>					
Nossaman - Fiduciary Counseling	18,846	25,000	(6,155)	25,000	
Reed Smith - Fiduciary Counseling	6,851	12,000	(5,150)	12,000	
Nossaman - Litigation	44,974	55,000	(10,026)	55,000	
Reed Smith - Litigation	59,882	84,000	(24,118)	84,000	
Subtotal	130,552	176,000	(45,448)	176,000	74.2%
<u>Tax and Benefit Issues</u>					
Hanson Bridgett	15,819	29,000	(13,181)	29,000	
Subtotal	15,819	29,000	(13,181)	29,000	54.5%
<u>Miscellaneous Legal Advice</u>					
Meyers Nave	45,439	68,000	(22,561)	68,000	
Subtotal	45,439	68,000	(22,561)	68,000	66.8%
Total Legal Fees	\$ 191,810	\$ 273,000	\$ (81,190)	\$ 273,000	70.3%



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 2, 2022
TO: Members of the Operations Committee
FROM: Erica Haywood, Fiscal Services Officer *EH*
SUBJECT: Actual Cash and Forecast as of December 31, 2021

Executive Summary

ACERA liquidates cash from the plan's invested assets on a monthly basis to meet its increasing financial obligations. To better manage assets, best practices recommend a robust cash forecast and analysis to understand, communicate, and manage the invested assets that fund ever-increasing pension liabilities and administrative expense obligations.

- Table 1 is a summary of the 2021 Cash Forecast vs Actual Cash year-end review;
- Table 2 is the annual cash forecast from January to December 2022, which will roll forward monthly as the year progresses; and,
- Tables 3 through 5 is the annualized, 5-year actual cash management information.

Table 1, below, is the Comparison between Cash Forecast and Actual Cash Position for the year 2021:

Table 1 Cash Forecast vs Actual Cash for the year 2021				
	Total Receipts	Total Disbursements	Negative Cash Position	
Forecast	\$ 437,282,560	\$ 643,602,582	\$	(206,320,022)
Actual	415,814,788	626,589,116		(210,774,327)
Variance	21,467,772	17,013,466		4,454,305
Average*	32,340,583	52,018,882		(19,678,299)

Table 1 notes: *This is actual average per month excluding the months having three pay periods.

Table 2 Cash Forecast: Table 2 provides the current forecasted negative cash position for the period spanning January 2022 to December 2022. The average monthly negative cash position for the referenced period is \$23,381,180. Excluding the two three-pay-period months i.e., April 2022 and September 2022, annotated by an *. The year-over-year increase in average monthly negative cash position compared to the same period in 2021 is \$3,702,299.

Table 2 Annual Cash Forecast from January to December 2022			
Month-Year	Total Receipts	Total Disbursements	Negative Cash Position
Jan-22	\$ 30,665,000	\$ 54,306,339	\$ (23,641,339)
Feb-22	30,982,430	54,227,558	(23,245,129)
Mar-22	31,074,859	54,563,777	(23,488,918)
Apr-22*	46,555,934	54,989,996	(8,434,062)
May-22	31,259,719	54,736,215	(23,476,496)
Jun-22	31,352,149	54,572,434	(23,220,285)
Jul-22	31,444,578	54,908,653	(23,464,075)
Aug-22	31,537,008	54,994,872	(23,457,864)
Sep-22*	47,249,157	55,421,091	(8,171,934)
Oct-22	31,721,868	55,167,310	(23,445,442)
Nov-22	31,814,297	55,003,529	(23,189,231)
Dec-22	31,906,727	55,089,748	(23,183,021)
Total	\$ 407,563,725	\$ 657,981,522	\$ (250,417,797)
Average	\$ 31,375,863	\$ 54,757,044	\$ (23,381,180)
Table 2 notes: *These are three-pay-period months which are excluded from the average because they cause inaccuracy with extreme fluctuation.			

Tables 3 through 5, below, provide a 5-year, annualized analysis of ACERA's cash management.

Table 3 5-Year Annual Cash Inflow			
Year	Total Contributions, Misc. Cash Receipts, etc.	Cash Draw from SSB*	Total Cash Inflow
2021	\$ 415,814,788	\$ 278,500,000	\$ 694,314,788
2020	413,586,022	247,200,000	660,786,022
2019	401,756,315	232,000,000	633,756,315
2018	361,633,074	224,000,000	585,633,074
2017	335,099,875	217,350,000	552,449,875

Table 3. Annualized inflow of total cash receipts. The Cash Draw from SSB, in the second column is the actual cash drawn from ACERA's investment portfolio.

Table 4 5-Year Annual Cash Outflow			
Year	Retiree Payroll, Accounts Payable, ACERA Payroll, etc.	Cash Return to SSB*	Total Cash Outflow
2021	\$ 626,589,116	\$ 64,700,000	\$ 691,289,116
2020	597,872,011	64,013,096	661,885,107
2019	570,574,725	60,500,000	631,074,725
2018	534,704,781	66,503,646	601,208,427
2017	502,857,234	33,750,000	536,607,234

Table 4. Annualized outflow of total cash disbursements. Excess cash (Cash Return to SSB column) is wired to the SSB H11A account.

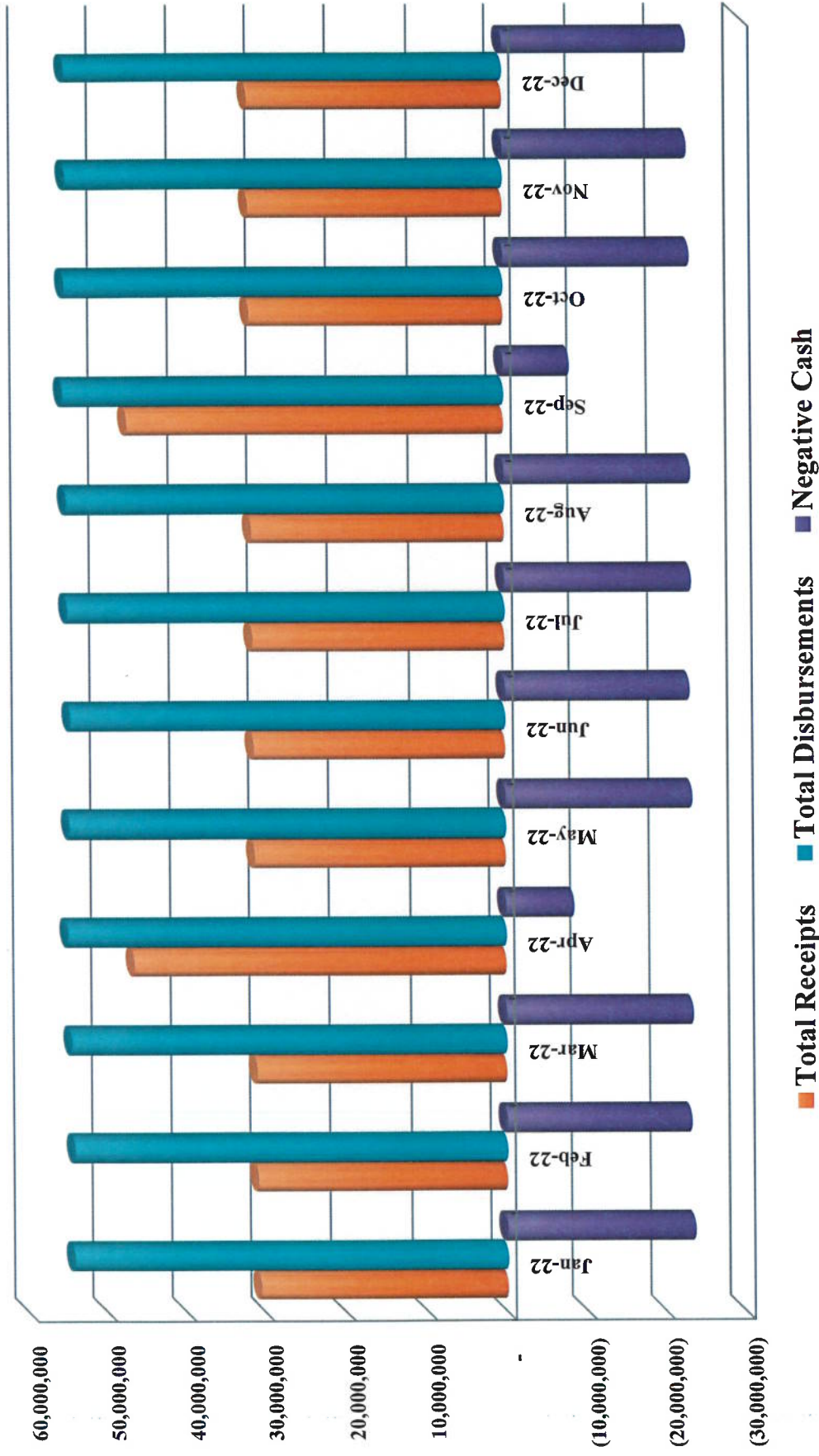
Table 5 5-Year Annual Net Cash Position			
Year	Negative Cash	Net Cash Draw from SSB	Variance
2021	\$ (210,774,327)	\$ 213,800,000	\$ 3,025,673
2020	(184,285,989)	183,186,904	(1,099,085)
2019	(168,818,410)	171,500,000	2,681,590
2018	(173,071,707)	157,496,354	(15,575,353)
2017	(167,757,359)	183,600,000	15,842,641

Table 5. Annualized Negative Cash position and the SSB Net Cash Draw. Due to timing differences and end-of-year balance differences, the net cash draw can fluctuate several hundred-thousand dollars in a year-over-year comparison.

* State Street Bank (SSB)

Conclusion: This information is not meant to be statistically inferential in nature; but rather, it presents facts about ACERA's negative cash position on a 5-year annualized basis. Future analysis of this information can be undertaken to evaluate specific tendency; however, the current presentation is intended to provide a factual assessment of the actual cash draw down of ACERA's investment portfolio.

Cash Forecast January - December 2022





MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 2, 2022

TO: Members of the Operations Committee

FROM: Erica Haywood, Fiscal Services Officer *E H*

SUBJECT: Board Conference and Training Expense Report for the period January 1, 2021, to December 31, 2021

Attached is the January - December 2021 Board conference and training expense report. As of December 31, 2021, reported expenses totaled \$63,282.

ACERA Trustees
Board Conference Expense Report
January 1, 2021 to
December 31, 2021

From	To	Attendee	Conference	Location	Total
05/11/21	05/14/21	Dale Amaral	SACRS Spring Conference	Virtual	\$ 120
Dale Amaral					\$ 120
05/11/21	05/14/21	Darryl Walker	SACRS Spring Conference	Virtual	\$ 120
07/19/21	07/21/21	Darryl Walker	Callen Institute's National Conference	Salt Lake City, UT	\$ 1,377
09/26/21	09/28/21	Darryl Walker	NCPERS	Phoenix, AZ	\$ 2,522
10/16/21	10/20/21	Darryl Walker	IFEBP	Virtual	\$ 3,901
10/27/21	10/28/21	Darryl Walker	Capital Advisors Conference	Beverly Hills, CA	\$ 393
10/27/21	10/28/21	Darryl Walker	Kayen Anderson Conference	Beverly Hills, CA	\$ 1,393
11/09/21	11/12/21	Darryl Walker	SACRS Fall Conference	Hollywood, CA	\$ 560
Darryl Walker Total					\$ 10,267
05/11/21	05/14/21	George Wood	SACRS Spring Conference	Virtual	\$ 120
10/17/21	10/20/21	George Wood	Milken Conference	Virtual	\$ 14,962
George Wood Total					\$ 15,082
01/31/21	01/31/21	Henry Levy	ICGN Governance, Stewardship Course	Virtual	\$ 961
02/25/21	02/25/21	Henry Levy	NASP Diverse Manager Forum	Virtual	\$ 100
03/04/21	03/04/21	Henry Levy	Corporate Directors Forum	Virtual	\$ 25
03/08/21	03/09/21	Henry Levy	CALAPRS General Assembly	Virtual	\$ 250
05/06/21	05/06/21	Henry Levy	Corporate Secretary Forum-Governance Priorities	Virtual	\$ 45
05/10/21	05/10/21	Henry Levy	CALAPRS Trustees Roundtable	Virtual	\$ 50
05/11/21	05/14/21	Henry Levy	SACRS Spring Conference	Virtual	\$ 120
07/13/21	07/22/21	Henry Levy	SACRS UC Berkeley - Invest in Yourself	Virtual	\$ 500
08/04/21	08/05/21	Henry Levy	Institutional Investor Round Table	Virtual	\$ 34
10/25/21	10/27/21	Henry Levy	Value Edge Adv. Public Fund forum	Virtual	\$ 2,159
10/29/21	10/29/21	Henry Levy	CALAPRS Trustees Roundtable	Virtual	\$ 50
11/09/21	11/12/21	Henry Levy	SACRS Fall Conference	Hollywood, CA	\$ 1,479
12/07/21	12/07/21	Henry Levy	Markets Group Annual Forum	Napa, CA	\$ 62
Henry Levy Total					\$ 5,835
05/11/21	05/14/21	Jaime Godfrey	SACRS Spring Conference	Virtual	\$ 120
11/09/21	11/12/21	Jaime Godfrey	SACRS Fall Conference	Hollywood, CA	\$ 1,293
Jaime Godfrey Total					\$ 1,413
10/17/21	10/20/21	Keith Carson	Milken Conference	Virtual	\$ 13,661
10/29/21	10/29/21	Keith Carson	CALAPRS Trustees Roundtable	Virtual	\$ 50
11/09/21	11/12/21	Keith Carson	SACRS Fall Conference	Hollywood, CA	\$ 1,252
Keith Carson total					\$ 14,963
05/11/21	05/14/21	Liz Koppenhaver	SACRS Spring Conference	Virtual	\$ 120
Liz Koppenhaver Total					\$ 120
05/11/21	05/14/21	Nancy Reilly	SACRS Spring Conference	Virtual	\$ 120
Nancy Reilly Total					\$ 120
10/29/21	10/29/21	Ophelia Basgal	CALAPRS Trustees Roundtable	Virtual	\$ 50
Ophelia Basgal Total					\$ 50
01/25/21	06/25/21	Tarrell Gamble	Berkeley Law Course:Sustainable Capitalism and ESG Online	Virtual	\$ 1,250
02/25/21	02/25/21	Tarrell Gamble	NASP Diverse Manager Forum and Kick Off Reception	Virtual	\$ 100
02/19/21	03/26/21	Tarrell Gamble	National Association of Investment Companies NAIC Conference	Virtual	\$ 250
05/11/21	05/14/21	Tarrell Gamble	SACRS Spring Conference	Virtual	\$ 120
05/12/21	05/12/21	Tarrell Gamble	NASP Women's Forum	Virtual	\$ 100
07/19/21	07/21/21	Tarrell Gamble	Callen Institute's National Conference	Salt Lake City, UT	\$ 1,831
09/28/21	09/29/21	Tarrell Gamble	Opal Group's Public Funds Fall Summit	Austin, TX	\$ 626
10/25/21	10/25/21	Tarrell Gamble	Private Markets	Austin, TX	\$ 1,453
10/29/21	10/29/21	Tarrell Gamble	CALAPRS Trustees Roundtable	Virtual	\$ 50
11/13/21	11/17/21	Tarrell Gamble	Harvard Business School	Boston, MA	\$ 506
11/17/21	11/19/21	Tarrell Gamble	CII Fall Virtual Corp. Governance Bootcamp	Virtual	\$ 945
11/09/21	11/12/21	Tarrell Gamble	SACRS Fall Conference	Hollywood, CA	\$ 1,281
11/14/21	11/16/21	Tarrell Gamble	Audit Committee in the New Era of Governance	Boston, MA	\$ 6,800
Tarrell Gamble Total					\$ 15,312
Grand Total					\$ 63,282



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 2, 2022

TO: Members of the Operations Committee

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Senior Managers Conference and Training Expense Report for the period
January 1, 2021, to December 31, 2021

Attached is the January - December 2021 senior managers' conference and training expense report. As of December 31, 2021, reported expenses totaled \$8,273.

ACERA Sr. Managers
SM Conference and Training Expense Report
January 1, 2021 to December 31, 2021

From	To	Senior Manager	Training or Conference	Name	Amount
Conferences					
02/22/21	02/24/21	Dave Nelsen	Conference	NASRA Virtual Winter Systems Roundtable and Joint Legislative Conference	\$ 350
03/08/21	03/09/21	Dave Nelsen	Conference	CALAPRS Virtual General Assembly	\$ 250
05/11/21	05/14/21	Dave Nelsen	Conference	SACRS Spring Conference	\$ 120
11/09/21	11/12/21	Dave Nelsen	Conference	SACRS Fall Conference	\$ 1,182
Trainings					
02/11/21	02/11/21	Dave Nelsen	Training	CALAPRS Administrators Roundtable	\$ 50
04/23/21	04/23/21	Dave Nelsen	Training	SACRS Legislative Committee - Parking	\$ 24
06/25/21	06/25/21	Dave Nelsen	Training	CALAPRS Administrators Roundtable	\$ 50
09/22/21	09/24/21	Dave Nelsen	Training	CALAPRS Virtual Administrators Institute	\$ 500
Dave Nelsen Total					\$ 2,526
Conferences					
03/08/21	03/09/21	Kathy Foster	Conference	CALAPRS Virtual General Assembly	\$ 250
05/11/21	05/14/21	Kathy Foster	Conference	SACRS Spring Conference	\$ 120
10/17/21	10/20/21	Kathy Foster	Conference	IFEBP US Annual Employee Benefits Conference	\$ 1,625
Trainings					
06/25/21	06/25/21	Kathy Foster	Training	CALAPRS Administrators Roundtable	\$ 50
Kathy Foster Total					\$ 2,045
Conferences					
02/11/21	02/11/21	Jeffrey Rieger	Conference	SACRS Spring Conference	\$ 120
Trainings					
02/19/21	02/19/21	Jeffrey Rieger	Training	CALAPRS Virtual Attorney Roundtable	\$ 50
05/28/21	05/28/21	Jeffrey Rieger	Training	CALAPRS Virtual Attorney Roundtable	\$ 50
Jeffrey Rieger Total					\$ 220
Conferences					
06/07/21	06/11/21	Harsh Jadhav	Conference	Disruptive Transformation Conference	\$ 980
11/09/21	11/12/21	Harsh Jadhav	Conference	SACRS Fall Conference	\$ 649
Trainings					
09/01/21	09/30/21	Harsh Jadhav	Training	Continuing Education (Sequoia CPE)	\$ 149
11/24/21	11/24/21	Harsh Jadhav	Training	Lorman Online Education	\$ 524
Harsh Jadhav Total					\$ 2,302
Conferences					
05/11/21	05/14/21	Jessica Huffman	Conference	SACRS Spring Conference	\$ 120
Jessica Huffman Total					\$ 120
Conferences					
05/11/21	05/14/21	Sandra Dueñas	Conference	SACRS Spring Conference	\$ 120
Trainings					
10/08/21	10/08/21	Sandra Dueñas	Training	CALAPRS Disability Staff Training	\$ 100
Sandra Dueñas Total					\$ 220
Conferences					
05/11/21	05/14/21	Betty Tse	Conference	SACRS Spring Conference	\$ 120
Betty Tse Total					\$ 120
Conferences					
05/11/21	05/14/21	Victoria Arruda	Conference	HR Conference	\$ 720
Victoria Arruda Total					\$ 720
Grand Total					\$ 8,273



Proposed 2022 Operations Committee Work Plan

Date	Action Items	Information Items
January 20 Board		<ul style="list-style-type: none"> • Operating Expenses as of 11/30/21
February 2	<ol style="list-style-type: none"> 1. Discussion and Possible Motion to Approve the 2021 Discharge Request of Benefits Overpayments 2. Discussion and Possible motion to recommend to the Board of Retirement that an interest rate be used when a beneficiary elects monthly installment payments per Gov't Code sec. 31784. 	<ul style="list-style-type: none"> • Proposed 2022 Operations Committee Work Plan • Un-Audited Financial Statements as of 12/31/21 • Operating Expenses as of 12/31/21 • Actual Cash Report as of 12/31/21 • Board Member Conference Expense Report for 4th Qtr. 2021 • Senior Manager Conference and Training Expense Report for 4th Qtr. 2021
March 17 Board		<ul style="list-style-type: none"> • Operating Expenses as of 01/31/22
April 6	<ol style="list-style-type: none"> 1. Medical Advisor Recommendation 	<ul style="list-style-type: none"> • Operating Expenses as of 02/29/22 • Statement of Reserves as of 12/31/21 • 2021 CAFR Report
May 19 Board		<ul style="list-style-type: none"> • Quarterly Financial Statements as of 03/31/22 • Operating Expenses as of 03/31/22 • Quarterly Cash Forecast Report • Board Member Conference Expense Report for 1st Qtr. 2022 • Senior Manager Conference and Training Expense Report for 1st Qtr. 2022
June 1		<ul style="list-style-type: none"> • Operating Expenses as 04/30/22 • Technology Update • MMRO Annual Report



Proposed 2022 Operations Committee Work Plan

Date	Action Items	Information Items
July 14 Board		<ul style="list-style-type: none"> • Operating Expenses as of 05/31/22
August 3		<ul style="list-style-type: none"> • Operating Expenses as of 06/30/22 • Quarterly Financial Statements as of 06/30/22 • Quarterly Cash Forecast Report • Board Member Conference Expense Report as of 06/30/22 • Senior Manager Conference and Training Expense Report as of 06/30/22 • Mid-Year review of 2022 ACERA Operating Expense Budget
September 15 Board		<ul style="list-style-type: none"> • Operating Expenses as of 07/31/22 • Statement of Reserves as of 6/30/22
October 5		<ul style="list-style-type: none"> • Operating Expenses as of 08/31/22 • 2022 Board Elections Update • Statement of Reserves as of 6/30/22
November 17* Board	<p>1. Discussion and possible motion to approve the proposed 2023 ACERA Operating Expense Budget</p> <p>(*Action item presented at a special operations committee prior to Board meeting)</p>	<ul style="list-style-type: none"> • Proposed 2023 ACERA Operating Expense Budget • Quarterly Financial Statements as of 09/30/22 • Operating Expenses as of 09/30/22 • Quarterly Cash Forecast Report • Board Member Conference Expense Report for 3rd Qtr. 2022 • Senior Manager Conference and Training Expense Report for 3rd Qtr. 2022 <p>(*Will be presented at Board Meeting)</p>



Proposed 2022 Operations Committee Work Plan

Date	Action Items	Information Items
December 7	1. Discussion and possible motion to approve the annual agreement for the Segal Group, ACERA's Benefits Consultant	<ul style="list-style-type: none">• Operating Expenses as of 10/31/22• Technology Update

Note:

- 1) This work plan is subject to change without prior notice. Periodic rearrangements of agenda items will be made to the work plan to provide a reasonable length of time for each meeting.
- 2) Operations Committee Meeting date is assumed to be the first Wednesday of every other month, unless otherwise noted.
- 3) Board Policy and legislative updates will be added as directed by the Legal department.
- 4) Technology updates will be added as directed by the PRISM department.