



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

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

THIS MEETING WILL BE CONDUCTED VIA TELECONFERENCE [SEE EXECUTIVE ORDER N-29-20 ATTACHED AT THE END OF THIS AGENDA.]

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 3, 2021
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 Meeting ID: 871 6698 0947 Password: 563161 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	JAIME GODFREY, CHAIR	APPOINTED
	LIZ KOPPENHAVER, VICE CHAIR	ELECTED RETIRED
	OPHELIA BASGAL	APPOINTED
	KEITH CARSON	APPOINTED
	HENRY LEVY	TREASURER

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 2 – February 3, 2021

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 Approve the 2020 Discharge of Benefits Overpayments

- Margo Allen

Recommendation

Staff recommends that the Operations Committee recommend to the Board of Retirement to approve the 2020 discharge request of benefits overpayments in the amount of \$13,939.81.

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 12/31/2020

-Margo Allen

2. Operating Expenses as of 12/31/2020

-Margo Allen

3. Actual Cash Report as of 12/31/2020

-Margo Allen

4. Board Member Conference Expense Report for 4th Qtr. 2020

-Margo Allen

5. Senior Manager Conference and Training Expense Report for 4th Qtr. 2020

-Margo Allen

6. Proposed 2021 Operations Committee Work Plan

-Margo Allen

Trustee Remarks

Future Discussion Items

Establishment of Next Meeting Date

April 7, 2021, at 9:30 a.m.

Adjournment

**EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA**

EXECUTIVE ORDER N-29-20

WHEREAS on March 4, 2020, I proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

WHEREAS despite sustained efforts, the virus continues to spread and is impacting nearly all sectors of California; and

WHEREAS the threat of COVID-19 has resulted in serious and ongoing economic harms, in particular to some of the most vulnerable Californians; and

WHEREAS time bound eligibility redeterminations are required for Medi-Cal, CalFresh, CalWORKs, Cash Assistance Program for Immigrants, California Food Assistance Program, and In Home Supportive Services beneficiaries to continue their benefits, in accordance with processes established by the Department of Social Services, the Department of Health Care Services, and the Federal Government; and

WHEREAS social distancing recommendations or Orders as well as a statewide imperative for critical employees to focus on health needs may prevent Medi-Cal, CalFresh, CalWORKs, Cash Assistance Program for Immigrants, California Food Assistance Program, and In Home Supportive Services beneficiaries from obtaining in-person eligibility redeterminations; and

WHEREAS under the provisions of Government Code section 8571, I find that strict compliance with various statutes and regulations specified in this order would prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of the COVID-19 pandemic.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, and in particular, Government Code sections 8567 and 8571, do hereby issue the following order to become effective immediately:

IT IS HEREBY ORDERED THAT:

1. As to individuals currently eligible for benefits under Medi-Cal, CalFresh, CalWORKs, the Cash Assistance Program for Immigrants, the California Food Assistance Program, or In Home Supportive Services benefits, and to the extent necessary to allow such individuals to maintain eligibility for such benefits, any state law, including but not limited to California Code of Regulations, Title 22, section 50189(a) and Welfare and Institutions Code sections 18940 and 11265, that would require redetermination of such benefits is suspended for a period of 90 days from the date of this Order. This Order shall be construed to be consistent with applicable federal laws, including but not limited to Code of Federal Regulations, Title 42, section 435.912, subdivision (e), as interpreted by the Centers for Medicare and Medicaid Services (in guidance issued on January 30, 2018) to permit the extension of

otherwise-applicable Medicaid time limits in emergency situations.

2. Through June 17, 2020, any month or partial month in which California Work Opportunity and Responsibility to Kids (CalWORKs) aid or services are received pursuant to Welfare and Institutions Code Section 11200 et seq. shall not be counted for purposes of the 48-month time limit set forth in Welfare and Institutions Code Section 11454. Any waiver of this time limit shall not be applied if it will exceed the federal time limits set forth in Code of Federal Regulations, Title 45, section 264.1.
3. Paragraph 11 of Executive Order N-25-20 (March 12, 2020) is withdrawn and superseded by the following text:

Notwithstanding any other provision of state or local law (including, but not limited to, the Bagley-Keene Act or the Brown Act), and subject to the notice and accessibility requirements set forth below, a local legislative body or state body is authorized to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and to address the local legislative body or state body. All requirements in both the Bagley-Keene Act and the Brown Act expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in or quorum for a public meeting are hereby waived.

In particular, any otherwise-applicable requirements that

- (i) state and local bodies notice each teleconference location from which a member will be participating in a public meeting;
- (ii) each teleconference location be accessible to the public;
- (iii) members of the public may address the body at each teleconference conference location;
- (iv) state and local bodies post agendas at all teleconference locations;
- (v) at least one member of the state body be physically present at the location specified in the notice of the meeting; and
- (vi) during teleconference meetings, a least a quorum of the members of the local body participate from locations within the boundaries of the territory over which the local body exercises jurisdiction

are hereby suspended.

A local legislative body or state body that holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, consistent with the notice and accessibility requirements set forth below, shall have satisfied any requirement that the body allow

members of the public to attend the meeting and offer public comment. Such a body need not make available any physical location from which members of the public may observe the meeting and offer public comment.

Accessibility Requirements: If a local legislative body or state body holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, the body shall also:

- (i) Implement a procedure for receiving and swiftly resolving requests for reasonable modification or accommodation from individuals with disabilities, consistent with the Americans with Disabilities Act and resolving any doubt whatsoever in favor of accessibility; and
- (ii) Advertise that procedure each time notice is given of the means by which members of the public may observe the meeting and offer public comment, pursuant to subparagraph (ii) of the Notice Requirements below.

Notice Requirements: Except to the extent this Order expressly provides otherwise, each local legislative body and state body shall:

- (i) Give advance notice of the time of, and post the agenda for, each public meeting according to the timeframes otherwise prescribed by the Bagley-Keene Act or the Brown Act, and using the means otherwise prescribed by the Bagley-Keene Act or the Brown Act, as applicable; and
- (ii) In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, also give notice of the means by which members of the public may observe the meeting and offer public comment. As to any instance in which there is a change in such means of public observation and comment, or any instance prior to the issuance of this Order in which the time of the meeting has been noticed or the agenda for the meeting has been posted without also including notice of such means, a body may satisfy this requirement by advertising such means using "the most rapid means of communication available at the time" within the meaning of Government Code, section 54954, subdivision (e); this shall include, but need not be limited to, posting such means on the body's Internet website.

All of the foregoing provisions concerning the conduct of public meetings shall apply only during the period in which state or local public health officials have imposed or recommended social distancing measures.

All state and local bodies are urged to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to the provisions of the Bagley-Keene Act and the Brown Act, and other applicable local laws regulating the conduct of public meetings, in order to maximize transparency and provide the public access to their meetings.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 17th day of March 2020.



GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State

OPERATIONS COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 2 of 2 – February 3, 2021

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IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 17th day of March 2020.




GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 3, 2021
TO: Members of the Operations Committee
FROM: Margo Allen, Fiscal Services Officer 
SUBJECT: 2020 Discharge Request of Uncollectable Benefit Overpayments

Executive Summary

In December 2018, the Board adopted the attached Discharge of Benefit Overpayments Policy to provide management with a means to discharge all types of uncollectable benefit overpayments from ACERA's financial records. A revision in the 2018 policy eliminated a four-year waiting period, which allows staff to make immediate discharge of accounts currently deemed uncollectable.

For the 2020 financial reporting period, benefits' management has deemed 14 accounts uncollectable, for a total net uncollectable amount of \$13,939.81. The following table summarizes the type, quantity, and respective accrual amounts of each uncollectable account type in this 2020 discharge request.

2020 Discharge Summary				
Type of Benefit Overpayment	QTY	Total Net Uncollectable	Average Net Uncollectable	Largest Net Uncollectable
Continuance	4	\$ 1,833.90	\$ 458.48	\$ 1,113.23
Duty Related Disability Retirement				
Non Duty Related Disability Retirement				
Service Retirement	4	8,281.36	2,070.34	5,172.01
Survivorship				
Health Reimbursement Account (HRA)				
All Other Benefit Related Items *	6	3,824.55	637.43	\$ 1,777.65
*All prior year tax overpayments	14	\$ 13,939.81	\$ 955.70	

Budget and Financial Statement Impact

In preparing the 2020 budget, fiscal services staff created a budget expense line item to discharge benefit overpayments in the amount of \$22,000.00. The Fiscal Services Officer is requesting approval to discharge \$13,939.81 of uncollectable accruals from ACERA's stated assets, which will clear all uncollectable accruals through 2018 and is \$8,060.19 under the budgeted amount.

The impact to the financial statements will be approximately \$191K of accrued receivables for benefit overpayments remaining on the unaudited 2020 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 2020 discharge request of benefit overpayments in the amount of \$13,939.81.

Attachments:

- 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.



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 3, 2021
TO: Members of the Operations Committee
FROM: Margo Allen, Fiscal Services Officer 
SUBJECT: December 31, 2020, Unaudited Financial Statements

Executive Summary

Attached for review and discussion is the unaudited financial statements for the year ended December 31, 2020.

The Fiduciary Net Position Held in Trust and the Change in Fiduciary Net Position compared to the same period in 2019 increased by \$840 million.

Financial Highlights

- Net Position Restricted (Held in Trust for Benefits), as reported on the Statement of Fiduciary Net Position totaled \$9.63 billion. Total Receivables increased by \$97 million, Investments at fair value increased by \$836 million, Cash decreased by \$1 million, Capital Assets increased by \$2 million and Total Liabilities without Security Lending Liability increased by \$94 million.
- The year-over-year Change in Net Position decreased by \$356 million. This is due to decrease in additions of \$328 million and increase in deductions of \$28 million as explained below:
 - Total Additions year-over-year decreased by \$328 million. This includes, increase in contributions of \$14 million, decrease in miscellaneous income of \$1 million and decrease in investments of \$341 million.
 - Total Deductions year-over-year increased by \$28 million. The amount is mainly attributable to the growth in payments of service retirement, disability benefits, and retiree health programs.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF FIDUCIARY NET POSITION
As of 12/31/2020

	Year-To-Date 2020	Year-To-Date 2019
ASSETS		
Cash (Note 1)	3,236,571	4,151,369
Securities Lending Cash Collateral (Note 2)	117,170,544	121,705,062
Receivables:		
Contributions (Note 3)	21,750,322	18,310,516
Investment Receivables (Note 4a)	17,178,702	17,044,483
Unsettled Trades - Investments Sold	96,399,659	3,361,020
Futures Contracts - Equity Index (Note 5a)	236,299	307,397
Foreign Exchange Contracts (Note 7a)	5,852,639	5,129,347
Other Receivables (Note 8)	196,974	290,431
Total Receivables	141,614,595	44,443,194
Prepaid Expenses	755,153	762,812
Total Current Assets	262,776,862	171,062,437
Investments - at Fair Value:		
Short-Term Investments (Note 9)	182,037,100	231,758,980
Domestic Equity	562,386,920	500,700,357
Domestic Equity Commingled Funds	2,159,590,537	1,976,776,052
International Equity	1,296,336,181	1,185,022,317
International Equity Commingled Funds (Note 10)	1,460,569,370	1,189,559,075
Domestic Fixed Income	1,093,182,716	981,101,097
International Fixed Income	190,474,272	111,728,420
International Fixed Income - Commingled Funds (Note 11)	159,175,588	148,934,809
Real Estate - Separate Properties (Note 12)	72,474,307	73,870,578
Real Estate - Commingled Funds (Note 13)	528,670,959	511,498,093
Real Assets	467,886,286	436,816,351
Absolute Return (Note 14a)	645,134,433	801,738,240
Private Equity (Note 14b)	726,180,411	583,085,148
Private Credit	57,746,561	32,707,080
Total Investments	9,601,845,640	8,765,296,597
Capital Assets at Cost (Net of Accumulated Depreciation or Amortization) (Note 15)	4,191,866	2,532,109
Intangible right-to-use Leased Assets (Net of - Accumulated Amortization)	126,648	0
Total Assets	9,868,941,016	8,938,891,143
LIABILITIES		
Securities Lending Liability (Note 2)	117,170,544	121,705,062
Unsettled Trades - Investments Purchased	100,393,063	6,750,375
Investment-Related Payables (Note 4b)	12,360,141	11,866,889
Futures Contracts - Equity Index (Note 5b)	0	130,713
Equity Index Swaps (Note 6b)	0	2,500,986
Foreign Exchange Contracts (Note 7b)	76	2,383
Accrued Administration Expenses (Note 16)	2,850,834	2,357,945
Members Benefits & Refunds Payable (Note 17a)	6,154,499	4,042,011
Retirement Payroll Deductions Payable (Note 17b)	267,465	255,728
Lease Liability	144,511	0
Total Liabilities	239,341,133	149,612,091
Net Position		
Restricted - Held in Trust for Benefits	9,629,599,883	8,789,279,051
Total Net Position	9,629,599,883	8,789,279,051

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Twelve Months Ending 12/31/2020

	Year-To-Date 2020	Year-To-Date 2019
ADDITIONS		
Contributions: (Note 18)		
Members	106,102,315	103,117,022
Employers	309,748,898	298,526,950
Total Contributions	415,851,213	401,643,972
From Investment Activities:		
Net Appreciation/(Depreciation) in Fair Value of Investments (Note 19a)	989,948,648	1,307,646,904
Interest	41,181,829	44,586,060
Dividends	32,450,567	53,531,296
Real Estate - Net	21,871,589	25,869,150
Private Equity and Alternatives	(18,497,485)	(24,819,701)
Brokers Commissions - Directed Brokerage	27,975	41,633
Sub-Total of Dividends, Interest, Other Investment Income (Note 19b)	77,034,475	99,208,437
Total Income from Investment Activities	1,066,983,123	1,406,855,341
Total Investment Expenses (Note 20)	(50,407,999)	(49,755,528)
Net Income from Investment Activities (Note 21)	1,016,575,124	1,357,099,813
From Securities Lending Activities:		
Securities Lending Income	1,182,187	5,756,057
Securities Lending Expenses	(583,683)	(4,663,833)
Net Income from Securities Lending Activities (Note 22)	598,504	1,092,224
Total Net Investment Income	1,017,173,628	1,358,192,037
Miscellaneous Income (Note 23)	318,006	1,230,688
Total Additions	1,433,342,846	1,761,066,697
DEDUCTIONS		
Benefits:		
Service Retirement and Disability Benefits (Note 24)	517,161,770	489,452,611
Death Benefits (Note 25)	3,300,726	2,825,577
Supplemental Cost of Living Allowance	1,116,523	1,181,244
Retiree Healthcare Program	46,020,705	43,562,150
Total Benefit Payments	567,599,724	537,021,582
Member Refunds	9,184,318	10,724,708
Administration: (Note 26)		
Administrative Expenses	12,006,184	11,873,106
Actuarial Expenses	335,096	307,659
Business Continuity Expenses	621,570	561,529
Legal Expenses	943,671	1,610,203
Technology Expenses	903,392	920,928
401(h) Expenses	1,416,000	1,354,500
Total Administration	16,225,913	16,627,925
Total Deductions	593,009,955	564,374,215
Net Increase(Decrease)	840,332,890	1,196,692,483
Net Position Held in Trust for Benefits:		
Net Position - January 1	8,789,266,993	7,592,586,569
Net Position - December 31	9,629,599,883	8,789,279,051

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2020

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 - \$3.24 million

Cash balance is the sum of the funds in the Wells Fargo Bank operating accounts. The decrease of \$0.91 million from \$4.15 million in December 31, 2019, is primarily due to timing difference and the amount of receipt of contributions and the transfer of funds for retiree payroll and investments.

(Note 2)

Securities Lending Cash Collateral - \$117.17 million

Cash collateral of \$117.17 million and \$121.71 million was held by ACERA related to securities on loan as of December 31, 2020, and December 31, 2019, respectively. This amount is reported as an asset with a corresponding liability for the same amount in compliance with the GASB Statement No. 28. The decrease in securities lending collateral is due to decrease in the balances of traditional active manager accounts into passive index funds.

(Note 3)

Contributions Receivables - \$21.75 million

The receivable balances of December 31, 2020, increased approximately \$3.44 million from \$18.31 million in December 31, 2019. This is primarily due to increase in the member and employer contribution rates.

(Note 4a)

Investment Receivables - \$17.18 million

The investment receivables balance as of December 31, 2020, increased by \$0.13 million from \$17.05 million for December 31, 2019. The increase is mainly attributed to interest and unrealized market gain/loss on investment receivables.

(Note 4b)

Investment Related Payables - \$12.36 million

The increase of \$0.49 million in investment related payables balance as of December 31, 2020, from \$11.87 million for December 31, 2019 is primarily due to investment managers'/consultants' fees payable.

(Note 5)

Future Contracts Equity Index Receivables - \$0.24 million and Payables - none

5a. The receivables represent unrealized gains on open future contracts. The balances for unrealized gains as of December 31, 2020, and December 31, 2019, were \$0.24 million and \$0.31 million, respectively.

5b. The payables represent unrealized losses on open future contracts. The balances for unrealized losses as of December 31, 2020, and December 31, 2019, were none and \$0.13 million, respectively.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2020

(Note 6)

Equity Index Swaps Receivables - none and Payables - none

6a. The receivables represent the amount to be received from the counterparties of the equity index swaps. The total receivables as of December 31, 2020, and December 31, 2019, were none.

6b. The payables represent the amount owed, but not yet paid, to the counterparties of equity index swaps. The total payables as of December 31, 2020, was none and December 31, 2019, was \$2.50 million.

(Note 7)

Foreign Exchange Contracts Receivables - \$5.85 million and Payables - \$0.00 million

Foreign exchange (FX) contracts include currency forward contracts and spot contracts.

7a. The receivables represent unrealized gains on foreign exchange contracts. As of December 31, 2020, and December 31, 2019, unrealized gains on FX contracts were \$5.85 million and \$5.13 million, respectively. The increase of \$0.72 million is due to change in number and valuation of contracts and market volatility.

7b. The payables represent unrealized losses on foreign exchange contracts. As of December 31, 2020, and December 31, 2019, unrealized losses on FX contracts were \$0.00 million and \$0.002 million, respectively. The decrease in unrealized losses of \$0.002 million is due to change in number and valuation of contracts and market volatility.

(Note 8)

Other Receivables - \$0.20 million

Other receivables as of December 31, 2020, are comprised primarily of funds due from deceased retirees' estates for overpayment of benefits.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2020

(Note 9)

Short-Term Investments - \$182.04 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)

<i>Fund Name</i>	<i>12/31/2020</i>
Unallocated Cash	\$ 56.80
Brandywine	43.74
Baird Investors	32.40
Capital Guardian	14.15
Loomis	12.41
TCW	4.95
Aristotle Capital	4.92
William Blair Small Cap Growth	4.45
Kennedy	3.18
Bivium - Dundas Partners	0.92
AQR Capital Management, LLC	0.90
Bivium - Arga Investment Management	0.79
Bivium - Radin Capital Partners	0.65
Bivium - Denali Advisors	0.50
Bivium RVX Asset Management LLC	0.33
Mondrian	0.29
Bivium - Applied Research Management	0.28
Bivium - Global Alpha Capital Mgmt	0.23
Next Century Growth Small Cap	0.04
Pzena	0.04
Transition	0.04
Next Century Investors Ultra	0.03
Total	\$ 182.04

(Note 10)

International Equity Commingled Funds - \$1,460.57 million

As of December 31, 2020, and December 31, 2019, the International Equity Commingled Funds were \$1,460.57 million and \$1,189.56 million, respectively. The increase of \$271.01 million is mainly due to market appreciation.

(Note 11)

International Fixed Income Commingled Funds - \$159.18 million

The increase of \$10.24 million from the prior year is mainly due to market appreciation. Disclosure of credit ratings on mutual fund holdings of fixed income portfolio is not required per GASB Statement No. 40.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2020

(Note 12)

Real Estate Separate Properties - \$72.47 million

The following is a summary of Real Estate – Separate Property investments as of December 31, 2020, and December 31, 2019. The year-over-year decrease of \$1.40 million is due to the market depreciation of the Oakland 14th Street property.

(Dollars in Millions)

<i>Investment Manager</i>	<i>Net Mkt. Value 12-31-2020</i>	<i>Net Mkt. Value 12-31-2019</i>	<i>No. of Properties 2020</i>	<i>No. of Properties 2019</i>
RREEF	\$ 72.47	\$ 73.87	1	1

(Note 13)

Real Estate Commingled Funds - \$528.67 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 \$17.17 million in 2020 as compared to 2019 is mainly due to market appreciation and additional investments, net of distributions.

(Note 14a)

Absolute Return - \$645.13 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The decrease of \$156.60 million in 2020 as compared to 2019 is mainly due to distributions, net of additional investments and market depreciation.

(Note 14b)

Private Equity - \$726.18 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$143.10 million in 2020 as compared to 2019 is mainly due to additional investments, net of distributions; and market appreciation.

(Note 15)

Capital Assets at Cost (Net of Accumulated Depreciation and Amortization) - \$4.19 million

(Dollars in Millions)

<i>Net Capital Assets</i>	<i>12/31/2020</i>	<i>12/31/2019</i>
Retirement Information System and Office Equipment - Construction-In-Process	\$ 2.87	\$ 1.11
Equipment, Furniture & Information Systems	13.54	13.54
Electronic Document Management System	4.18	4.16
Less: Accumulated Depreciation	(17.67)	(17.64)
Net Book Value	2.92	1.17
Leasehold Improvements	2.59	2.59
Less: Accumulated Depreciation	(1.32)	(1.23)
Net Book Value	1.27	1.36
Total Capital Assets, Net	\$ 4.19	\$ 2.53

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2020

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

☐ Computer Hardware	5 years
☐ Computer Software	3 years
☐ Equipment	5 years
☐ Furniture	7 years
☐ Information System – Retirement	7 years
☐ Information System – Accounting	3 years
☐ Electronic Document Management System	5 years
☐ Disaster Recovery	5 years
☐ Leasehold Improvements	27.5 years

(Note 16)

Accrued Administration Expenses - \$2.85 million

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

(Note 17)

17a. Members' Benefits & Refunds Payable - \$6.15 million

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

(Dollars in Millions)

<i>Accrued Benefits and Refunds</i>	<i>12/31/2020</i>	<i>12/31/2019</i>
Basic Active Death Benefits	\$ 1.00	\$ 0.62
Active Death Contribution Refunds	2.50	1.64
Retired Death Benefits	2.43	1.78
Members' Contribution Refunds	0.22	-
Total Members' Benefit & Refunds Payable	\$ 6.15	\$ 4.04

17b. Retirement Payroll Deductions Payables - \$0.27 million

The balance for December 31, 2020, includes \$0.01 of health premium prepayments for 4 retirees and accrual of \$0.26 million Health Reimbursement Account (HRA) benefits. The corresponding balance for December 31, 2019, of \$0.26 million included \$0.01 of health premium prepayments for 11 retirees and accrual of \$0.25 million of HRA benefits.

(Note 18)

Contributions - \$415.85 million

The increase in contributions of \$14.21 million in 2020 as compared to 2019 is primarily due to increases in employer and member contribution rates.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2020

(Note 19)

(Note 19a) Net Appreciation/ (Depreciation) in Fair Value of Investments – \$988.91 million
(Dollars in Millions)

	<i>For the Period Ended</i>	
	<i>12/31/2020</i>	<i>12/31/2019</i>
<u><i>Actual / Realized Gains/(Losses)</i></u>		
Domestic Equities	\$ 80.42	\$ 102.51
International Equities	102.14	130.88
Domestic Bonds	26.93	4.09
International Bonds	16.14	9.29
Real Estate Commingled Funds	2.53	5.73
Real Estate Sep. Props.	(0.01)	(0.01)
Private Equity & Alternative	25.96	56.47
Real Assets	4.14	(0.08)
Private Credit	0.60	0.00
Swaps and Others	3.94	(2.08)
Futures	2.95	4.61
Currency	(7.09)	(11.61)
<i>Total Realized Gains/(Losses)</i>	258.65	299.80
<u><i>Paper / Unrealized Gains/(Losses)</i></u>		
Domestic Equities	392.14	536.02
International Equities	234.07	321.94
Domestic Bonds	38.12	53.68
International Bonds	21.78	18.75
Real Estate Commingled Funds	(4.91)	5.55
Real Estate Sep. Props.	(2.32)	3.97
Private Equity & Alternative	47.93	17.59
Real Assets	3.11	42.68
Private Credit	(2.46)	0.00
Swaps and Others	2.50	(2.26)
Futures	0.06	1.15
Currency	1.28	8.78
<i>Total Unrealized Gains/(Losses)</i>	731.30	1007.85
<i>Total Net Realized & Unrealized Gains/(Losses)</i>	\$ 989.95	\$ 1,307.65

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2020

(Note 19b) Dividend, Interest, and Other Investment Income - \$77.03 million

(Dollars in Millions)

<i>Dividend, Interest, and Other Investment Income</i>	<i>For the Period Ended</i>	
	<i>12/31/2020</i>	<i>12/31/2019</i>
Interest Income	\$ 41.18	\$ 44.59
Dividend Income	32.45	53.53
Real Estate Income	21.87	25.87
Private Equity, Absolute Return, Private Credit and Real Asset Income/(Losses) ⁽¹⁾	(18.50)	(24.82)
Directed Brokerage Commission Recapture	0.03	0.04
Total Net Income ⁽²⁾	\$ 77.03	\$ 99.21

⁽¹⁾ Losses in 2020 are mainly related to Absolute Return, Real Asset and Private Equity investments and losses in 2019 are mainly related to Real Asset investments.

⁽²⁾ The decrease in Net Income of \$22.18 million in 2020 as compared to 2019 is due to all categories mentioned in above table but majorly due to dividend income, absolute return, and private equity.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2020

(Note 20)

Investment Expenses - \$50.41 million

(Dollars in Millions)

<i>Investment Expenses</i>	<i>For the Period Ended</i>			
	<i>Basis Points</i>	<i>12/31/2020</i>	<i>Basis Points</i>	<i>12/31/2019</i>
Investment Manager and Incentive Fees	47.03	\$ 45.16	51.83	\$ 45.43
Investment Custodian	0.58	0.56	0.63	0.55
Investment Consultants & Other Expenses(*)	2.18	2.09	1.22	1.07
Subtotal	49.79	47.81	53.68	47.05
Investment Allocated Cost	2.71	2.60	3.08	2.70
Total Investment Expenses(**)	52.50	\$ 50.41	56.76	\$ 49.75

(*) *Investment Consultants and Other Expenses*

(Dollars in Millions)

	<i>For the Period Ended</i>			
	<i>Basis Points</i>	<i>12/31/2020</i>	<i>Basis Points</i>	<i>12/31/2019</i>
Investment Advising & Performance (Pearls, Alternative Investment)	0.97	\$ 0.93	1.03	\$ 0.90
Consultant - Portfolio Rebalancing	0.06	0.06	0.05	0.05
Consultant - Legal (Alternative Investment)	0.3	0.29	0.26	0.22
Subtotal – Consultants Expenses	1.33	1.28	1.34	1.17
Proxy Services	0.06	0.05	0.06	0.05
Transaction Cost Analysis	0.05	0.05	0.05	0.05
Other Investment Expenses/(Income) ***	0.74	0.71	(0.23)	(0.20)
Subtotal – Other Investment Expenses	0.85	0.81	(0.12)	(0.10)
Total Investment Consultants and Other Expenses	2.18	\$ 2.09	1.22	\$ 1.07

(**) The increase in total investment expenses of \$0.66 million in 2020 as compared to 2019 is primarily due to other investment expenses related to foreign tax expense correction in 2019 resulted in the reduction of 2019 expenses.

(***) The increase in other investment expenses of \$0.91 million in 2020 as compared to 2019 is also due to foreign tax expense correction in 2019 resulted in the reduction of 2019 expenses.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2020

(Note 21)

Net Investment Income/ (Losses) - \$1,016.58 million

(Dollars in Millions)

	<i>For the Period Ended</i>		<i>Increase / (Decrease)</i>
	<i>12/31/2020</i>	<i>12/31/2019</i>	
Paper / Unrealized Gains/(Losses)	\$ 731.30	\$ 1,007.84	\$ (276.54)
Actual / Realized Gains/(Losses)	258.65	299.81	(41.16)
Investment Income (Interest/Dividend/RE/Other) - Net of Expenses	26.63	49.45	(22.82)
Total Net Income/ (Losses)	\$ 1,016.58	\$ 1,357.10	\$ (340.52)

(Note 22)

Securities Lending Net Income - \$0.60 million

The securities lending net income balances as of December 31, 2020, and December 31, 2019, were \$0.60 million and \$1.09 million, respectively. The decrease in securities lending income is due to decrease in the balances of traditional active manager accounts into passive index funds.

(Note 23)

Miscellaneous Income - \$0.32 million

The miscellaneous income of \$0.32 million is mainly from prior-year investment income and recovery.

(Note 24)

Service Retirement and Disability Benefits - \$517.16 million

The increase of \$27.71 million was mainly due to the higher average benefits paid to the newly added retirees as compared to that of deceased retirees with lower average benefits, as well as a modest increase of 215 in the total number of retirees and beneficiaries receiving benefits, from 10,056 on December 31, 2019 to 10,271 on December 31, 2020.

(Note 25)

Death Benefits - \$3.30 million

The death benefits paid out for the year ended December 31, 2020, comprised \$0.23 million of Retired Death Benefits, \$0.91 million of Active Death Benefits, and \$2.16 million of Survivorship Benefits.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2020

(Note 26)

Total Administration - \$16.23 million

ACERA's Board of Retirement adopted Section 31580.2 of the 1937 Act. This Section allows ACERA to exclude investment expenses (all investment expenses are included in 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>12/31/2020</i>	<i>12/31/2019</i>	<i>Inc./(Dec.) from previous period</i>
Administrative Expenses	\$ 12.01	\$ 11.87	\$ 0.13
Actuarial Expenses	0.34	0.31	0.03
Business Continuity Expenses	0.62	0.56	0.06
Legal Expenses	0.94	1.61	(0.66)
Technology Expenses	0.90	0.92	(0.02)
401(h) Administrative Expenses	1.42	1.35	0.06
Total	\$ 16.23	\$ 16.63	\$ (0.40)



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 3, 2021

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Operating Expenses Budget Summary for the year ended December 31, 2020

ACERA's operating expenses are \$2,572K under budget for the year ended December 31, 2020. Budget overages and surpluses worth noting are as follows:

Budget Surpluses

1. *Staffing*: Staffing is \$1,480K under budget. This amount comprises surplus in staff vacancies of (\$298K) and fringe benefits of (\$1,623K), which are offset by overage in temporary staffing of \$441K due to vacant positions filled by temporary staff.
2. *Staff Development*: Staff Development is \$338K under budget partially due to cancelation and virtually held staff trainings and conferences due to COVID-19.
3. *Professional Fees*: Professional Fees are \$19K under budget. This amount comprises surplus in actuarial fees¹ of (\$90K), savings in external audit fees of (\$4K), which are offset by overage in legal fees of \$68K due to confidential professional services related to litigations, and operations consultant fees of \$7K.
4. *Office Expense*: Office Expense is \$119K under budget. This amount comprises surpluses in printing and postage of (\$17K) and office maintenance and supplies of (\$58K) are both due to majority staff are working from home, building expenses of (\$27K) partially due to credit for 2019 escalation charges, bank charges and miscellaneous administration of (\$19K), equipment lease and maintenance of (\$8K) and minor equipment and furniture of (\$14K). Which are offset by overage in communication expenses of \$24K mainly related to teleconference services due to COVID-19.
5. *Insurance*: Insurance is \$101K under budget, which is related to Alameda County Risk Management Program.
6. *Member Services*: Member Services are \$198K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$71K) and disability medical expense of (\$108K) are both due to reduction in number of disability cases. In addition, we have surpluses in health reimbursement account of (\$3K), members printing and postage of (\$36K) mainly due to what's up newsletters that were not publish in 2020, and member training and education of (\$12K) due to open enrollment event was held virtually in 2020. Which are offset by overage in virtual call center of \$32K established due to COVID-19.

¹ Surplus in actuarial fees of \$90K is partially due to savings from last year accrual for accrual services of \$36K; and remaining savings of \$54K are related to this year actuarial services.

7. *Systems*: Systems are \$23K under budget. This amount comprises surpluses in software maintenance and support of (\$56K) mainly related to website enhancement project and automate reception check in software, minor computer hardware of (\$7K), business continuity of (\$14K), which are offset by overage in COVID-19 expenses of \$52K that includes laptops, amazon workspaces, IT equipment, etc. for working from home, and county data processing of \$3K.
8. *Depreciation*: Depreciation is \$4K under budget, which is mainly related to the computer software and disaster recovery.
9. *Board of Retirement*: Board of Retirement is \$282K under budget. This amount comprises surpluses in board conferences and trainings of (\$160K) partially due to cancelation and virtually held trainings and conferences caused by COVID-19, board election expense² of (\$79K) due to savings from 2019 accrual, board employer reimbursement of (\$3K), board compensation of (\$8K), board miscellaneous expenses of (\$21K) due to meetings held virtually because of COVID-19, board software maintenance and support of (\$1K), and board strategic planning of (\$10K).
10. *Uncollectable Benefit Payments*: Uncollectable Benefit Payments are \$8K under budget.

Staffing Detail

Permanent vacant positions as of December 31, 2020:

Department	Position	QTY	Comments
Benefits	Administrative Specialist II	1	Vacant - currently budgeted until 12/2020
Benefits	Retirement Technician	1	Filled by temporary staff - currently budgeted until 12/2020
Benefits	Retirement Support Specialist	1	Vacant - currently budgeted until 12/2020
Investments	Senior Investment Officer	1	Vacant - currently budgeted until 12/2020
Investments	Investment Officer	1	Vacant - currently budgeted until 12/2020
PRISM	Retirement Support Specialist	1	Vacant - currently budgeted until 12/2020
Total Positions		6	

² ACERA has savings of \$79K from 2019 board election expense accrual due to reduction in actual expense as compare to quotation from vendor.

Operating Expenses Budget Summary for the period ended December 31, 2020

Pension Administration System Project - as of 12/31/2020					
All amounts are in \$	Year-To-Date			Annual	
	Actual	Budget	Variance	2020 Budget	2019 Actual
Consultant Fees					
Levi, Ray and Shoup	861,026	2,544,000	(1,682,974)	2,544,000	224,153
Segal / LRWL	402,290	400,000	2,290	400,000	398,160
Other expenses	1,500	-	1,500	-	-
Leap Technologies	-	-	-	-	98,970
Total	1,264,816	2,944,000	(1,679,184)	2,944,000	721,283
Staffing	493,244	665,000	(171,756)	665,000	387,808
TOTAL	1,758,061	3,609,000	(1,850,940)	3,609,000	1,109,091

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, 2020</u>					
	<u>Actual</u>	<u>Budget</u>	<u>YTD</u>	<u>2020</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	\$ 14,265,229	\$ 15,745,000	\$ (1,479,771)	\$ 15,745,000	90.6%
Staff Development	144,052	482,000	(337,948)	482,000	29.9%
Professional Fees (Next Page)	1,196,315	1,215,000	(18,685)	1,215,000	98.5%
Office Expense	412,146	531,000	(118,854)	531,000	77.6%
Insurance	865,465	967,000	(101,535)	967,000	89.5%
Member Services	328,298	527,000	(198,702)	527,000	62.3%
Systems	1,105,394	1,128,000	(22,606)	1,128,000	98.0%
Depreciation	118,982	123,000	(4,018)	123,000	96.7%
Board of Retirement	377,743	660,000	(282,257)	660,000	57.2%
Uncollectable Benefit Payments	13,940	22,000	(8,060)	22,000	63.4%
Total Operating Expense	\$ 18,827,564	\$ 21,400,000	\$ (2,572,436)	\$ 21,400,000	88.0%
Investment Consultant Fees	1,282,489	1,418,000	(135,511)	1,418,000	90.4%
Investment Custodian Fees	556,454	588,000	(31,546)	588,000	94.6%
Investment Manager and Incentive Fees	44,120,107	50,227,000	(6,106,893)	50,227,000	87.8%
Other Investment Expenses	808,314	463,000	345,314	463,000	174.6%
Total Portfolio Management Investment Expense	\$ 46,767,364	\$ 52,696,000	\$ (5,928,636)	\$ 52,696,000	88.7%
Total Operating and Portfolio Management Investment Expense	\$ 65,594,928	\$ 74,096,000	\$ (8,501,072)	\$ 74,096,000	88.5%



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET


December 31, 2020

	<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>2020</u> <u>Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
Professional Fees					
Consultant Fees - Operations and Projects ¹	\$ 373,460	\$ 366,000	\$ 7,460	\$ 366,000	102.0%
Actuarial Fees ²	376,096	466,000	(89,904)	466,000	80.7%
External Audit ³	148,795	153,000	(4,205)	153,000	97.3%
Legal Fees ⁴	297,964	230,000	67,964	230,000	129.5%
Total Professional Fees	\$ 1,196,315	\$ 1,215,000	\$ (18,685)	\$ 1,215,000	98.5%

	<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>2020 Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
¹ CONSULTANT FEES - OPERATIONS AND PROJECTS:					
Administration					
Benchmarking	25,000	20,000	5,000	20,000	125.0%
Total Administration	25,000	20,000	5,000	20,000	125.0%
Benefits					
Alameda County HRS (Benefit Services)	126,000	126,000	-	126,000	100.0%
Segal (Benefit Consultant/Retiree Open Enrollment)	125,460	123,000	2,460	123,000	102.0%
Segal (Dental and Vision Consulting)	20,000	20,000	-	20,000	100.0%
Total Benefits	271,460	269,000	2,460	269,000	100.9%
Human Resources					
Lakeside Group (County Personnel)	77,000	77,000	0	77,000	100.0%
Total Human Resources	77,000	77,000	0	77,000	100.0%
Total Consultant Fees - Operations	\$ 373,460	\$ 366,000	\$ 7,460	\$ 366,000	102.0%
² ACTUARIAL FEES					
Actuarial valuation	77,000	77,000	-	77,000	100.0%
GASB 67 & 68 Valuation	47,500	48,000	(500)	48,000	99.0%
GASB 74 & 75 Actuarial	14,000	14,000	-	14,000	100.0%
Actuarial Standard of Practice 51 Pension Risk	10,000	60,000	(50,000)	60,000	16.7%
Supplemental Consulting	150,596	190,000	(39,404)	190,000	79.3%
Triennial Experience Study	36,000	36,000	-	36,000	100.0%
Supplemental Retiree Benefit Reserve valuation	41,000	41,000	-	41,000	100.0%
Total Actuarial Fees	\$ 376,096	\$ 466,000	\$ (89,904)	\$ 466,000	80.7%
³ EXTERNAL AUDIT					
External audit	128,720	129,000	(280)	129,000	99.8%
GASB 67 & 68	10,815	12,000	(1,185)	12,000	90.1%
GASB 74 & 75-External Audit	9,260	12,000	(2,740)	12,000	77.2%
Total External Audit Fees	\$ 148,795	\$ 153,000	\$ (4,205)	\$ 153,000	97.3%
⁴ LEGAL FEES					
<u>Fiduciary Counseling</u>					
Nossaman	20,315	130,000	(109,685)	130,000	
Subtotal	20,315	130,000	(109,685)	130,000	15.6%
<u>Tax and Benefit Issues</u>					
Hanson Bridgett	7,605	40,000	(32,395)	40,000	
Subtotal	7,605	40,000	(32,395)	40,000	19.0%
<u>Litigation & Miscellaneous Legal Advice</u>					
Meyers Nave	197,119	42,330	154,789	42,330	
Nossaman	43,577	9,358	34,219	9,358	
Reed Smith	38,709	8,313	30,397	8,313	
Preferred Custody Services (class action settlement)	(9,361)	-	(9,361)	-	
Subtotal	270,044	60,000	210,044	60,000	450.1%
Total Legal Fees	\$ 297,964	\$ 230,000	\$ 67,964	\$ 230,000	129.5%



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 3, 2021
TO: Members of the Operations Committee
FROM: Margo Allen, Fiscal Services Officer 
SUBJECT: Actual Cash and Forecast as of December 31, 2020

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 2020 Cash Forecast vs Actual Cash year-end review;
- Table 2 is the annual cash forecast from January to December 2021, 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 2020:

Table 1 Cash Forecast vs Actual Cash for the year 2020			
	Total Receipts	Total Disbursements	Negative Cash Position
Forecast	\$ 406,470,043	\$ 586,216,838	\$ (179,746,795)
Actual	413,586,022	597,872,011	(184,285,989)
Variance	(7,115,979)	(11,655,173)	4,539,194
Average*	32,005,322	49,622,798	(17,617,476)

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 2021 to December 2021. The average monthly negative cash position for the referenced period is \$19,854,399. Excluding the two three-pay-period months i.e., April 2021 and October 2021, annotated by an *. The year-over-year increase in average monthly negative cash position compared to the same period in 2020 is \$2,236,923.

Table 2 Annual Cash Forecast from January to December 2021			
Month-Year	Total Receipts	Total Disbursements	Negative Cash Position
Jan-21	\$ 32,610,000	\$ 51,767,251	\$ (19,157,251)
Feb-21	32,855,747	51,689,545	(18,833,798)
Mar-21	32,936,495	51,781,839	(18,845,344)
Apr-21*	49,338,364	54,301,819	(4,963,456)
May-21	33,097,990	53,869,113	(20,771,123)
Jun-21	33,178,737	53,961,407	(20,782,669)
Jul-21	33,259,485	54,053,700	(20,794,216)
Aug-21	33,340,232	54,145,994	(20,805,762)
Sep-21	34,739,589	54,238,288	(19,498,699)
Oct-21*	52,043,005	54,855,582	(2,812,577)
Nov-21	34,901,084	54,422,875	(19,521,791)
Dec-21	34,981,831	54,515,169	(19,533,338)
Total	437,282,560	643,602,582	(206,320,022)
Average	33,590,119	53,444,518	(19,854,399)
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
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
2016	325,836,998	196,400,000	522,236,998

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
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
2016	475,743,162	45,900,000	521,643,162

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

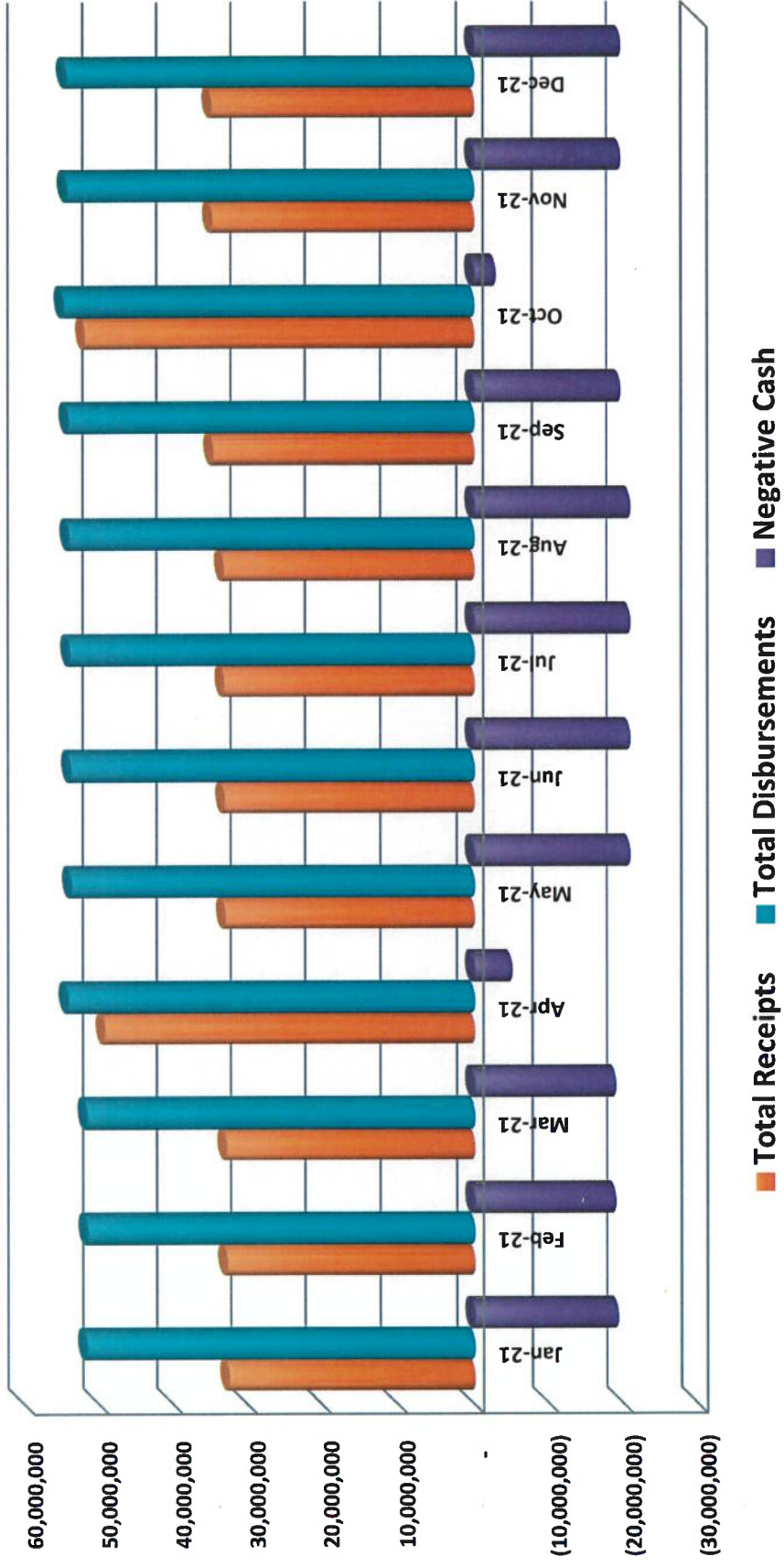
Table 5			
5-Year Annual Net Cash Position			
Year	Negative Cash	Net Cash Draw from SSB	Variance
2020	\$ (184,285,989)	\$ 183,186,904	\$ (1,099,085)
2019	(168,818,410)	171,500,000	2,681,590
2018	(173,071,707)	157,496,354	(15,575,353)
2017	(167,757,359)	183,600,000	15,842,641
2016	(149,906,164)	150,500,000	593,836

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 2021 - December 2021






MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 3, 2021

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: 2020 Board Conference Expense Report

Attached is the end-of-year Board conference and training expense report. As of December 31, 2020, reported expenses totaled \$60,575.

ACERA Trustees
Board Conference Expense Report
January 1, 2020 to December 31, 2020


From	To	Attendee	Conference	Location	Total
11/02/20	11/02/20	Dale Amaral	SACRS Virtual	Virtual	\$ 120
		Dale Amaral			\$ 120
02/10/20	02/11/20	Darryl Walker	Super Return US West	Century City, CA	\$ 1,488
03/04/20	03/05/20	Darryl Walker	SEO Conference & AICON (Alternative Investments Conference)	New York, NY	\$ 967
11/02/20	11/02/20	Darryl Walker	NASP Virtual	Virtual	\$ 100
11/02/20	11/02/20	Darryl Walker	SACRS Virtual	Virtual	\$ 120
		Darryl Walker Total			\$ 2,676
02/10/20	02/11/20	Elizabeth Rogers	Pension Bridge ESG Summit	San Diego, CA	\$ 891
07/29/20	07/29/20	Elizabeth Rogers	UC Berkeley Education-Sustainable Capitalism &	Online	\$ 1,250
11/02/20	11/02/20	Elizabeth Rogers	SACRS Virtual	Virtual	\$ 120
		Elizabeth Rogers Total			\$ 2,261
10/23/20	10/23/20	George Wood	2020 Milken Annual Conference	Webinar	\$ 10,000
		George Wood Total			\$ 10,000
02/10/20	02/11/20	Henry Levy	Pension Bridge ESG Summit	San Diego, CA	\$ 977
03/09/20	03/09/20	Henry Levy	CII - 2020 Spring Master Class	Washington, DC	\$ 295
03/11/20	03/11/20	Henry Levy	CII - 2020 Spring Trustee Training	Washington, DC	\$ 2,740
06/24/20	06/24/20	Henry Levy	Sustainable Capitalism & ESG	Online	\$ 1,250
07/21/20	07/21/20	Henry Levy	Preparing for Your First Board Seat	Webinar	\$ 340
07/16/20	07/16/20	Henry Levy	Corporate Director Forum - Evolution in the Board Room - Building a Data-Driven Culture	Virtual	\$ 25
07/21/20	07/21/20	Henry Levy	SACRS UC Berkeley Program	Virtual	\$ 500
09/23/20	09/23/20	Henry Levy	CII Bootcamp	Virtual	\$ 945
10/23/20	10/23/20	Henry Levy	CALAPRS Trustees Round Table	Virtual	\$ 50
11/02/20	11/02/20	Henry Levy	SACRS Virtual	Virtual	\$ 120
11/16/20	11/20/20	Henry Levy	Institutional Limited Partners Association (ILPA)	Virtual	\$ 1,199
12/09/20	12/09/20	Henry Levy	Fiduciary Investors Digital Symposium	Virtual	\$ 99
		Henry Levy Total			\$ 8,540
02/10/20	02/11/20	Jaime Godfrey	Pension Bridge ESG Summit	San Diego, CA	\$ 1,071
03/04/20	03/05/20	Jaime Godfrey	SEO Conference	New York, NY	\$ 1,364
10/23/20	10/23/20	Jaime Godfrey	CALAPRS Trustees Round Table	Virtual	\$ 50
10/23/20	10/23/20	Jaime Godfrey	2020 Milken Annual Conference	Virtual	\$ 10,000
11/02/20	11/02/20	Jaime Godfrey	SACRS Virtual	Virtual	\$ 120
		Jaime Godfrey Total			\$ 12,605
10/23/20	10/23/20	Keith Carson	2020 Milken Annual Conference	Virtual	\$ 10,000
		Keith Carson total			\$ 10,000
10/23/20	10/23/20	Liz Koppenhaver	CALAPRS Trustees Round Table	Virtual	\$ 50
11/02/20	11/02/20	Liz Koppenhaver	SACRS Virtual	Virtual	\$ 120
		Liz Koppenhaver Total			\$ 170
10/23/20	10/23/20	Nancy Reilly	CALAPRS Trustees Round Table	Virtual	\$ 50
		Nancy Reilly Total			\$ 50
06/10/20	06/11/20	Ophelia Basgal	Investor Forum	Webinar	\$ 100
		Ophelia Basgal Total			\$ 100
01/16/20	01/16/20	Tarrell Gamble	NASP - Diverse and Emerging Manager Forum	Chicago, IL	\$ 1,427
03/03/20	03/04/20	Tarrell Gamble	SEO Conference	New York, NY	\$ 1,247
03/17/20	03/17/20	Tarrell Gamble	Corporate Directors Forum - Essentials of Corporate Directorship	San Diego, CA	\$ 1,010
07/28/20	07/28/20	Tarrell Gamble	Corporate Director Forum - Board Bio Workshop	Virtual	\$ 199
10/23/20	10/23/20	Tarrell Gamble	CALAPRS Trustees Round Table	Virtual	\$ 50
10/23/20	10/23/20	Tarrell Gamble	2020 Milken Annual Conference	Virtual	\$ 10,000
11/02/20	11/02/20	Tarrell Gamble	SACRS Virtual	Virtual	\$ 120
		Tarrell Gamble Total			\$ 14,053
		Grand Total			\$ 60,575



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 3, 2021

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: 2020 Senior Managers' Conference and Training Expense Report

Attached is the end-of-year senior managers' conference and training expense report. As of December 31, 2020, reported expenses totaled \$12,867.

**ACERA Sr. Managers
SM Conference and Training Expense Report
January 1, 2020 to December 31, 2020**

From	To	Senior Manager	Training or Conference	Name	Amount
Trainings					
01/09/20	01/10/20	Betty Tse	Training	Pacific Center for Asset Management	\$ 979
Betty Tse Total					\$ 979
Conferences					
03/07/20	03/10/20	Dave Nelsen	Conference	CALAPRS General Assembly	\$ 1,381
08/03/20	08/12/20	Dave Nelsen	Conference	NASRA Virtual	\$ 395
09/30/20	09/30/20	Dave Nelsen	Conference	CALAPRS Virtual Administrators Institu	\$ 500
11/30/20	11/30/20	Dave Nelsen	Conference	SACRS Virtual Conference	\$ 120
Trainings					
02/06/20	02/07/20	Dave Nelsen	Training	CALAPRS Roundtable	\$ 758
01/17/20	01/17/20	Dave Nelsen	Training	SACRS Legislative Committee Meeting	\$ 48
Dave Nelsen Total					\$ 3,202
Trainings					
06/01/20	06/01/20	Harsh Jadhav	Training	Cyber Vista/Kaplan	\$ 49
11/05/20	11/05/20	Harsh Jadhav	Training	GFOA GAAP Annual Update	\$ 125
Conferences					
01/24/20	01/28/20	Harsh Jadhav	Conference	Cybersecurity Conference	\$ 2,879
Harsh Jadhav Total					\$ 3,053
Conferences					
03/07/20	03/10/20	Kathy Foster	Conference	CALAPRS General Assembly	\$ 1,438
11/30/20	11/30/20	Kathy Foster	Conference	SACRS Virtual Conference	\$ 120
Trainings					
02/28/20	03/02/20	Kathy Foster	Training	Towers Watson Forum	\$ 1,386
Kathy Foster Total					\$ 2,944
Conferences					
09/30/20	09/30/20	Margo Allen	Conference	CALAPRS Virtual Administrators Institu	\$ 500
Trainings					
01/22/20	01/22/20	Margo Allen	Training	Communicating with Tact and Finesse	\$ 149
03/04/20	03/05/20	Margo Allen	Training	Enterprise Risk Management	\$ 1,445
02/21/20	02/21/20	Margo Allen	Training	HR Metrics: A Critical Measurement of the impact of Human Resources	\$ 195
Margo Allen Total					\$ 2,289
Trainings					
09/16/20	09/16/20	Jeff Rieger	Training	Table	\$ 50
11/20/20	11/20/20	Jeff Rieger	Training	CALAPRS Course in Retirement Disability Administration	\$ 100
Jeff Rieger Total					\$ 150
Trainings					
11/30/20	11/30/20	Victoria Arruda	Training	COVID Training	\$ 150
Victoria Arruda Total					\$ 150
Trainings					
09/16/20	09/16/20	Vijay Jagar	Training	CALAPRS Virtual Information Technology Round Table	\$ 50
10/23/20	10/23/20	Vijay Jagar	Training	CALAPRS Virtual Information Technology Round Table	\$ 50
Vijay Jagar Total					\$ 100
Grand Total					\$ 12,867



Proposed 2021 Operations Committee Work Plan

Date	Action Items	Information Items
January 21 Board		<ul style="list-style-type: none"> • Operating Expenses as of 11/30/20
February 3	<ol style="list-style-type: none"> 1. Discussion and Possible Motion to Approve the 2020 Discharge Request of Benefits Overpayments 	<ul style="list-style-type: none"> • Proposed 2021 Operations Committee Work Plan • Un-Audited Financial Statements as of 12/31/20 • Operating Expenses as of 12/31/20 • Actual Cash Report as of 12/31/20 • Board Member Conference Expense Report for 4th Qtr. 2020 • Senior Manager Conference and Training Expense Report for 4th Qtr. 2020
March 18 Board		<ul style="list-style-type: none"> • Operating Expenses as of 01/31/2021
April 7		<ul style="list-style-type: none"> • Operating Expenses as of 02/29/21 • Statement of Reserves as of 12/31/20 • 2020 CAFR Report
May 20 Board		<ul style="list-style-type: none"> • Quarterly Financial Statements as of 03/31/21 • Operating Expenses as of 03/31/21 • Quarterly Cash Forecast Report • Board Member Conference Expense Report for 1st Qtr. 2021 • Senior Manager Conference and Training Expense Report for 1st Qtr. 2021
June 2		<ul style="list-style-type: none"> • Operating Expenses as 04/30/21 • Update on Disability Cases Provided by Managed Medical Review Organization (MMRO) • Technology Update



Proposed 2021 Operations Committee Work Plan

Date	Action Items	Information Items
July 15 Board		<ul style="list-style-type: none"> • Operating Expenses as of 05/31/21
August 4		<ul style="list-style-type: none"> • Operating Expenses as of 06/30/21 • Quarterly Financial Statements as of 06/30/21 • Quarterly Cash Forecast Report • Board Member Conference Expense Report as of 06/30/21 • Senior Manager Conference and Training Expense Report as of 06/30/21 • Mid-Year review of 2021 ACERA Operating Expense Budget
September 16 Board		<ul style="list-style-type: none"> • Operating Expenses as of 07/31/21 • Statement of Reserves as of 6/30/21
October 6		<ul style="list-style-type: none"> • Operating Expenses as of 08/31/21 • Medical Advisor and Disability Claims Management RFP
November 18* Board	<p>1. Discussion and possible motion to approve the proposed 2022 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 2022 ACERA Operating Expense Budget • Quarterly Financial Statements as of 09/30/210 • Operating Expenses as of 09/30/21 • Quarterly Cash Forecast Report • Board Member Conference Expense Report for 3rd Qtr. 2021 • Senior Manager Conference and Training Expense Report for 3rd Qtr. 2021
December 1	<p>1. Discussion and possible motion to approve the annual agreement for the</p>	<ul style="list-style-type: none"> • Operating Expenses as of 10/31/21 • Technology Update



Proposed 2021 Operations Committee Work Plan

Date	Action Items	Information Items
	Segal Group, ACERA's Benefits Consultant	

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.

DRAFT