



Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

OPERATIONS COMMITTEE/BOARD MEETING
NOTICE and AGENDA

ACERA MISSION:

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

Wednesday, February 6, 2019
9:30 a.m.

LOCATION	COMMITTEE MEMBERS	
ACERA C.G. "BUD" QUIST BOARD ROOM 475 14 TH STREET, 10 TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574	OPHELIA BASGAL, CHAIR	APPOINTED
	DALE AMARAL, VICE CHAIR	ELECTED SAFETY
	LIZ KOPPENHAVER	ELECTED RETIRED
	ELIZABETH ROGERS	ELECTED GENERAL
	GEORGE WOOD	ELECTED GENERAL

Should a quorum of the Board attend this meeting, this meeting shall be deemed a joint meeting of the Board and Committee.

The order of agenda items is subject to change without notice. Board and Committee agendas and minutes 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 – Wednesday, February 6, 2019

Call to Order: 9:30 a.m.

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

1. Adoption of New Pay Item – Pay Code 42J for County

Discussion and possible motion to approve a New Pay Item – Pay Code 42J for Alameda County.

– Sandra Dueñas-Cuevas

Recommendation:

Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42J – Lead Resp. – Child Suppt Atty (Lead Responsibilities – Child Support Attorney) as compensation earnable for Tier 1, 2, and 3 legacy members, based on Government Code Section 31461; however; not pensionable compensation for Tier 4 PEPPRA members, based on Government Code Section 7522.34.

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

1. Un-Audited Financial Statements as of December 31, 2018

Report on ACERA's financial statements year-end 2018

- Margo Allen

2. Operating Expenses as of December 31, 2018

Report on the status of ACERA's budget vs. actual year-end 2018

- Margo Allen

3. Actual Cash and Forecast Report as of December 31, 2018

Report on the cash forecast methodology year-end 2018

- Margo Allen

4. Board Member Conference Expense Report as of December 31, 2018

Report on Board Members' conference expenses year-end 2018

- Margo Allen

5. Senior Manager Conference and Training Expense Report as of December 31, 2018

Report on Senior Managers' conference and training expenses year-end 2018

- Margo Allen

6. Proposed 2019 Operations Committee Work Plan

Presentation of the proposed 2019 Operations Committee work plan.

- Margo Allen

OPERATIONS COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 3 of 3 – Wednesday, February 6, 2019

7. Call Center Report

Quarterly report on the Call Center

- Ismael Piña

8. Quarterly Report on Member Underpayments and Overpayments

Quarterly report on underpayments and overpayments of member contributions and benefits.

- Sandra Dueñas-Cuevas

Future Discussion Items

Trustee Remarks

Public Input

Establishment of Next Meeting Date

April 3, 2019, at 9:30 a.m. ??

Adjournment



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 6, 2019

TO: Members of the Operations Committee

FROM: Sandra Dueñas-Cuevas, Benefits Manager *SDC*

SUBJECT: **Adoption of New Pay Item – Pay Code 42J for County**

Attached is a request from Dawn Duffy, of the Auditor-Controller Agency, with the County of Alameda (County) to review a new pay item to determine whether it meets the criteria of compensation earnable and pensionable compensation.

The pay item is Lead Resp. – Child Suppt Atty (Lead Responsibilities – Child Support Attorney), code 42J. The Board of Supervisors of the County of Alameda approved the Alameda County Salary Ordinance Section 3-21.97 to state; Effective December 30, 2018, not to exceed one (1) employee in Job Code 3153, when assigned lead responsibilities over other Child Support Attorneys, in support of the Supervising Attorney within the Department of Child Support Services, shall be compensated an additional five percent (5%) of the base pay. The County has provided all required information for this item.

This pay item will be considered compensation earnable for Tier 1, 2, and 3 legacy members, based on Government Code Section 31461. Because this pay item applies to one member in the classification mentioned above, it will not be considered pensionable compensation for Tier 4 PEPRAs members, based on Government Code Section 7522.34 (see attached Government Code Sections).

Recommendation:

Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42J – Lead Resp. – Child Suppt Atty (Lead Responsibilities – Child Support Attorney) as compensation earnable for Tier 1, 2, and 3 legacy members, based on Government Code Section 31461; however, not pensionable compensation for Tier 4 PEPRAs members, based on Government Code Section 7522.34.

Attachments



ALAMEDA COUNTY
AUDITOR-CONTROLLER AGENCY
STEVE MANNING
AUDITOR-CONTROLLER/CLERK-RECORDER

REQUEST FOR ACERA'S REVIEW OF A NEW PAY ITEM/CODE

Employer Name:	County of Alameda
Date of Request	1/8/19
Employer Department Submitting the Request	Auditor-Controller's Agency
Contact Person/Employer (include title/position)	Dawn Duffy
Contact Person Telephone incl area code	(510) 272-6383
Contact Person Email address	dawn.duffy@acgov.org
Pay Item Name (and code Number)	42J Lead Resp.-Child Suppt Atty
Pay Item Effective Date per authorization:	12/30/18
State if additional documentation is attached	Yes

NOTE: The following information is required before ACERA can review and respond to the request. To meet ACERA's requirements, please provide substantive responses below or on a separate paper and return, with this form, all of the supporting documentation prior to issuing (paying) the pay item to any employee who is an ACERA member.

1. State the job classification of employees eligible for the pay item (i.e. Job Code 0499-Nurse Practitioners II may receive this pay item)

RESPONSE #1: Job Code 3153PA, Child Support Attorney IV

2. State employment status of employees eligible to receive the pay item (i.e. full time employees, part time employees)

RESPONSE #2: Full Time

3. State the number of members or employees who are eligible to receive the pay item (i.e. all members or employees in a job classification eligible to receive the pay item, or "not to exceed one employee")

RESPONSE #3: One

4. State whether pay item is for overtime or regular base pay

RESPONSE #4: Regular base pay

5. State whether pay item is calculated as a fixed amount or percentage of the base pay

RESPONSE #5: percentage

6. State whether the pay item is paid one time (i.e. incentive pay, referral pay, bonus, award)

RESPONSE #6: No

Central Collections Division
1221 Oak St., Rm. 220
Oakland, CA 94612
Tel: (510) 208-9900
Fax: (510) 208-9932

Office of the Auditor-Controller
Melissa Wilk, Chief Deputy Auditor
1221 Oak St., Rm. 249
Oakland, CA 94612
Tel: (510) 272-6565
Fax: (510) 272-6502

Clerk-Recorder's Office
1106 Madison St., 1st Floor
Oakland, CA 94607
Tel: (510) 272-6362
Fax: (510) 208-9858



ALAMEDA COUNTY
AUDITOR-CONTROLLER AGENCY
STEVE MANNING
AUDITOR-CONTROLLER/CLERK-RECORDER

7. State whether the pay item is an ad hoc payment (i.e., stipend, payment for attending a meeting during the working hours, payment for attending a meeting during non-working hours)

RESPONSE #7: No

8. State whether the pay item is a reimbursement (i.e., car allowance, housing allowance, uniform allowance, mileage payment, cell phone allowance)

RESPONSE #8: No

9. State regular working hours of the employees who will receive the pay item (i.e., 37.5 hour workweek employees, 40 hour workweek employees)

RESPONSE #9: 40 hour workweek

10. State whether pay item is for work performed outside of the regular workweek (i.e., payment for work or services performed outside of the employee's 37.5 hour workweek, or outside the employee's 40 hour workweek)

RESPONSE #10: No

11. State whether the pay item if for deferred compensation

RESPONSE #11: No

12. State whether the pay item is for retro payments

RESPONSE #12: No

13. State whether the pay item is for accrued unused leaves (i.e., sick leave, annual leave, floating holiday, vacation, comp time)

RESPONSE #13: No

14. State whether the payment is compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member or employee

RESPONSE #14: No

15. State whether the payment is severance or other payment in connection with or in anticipation of a separation from employment (and state if this payment is made while employee is working)

RESPONSE #15: No

16. State whether the pay item is paid in one lump sum or biweekly (or over some other time period-monthly, quarterly, annually)

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RESPONSE #16: Biweekly

17. State the basis for eligibility for the pay item (i.e., certification of completion of training program conducted by an accredited university, or employee assigned as supervisor of badge distribution)

RESPONSE #17:

Person occupying position under Job Code 3153PA, Child Support Attorney IV, shall be compensated an additional 5 percent when assigned lead responsibilities over other Child Support Attorneys.

Additional Information:

Per Salary Ordinance Section 3-21.97 (copy attached).

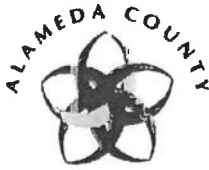
Article 3, Section 3-21 of the County of Alameda Salary Ordinance is hereby amended by the addition thereto of the following footnote, to be effective on December 30, 2018.

3-21.97 Effective December 30, 2018, not to exceed one (1) employee in Job Code 3153, when assigned lead responsibilities over other Child Support Attorneys, in support of the Supervising Attorney within the Department of Child Support Services, shall be compensated an additional five percent (5%) of the base pay.

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**Human Resource Services**

Lakeside Plaza Building
1401 Lakeside Drive, Suite 200
Oakland, CA 94612-4305
TDD: (510) 272-3703

November 8, 2018

2nd meeting 12/18/18

Honorable Board of Supervisors
Administration Building
Oakland, CA 94612

Subject: Salary Ordinance Amendments

Dear Board Members:

Recommendations:

Adopt the following Salary Ordinance amendments:

- new
1. Adjust the salary range for Job Code 5788SM (Director, Emergency Medical Services); Job Code 5789SM (Deputy Director, Emergency Medical Services); Job Code 5791SM (Supervising Emergency Medical Services Coordinator); and Job Code 5786PA (Emergency Medical Services Coordinator) to address recruitment and internal alignment;
 2. Adjust the salary range for Job Code 4203SM (Library Assistant Manager) to address internal alignment;
 3. Establish a footnote for one (1) position of Job Code 3153PA (Child Support Attorney IV) in the Department of Child Support Services; and
 4. Reinstate the language of Section 3-17.53 effective November 7, 2017.

Discussion/Findings:

As a result of a Sideletter of Agreement between the Alameda County Management Employees Association (General Government Unit) and the County of Alameda, staff completed a study of two (2) Health Care Services Agency classifications: 1) Director, Emergency Medical Services and 2) Emergency Medical Services Coordinator. The study included data analysis of a market salary survey results, recruitment history, and internal alignment. Based on the results of the study, staff recommends a special salary adjustment for both classifications. Moreover, because the special salary adjustments have a direct impact to two additional classifications that are part of the reporting structure, i.e., Deputy Director, Emergency Medical Services and Supervising Emergency Medical Services Coordinator, staff also conducted a comprehensive review and evaluation of the impact of the special salary adjustments and further recommends a salary adjustment for the Deputy Director, Emergency Medical Services and Supervising Emergency Medical Services Coordinator classifications to ensure internal equity and alignment.

At the request of the Library Department, staff completed a study of the Job Code 4203SM (Library Assistant Manager) classification, including data analysis of a market salary survey results and internal alignment, and recommends a special salary adjustment for this classification.

new 425

Also, at the request of the Department of Child Support Services to assign one (1) position of Job Code 3153PA (Child Support Attorney IV) lead responsibilities over other Child Support Attorneys, in support of the Supervising Child Support Attorney within the Department, staff recommends establishing an additional five percent (5%) compensation for the added scope and level of responsibility of the lead attorney role.

On October 23, 2018, your Board approved the renumbering of Section 3-17.50 (as approved on November 7, 2017) to Section 3-17.53. Staff subsequently identified an administrative error that resulted in the inadvertent omission of the previously-approved section. To correct this error, we respectfully request to reinstate the language of Section 3-17-53 in its entirety as approved by your Board on November 7, 2017, to ensure that the compensation of position job code 0057 (SHERIFF) for the years of 2019-2022 remains as previously approved by your Board.

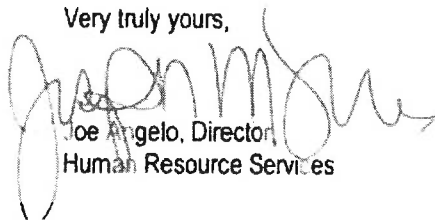
Financing:

Funds are available in the 2018-2019 Approved Budget and will be included in future years' requested budgets to cover the cost resulting from these actions, as applicable.

Vision 2026 Goal:

The Salary Ordinance amendments meet the 10x goal pathways of Employment for All in support of our shared vision of a Prosperous and Vibrant Economy

Very truly yours,



Joe Angelo, Director
Human Resource Services

Z:\Board Letters\120418\Salary Ordinance Amendments

Cc CAO
 Auditor-Controller
 County Counsel
 Director of Health Care Services
 County Library
 Director of Child Support Services

1st Reading 12/4/18
2nd Reading 12/18/18

Approved as to Form
DONNA ZIEGLER, County Counsel

By 
Mary Ellyn Gormley, Assistant County Counsel

AN ORDINANCE AMENDING
CERTAIN PROVISIONS OF THE 2018 - 2019
COUNTY OF ALAMEDA SALARY ORDINANCE

The Board of Supervisors of the County of Alameda ordains as follows:

SECTION I

Article 1, Section 1-2, Subsection 1-2.2 of the County of Alameda Salary Ordinance is hereby amended to specify the following salary rates, to be effective on December 30, 2018.

Job Code		Title	STEP 01	STEP 02	STEP 03	STEP 04	STEP 05
5788	SM	Director, Emergency Medical Services	5081.60	5336.00	5607.20	5879.20	6176.80
5789	SM	Deputy Director, Emergency Medical Services	4627.20				5617.60
5791	SM	Supervising Emergency Medical Services Coordinator	4300.80				5343.20
5786	PA	Emergency Medical Services Coordinator	4218.40				5042.40
4203	SM	Library Assistant Manager	2896.00	3034.40	3172.80	3355.20	3508.00

SECTION II

Article 3, Section 3-21 of the County of Alameda Salary Ordinance is hereby amended by the addition thereto of the following footnote, to be effective on December 30, 2018.

3-21.97 Effective December 30, 2018, not to exceed one (1) employee in Job Code 3153, when assigned lead responsibilities over other Child Support Attorneys, in support of the Supervising Attorney within the Department of Child Support Services, shall be compensated an additional five percent (5%) of the base pay.

New
Add'l Pay
425

SECTION III

Article 3, Section 3-17 of the County of Alameda Salary Ordinance is hereby amended to read as follows:

3-17.53 - The person occupying the position under job code 0057 (SHERIFF) shall receive biweekly compensation as follows: \$9,892.80 effective January 1, 2019 and on or about January 1, 2020, and on or about January 1, 2021, and on or about January 1, 2022, the salary shall be increased by the same general cost of living percentage increase received by the majority of the County of Alameda Board-appointed department heads during the 12 months immediately preceding the date of each increase, said percentages to be calculated by the County Administrator and Human Resource Services Director.

Effective January 1, 2019, contribution towards health premiums, deductible amounts and/or co-pays shall be consistent with those of the unrepresented executive management for each year of the plan years 2019 through 2022.

Effective January 1, 2019, the flexible spending plan shall be consistent with the plan of the unrepresented executive management for each of the plan years 2019 through 2022.

Gov. Code Sec. 31461. (a) "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.

(b) "Compensation earnable" does not include, in any case, the following:

(1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:

(A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.

(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.

(C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned in each 12-month period during the final average salary period regardless of when reported or paid.

(2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned in each 12-month period during the final average salary period, regardless of when reported or paid.

(3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(4) Payments made at the termination of employment, except those payments that do not exceed what is earned in each 12-month period during the final average salary period, regardless of when reported or paid.

Gov. Code Sec. 7522.34. (a) "Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.

(b) Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

(c) "Pensionable compensation" does not include the following:

(1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.

(2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.

(3) Any one-time or ad hoc payments made to a member.

(4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

(5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.

(6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.

(8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.

(9) Employer contributions to deferred compensation or defined contribution plans.

(10) Any bonus paid in addition to the compensation described in subdivision (a).

(11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).


(12) Any other form of compensation a public retirement board determines should not be pensionable compensation.



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 6, 2019

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: December 31, 2018, Unaudited Financial Statements

Executive Summary

Attached for review and discussion is the unaudited financial statements for the year ended December 31, 2018.

The Fiduciary Net Position Held in Trust and the Change in Fiduciary Net Position compared to the same time in 2017 decreased by \$520 million.

Financial Highlights

- Net Position Restricted (Held in Trust for Benefits), as reported on the Statement of Fiduciary Net Position totaled \$7.59 billion. Total Receivables decreased by \$8 million, Investments at fair value decreased by \$523 million, Cash decreased by \$16 million and Total Liabilities without Security Lending Liability decreased by \$27 million.
- The year-over-year Change in Net Position decreased by \$520 million. This is due to decrease in additions of \$1,636 million and increase in deductions of \$30 million as explained below:
 - Total Additions year-over-year decreased by \$1,636 million. This includes, increase in contributions of \$28 million, and decrease in investments of \$1,664 million.
 - Total Deductions year-over-year increased by \$30 million. The amount is attributable to the growth in payments of service retirement, disability benefits, retiree health programs and administrative expenses.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF FIDUCIARY NET POSITION
As of 12/31/2018
MR 2012

	<u>Year-To-Date 2018</u>	<u>Year-To-Date 2017</u>
ASSETS		
Cash (Note 1)	1,573,133	17,130,210
Securities Lending Cash Collateral (Note 2)	183,002,987	406,876,406
Receivables:		
Contributions (Note 3)	17,416,051	14,212,011
Investment Receivables (Note 4a)	15,986,252	16,830,367
Unsettled Trades - Investments Sold	1,202,614	9,858,317
Futures Contracts - Equity Index (Note 5a)	0	341,140
Equity Index Swaps (Note 6a)	0	803,016
Foreign Exchange Contracts (Note 7a)	100,999	666,144
Other Receivables (Note 8)	107,881	198,762
Total Receivables	<u>34,813,798</u>	<u>42,909,756</u>
Prepaid Expenses	1,297,522	847,774
Total Current Assets	<u>220,687,441</u>	<u>467,764,146</u>
Investments - at Fair Value:		
Short-Term Investments (Note 9)	159,672,681	210,167,993
Domestic Equity	499,759,246	1,547,411,912
Domestic Equity Commingled Funds	1,717,776,383	1,082,242,115
International Equity	1,502,436,172	1,915,467,697
International Equity Commingled Funds (Note 10)	427,396,358	560,458,927
Domestic Fixed Income	930,749,832	953,510,557
International Fixed Income	137,245,365	136,735,333
International Fixed Income - Commingled Funds (Note 11)	135,450,207	141,106,529
Real Estate - Separate Properties (Note 12)	69,120,972	66,537,723
Real Estate - Commingled Funds (Note 13)	492,121,170	445,602,018
Real Assets	293,197,570	301,579,271
Absolute Return (Note 14a)	696,825,066	302,483,421
Private Equity (Note 14b)	522,443,189	443,631,063
Total Investments	<u>7,584,194,210</u>	<u>8,106,934,559</u>
Capital Assets at Cost (Net of Accumulated Depreciation or Amortization) (Note 15)	1,485,300	1,604,962
Total Assets	<u>7,806,366,951</u>	<u>8,576,303,667</u>
LIABILITIES		
Securities Lending Liability (Note 2)	183,002,987	406,876,406
Unsettled Trades - Investments Purchased	6,582,740	37,552,263
Investment-Related Payables (Note 4b)	12,363,273	12,594,238
Futures Contracts - Equity Index (Note 5b)	1,153,223	230,781
Equity Index Swaps (Note 6b)	239,345	0
Foreign Exchange Contracts (Note 7b)	3,651,400	467,537
Accrued Administration Expenses (Note 16)	2,259,348	2,495,061
Members Benefits & Refunds Payable (Note 17a)	4,150,965	3,473,003
Retirement Payroll Deductions Payable (Note 17b)	362,685	514,822
Total Liabilities	<u>213,765,965</u>	<u>464,204,111</u>
Net Position		
Restricted - Held in Trust for Benefits	<u>7,592,600,985</u>	<u>8,112,099,556</u>
Total Net Position	<u>7,592,600,985</u>	<u>8,112,099,556</u>

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Twelve Months Ending 12/31/2018
MR 2012

	<u>Year-To-Date 2018</u>	<u>Year-To-Date 2017</u>
ADDITIONS		
Contributions: (Note 18)		
Members	94,735,673	89,325,824
Employers	269,678,352	247,063,550
Total Contributions	<u>364,414,026</u>	<u>336,389,374</u>
From Investment Activities:		
Net Appreciation in Fair Value of Investments	(417,757,336)	1,231,437,848
Interest	48,433,720	41,136,648
Dividends	67,385,237	70,620,918
Real Estate - Net	22,526,196	22,243,819
Private Equity and Alternatives	(21,075,127)	(1,803,072)
Brokers Commissions - Directed Brokerage	80,164	126,099
Sub-Total of Dividends, Interest, Other Investment Income (Note 19)	<u>117,350,191</u>	<u>132,324,412</u>
Total Income from Investment Activities	(300,407,145)	1,363,762,260
Total Investment Expenses (Note 20)	<u>(57,501,901)</u>	<u>(57,920,416)</u>
Net Income from Investment Activities (Note 21)	<u>(357,909,046)</u>	<u>1,305,841,844</u>
From Securities Lending Activities:		
Securities Lending Income	7,055,998	5,898,693
Securities Lending Expenses	<u>(5,202,570)</u>	<u>(3,507,971)</u>
Net Income from Securities Lending Activities (Note 22)	<u>1,853,428</u>	<u>2,390,722</u>
Total Net Investment Income	<u>(356,055,618)</u>	<u>1,308,232,566</u>
Miscellaneous Income (Note 23)	<u>1,426,181</u>	<u>864,317</u>
Total Additions	<u>9,784,588</u>	<u>1,645,486,258</u>
DEDUCTIONS		
Benefits:		
Service Retirement and Disability Benefits (Note 24)	459,141,978	433,464,465
Death Benefits (Note 25)	2,957,440	2,699,945
Supplemental Cost of Living Allowance	1,134,613	1,231,500
Retiree Healthcare Program	40,878,670	37,903,590
Total Benefit Payments	<u>504,112,701</u>	<u>475,299,500</u>
Member Refunds	8,709,150	7,892,706
Administration: (Note 26)		
Administrative Expenses	11,770,992	11,084,539
Actuarial Expenses	356,909	478,719
Business Continuity Expenses	590,639	398,987
Legal Expenses	1,575,856	1,610,846
Technology Expenses	942,413	998,087
401(h) Expenses	1,224,500	1,203,500
Total Administration	<u>16,461,309</u>	<u>15,774,678</u>
Total Deductions	<u>529,283,160</u>	<u>498,966,883</u>
Net Increase(Decrease)	<u>(519,498,571)</u>	<u>1,146,519,374</u>
Net Position Held in Trust for Benefits:		
Net Position - January 1	<u>8,112,099,556</u>	<u>6,965,580,182</u>
Net Position - December 31	<u>7,592,600,985</u>	<u>8,112,099,556</u>

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2018

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 - \$1.57 million

Cash balance is the sum of the funds in the Wells Fargo Bank operating accounts. The decrease of \$15.56 million from \$17.13 million for December 31, 2017, is due to the timing difference between receipt of contributions and the transfer of funds to retiree payroll and investments.

(Note 2)

Securities Lending Cash Collateral - \$183.00 million

Cash collateral of \$183.00 million and \$406.88 million was held by ACERA related to securities on loan as of December 31, 2018, and December 31, 2017, 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 - \$17.42 million

The receivable balances of December 31, 2018, increased approximately \$3.21 million from \$14.21 million in December 31, 2017. This is primarily due to the increase in employer and member contribution rates.

(Note 4a)

Investment Receivables - \$15.99 million

The investment receivables balance as of December 31, 2018, decreased by \$0.84 million from \$14.21 million for December 31, 2017. This decrease is due mainly to lower stock dividends receivables.

(Note 4b)

Investment-Related Payables - \$12.36 million

The investment related payables balance as of December 31, 2018, decreased by \$0.23 million from \$12.59 million for December 31, 2017. The decrease is due to investment management fee payments.

(Note 5a)

Future Contracts – Equity Index – Receivable - None

The receivable represents unrealized gains on open future contracts. The total unrealized gain as of December 31, 2018 was none and total unrealized gains as of December 31, 2017 were \$0.34 million.

(Note 5b)

Future Contracts – Equity Index – Liability - \$1.15 million

The liability represents the unrealized losses on open future contracts. The total unrealized losses as of December 31, 2018, and December 31, 2017, were \$1.15 million and \$0.23 million, respectively.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2018

(Note 6)

Equity Index Swaps – Receivables - None and Payables - \$0.24 million

6a. The receivable represents the amount to be received from the counterparties of the equity index swaps. As of December 31, 2018, and December 31, 2017, the amount to be received from equity index swap counterparties were none and \$0.80 million, respectively.

6b. The liability represents the amount owed, but not yet paid, to the counterparties of equity index swaps. As of December 31, 2018, and December 31, 2017, payables to equity index swap counterparties were \$0.24 million and none, respectively.

(Note 7)

Foreign Exchange Contracts – Receivable \$0.10 million and Liability \$3.65 million

7a. Foreign exchange (FX) contracts include currency forward contracts and spot contracts. As of December 31, 2018, and December 31, 2017, unrealized gains on FX contracts were \$0.10 million and \$0.67 million, respectively. The \$0.57 million decrease is due to valuation of contracts.

7b. The liability represents unrealized losses on foreign exchange contracts. As of December 31, 2018, and December 31, 2017, the total unrealized losses were \$3.65 million and \$0.47 million, respectively. The \$3.18 million increase is due to valuation of contracts.

(Note 8)

Other Receivables - \$0.11 million

Other receivables as of December 31, 2018, 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, 2018

(Note 9)

Short-Term Investments - \$159.67 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.

As of December 31, 2018	Dollars in Millions
Brandywine	\$ 49.90
AQR Capital Management, LLC	27.94
Unallocated Cash	25.51
Baird Investors	18.59
Capital Guardian	16.09
Loomis	8.67
Mondrian	3.47
Kennedy	2.48
TCW	2.26
Pzena	2.08
Next Century Growth Small Cap	0.98
Bivium - Dundas Partners	0.89
Bivium - Denali Advisors	0.24
Bivium - Radin Capital Partners	0.22
Bivium - Arga Investment Management	0.18
Bivium - Global Alpha Capital Mgmt	0.10
Bivium - Applied Research Management	0.08
Total	\$ 159.67

(Note 10)

International Equity Commingled Funds - \$427.40 million

As of December 31, 2018, and December 31, 2017, the International Equity Commingled Funds were \$427.40 million and \$560.46 million, respectively. The decrease of \$133.06 million is due to market depreciation.

(Note 11)

International Fixed Income -Commingled Funds - \$135.45 million

The decrease of \$5.66 million from the prior year is mainly due to unrealized losses. 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, 2018

(Note 12)

Real Estate - Separate Properties - \$69.12 million

The following is a summary of Real Estate – Separate Property investments as of December 31, 2018, and December 31, 2017. The year over year increase of \$2.58 million is due to the market appreciation of the Oakland 14th Street property.

(Dollars in Millions)

<u>Investment</u> <u>Manager</u>	<u>Net Mkt. Value</u> <u>2018</u>	<u>Net Mkt. Value</u> <u>2017</u>	<u>No. of Properties</u> <u>2018</u>	<u>No. of Properties</u> <u>2017</u>
RREEF	\$ 69.12	\$ 66.54	1	1

(Note 13)

Real Estate - Commingled Funds - \$492.12 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 \$46.52 million in 2018 as compared to 2017 is mostly due to additional investments net of distributions.

(Note 14a)

Absolute Return - \$696.83 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$394.34 million in 2018 as compared to 2017 is predominantly due to additional investments.

(Note 14b)

Private Equity - \$522.44 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$78.81 million in 2018 as compared to 2017 is predominantly due to additional investments net of distributions.

(Note 15)

Capital Assets at Cost (Net of Accumulated Depreciation and Amortization) - \$1.49 million

	<u>12/31/2018</u>	<u>12/31/2017</u>
Equipment, Furniture & Information Systems	\$ 13.49	\$ 13.49
Electronic Document Management System	4.16	4.16
Less: Accumulated Depreciation	(17.62)	(17.59)
Net Book Value	\$ 0.03	\$ 0.06
Leasehold Improvements	2.59	2.59
Less: Accumulated Depreciation	(1.13)	(1.04)
Net Book Value	\$ 1.45	\$ 1.55
Total Capital Assets, Net	\$ 1.49	\$ 1.60

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2018

Depreciation is computed using the straight-line method for most assets not relevant over the following estimated useful lives:

<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"/> Disaster Recovery	5 years
<input type="checkbox"/> Leasehold Improvements	27.5 years

(Note 16)

Accrued Administration Expenses - \$2.26 million

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

(Note 17)

17a. Members' Benefits & Refunds Payable - \$4.15 million

Members Benefits and Refund Payable as of December 31, 2018, are detailed as follows:

<i>Accrued Benefits and Refunds</i>	<i>12/31/2018</i>	<i>12/31/2017</i>
Basic Active Death Benefits	\$ 0.74	\$ 0.46
Active Death Contribution Refunds	2.01	1.05
Retired Death Benefits	1.40	1.34
Members' Contribution Refunds	-	0.62
Total Members' Benefit & Refunds Payable	\$ 4.15	\$ 3.47

17b. Retirement Payroll Deductions Payables - \$0.36 million

The balance for December 31, 2018, includes health premium prepayments for 12 retirees and year-end accrual of unpaid HRA benefits. The corresponding balance for December 31, 2017, of \$0.51 million included prepayments for 4 retirees and accrual of HRA benefits.

(Note 18)

Contributions - \$364.41 million

The increase in contributions of \$28.02 million in 2018 as compared to 2017 is primarily due to the slight increases in employer and member contribution rates. For the first three quarters of 2018, the average member and employer contribution rates were 0.03% and 0.10% higher than the rate in effect for the same time period in 2017, respectively.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2018

(Note 19)

Interest, Dividend, and Other Investment Income - \$117.35 million

<i>Interest, Dividend, and Other Investment Income</i>	<i>For the Year Ended</i>	
	<i>12/31/2018</i>	<i>12/31/2017</i>
Interest Income	\$ 48.43	\$ 41.14
Dividend Income	67.16	69.97
Real Estate Income	22.53	22.24
PEARLS Income (Loss) ⁽¹⁾	(21.08)	(1.80)
Other Investment Income	0.23	0.65
Directed Brokerage Commission Recapture	0.08	0.13
Total Interest, Dividend, and Other Investment Income ⁽²⁾	\$ 117.35	\$ 132.32

⁽¹⁾The PEARLS Income (Loss) represents the net operating results of all Private Equity, Absolute Return and Real Assets Funds.

⁽²⁾The decrease of \$14.97 million from 2017 is primarily due to PEARLS (Loss).

(Note 20)

Investment Expenses - \$57.50 million

	<i>Basis Points</i>	<i>For the Year Ended</i>	
		<i>12/31/2018</i>	<i>12/31/2017</i>
Investment Manager and Incentive Fees	67.73	\$ 51.37	\$ 53.15
Investment Custodian	0.73	0.56	0.54
Investment Consultants and Other Expenses (*)	3.26	2.47	1.40
Subtotal Investment Services	71.72	54.40	55.09
Investment Allocated Costs	4.09	3.10	2.83
Total Investment Expenses (**)	75.81	\$ 57.50	\$ 57.92

(*) *Investment Consultant and Other Expenses:*

	<i>Basis Points</i>	<i>For the Year Ended</i>	
		<i>12/31/2018</i>	<i>12/31/2017</i>
Investment Advising & Performance (Pearls, Alternative Investment)	1.17	\$ 0.89	\$ 0.89
Consultant - Portfolio Rebalancing	0.06	0.05	0.08
Consultant - Legal (Alternative Investment)	0.33	0.25	0.15
Subtotal – Consultants Expenses	1.56	1.18	1.12
Proxy Services	0.07	0.05	0.05
Transaction Cost Analysis	0.06	0.05	0.05
Other Expenses (includes software support) ***	1.57	1.19	0.18
Subtotal – Other Investment Expenses	1.70	1.29	0.28
Total Investment Consultants & Other Exp.	3.26	\$ 2.47	\$ 1.40

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2018

(**) The \$0.42 million decrease in total investment expenses from 2017 is predominantly due to investment management and incentive fees in Real Estate, Private Equity, Absolute Return and Real Assets.

(***) The \$1.01 million increase in total other expenses from 2017 is primarily due to Capital Group Foreign Tax Payments.

(Note 21)

Net Investment Gain (Loss) - \$357.65 million

The breakdown of net investment income (loss) is as follows:

	<i>For the Year Ended</i>		<i>Inc./(Dec.)</i>
	<i>12/31/2018</i>	<i>12/31/2017</i>	<i>from previous year</i>
Paper gains/(losses) (Unrealized gains/(losses))	\$ (1,572.61)	\$ 870.38	\$ (2,442.99)
Actual gains/(losses) (Realized gains/(losses))	1,154.86	361.06	793.79
Investment Income (Interest/Dividend/RE/Other)- Net of Expenses	60.10	74.40	(14.30)
Total Net Income (Loss) From Investment Activities	\$ (357.65)	\$ 1,305.84	\$ (1,663.50)

(Note 22)

Securities Lending Net Income - \$1.85 million

The securities lending net income balance as of December 31, 2018, and December 31, 2017, were \$1.85 million and \$2.39 million, respectively.

(Note 23)

Miscellaneous Income - \$1.43 million

The miscellaneous income of \$1.43 million is predominately from prior years' class action litigation settlements.

(Note 24)

Service Retirement and Disability Benefits - \$459.14 million

The increase of \$25.68 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 278 in the total number of retirees receiving benefits, from 9,473 at 12/31/17 to 9,751 at 12/31/18.

(Note 25)

Death Benefits - \$2.96 million

The death benefits paid out during the year ended December 31, 2018, were comprised of \$0.20 million of Retired Death Benefits, \$0.68 million of Active Death Benefits, and \$2.08 million of Survivorship Benefits.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2018

(Note 26)

Total Administration - \$16.46 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 breakdown on total Administration Expenses is as follows:


	<u>For the Year Ended</u>		<u>Inc./(Dec.)</u>
	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>from previos</u>
<u>Total Administration Expenses</u>			<u>year</u>
Administrative Expenses	\$ 11.77	\$ 11.08	0.69
Actuarial Expenses	0.36	0.48	(0.12)
Business Continuity Expenses	0.59	0.40	0.19
Legal Expenses	1.57	1.61	(0.03)
Technology Expenses	0.94	1.00	(0.06)
401(h) Administrative Expenses	1.22	1.20	0.02
Total Administration	\$ 16.46	\$ 15.77	\$ 0.69



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 6, 2019

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Total Operating Expense Budget Summary for the year ended December 31, 2018

ACERA's operating expenses are \$242K under budget for the year ended December 31, 2018. Budget overages and surpluses worth noting are as follows:

Budget Overages

1. *Staffing*: Staffing is \$275K over budget. This amount comprises overage in temporary staffing of \$646K due to vacant positions filled by temporary staff, which is offset by surplus in staff vacancies of (\$369K) and fringe benefits of (\$2K).
2. *Uncollectable Benefits Payments*: Uncollectable benefits payments are \$29K over budget. This is due to more discharged in actual as compared to budget.

Budget Surpluses

1. *Staff Development*: Staff Development is \$211K under budget. The is due to savings from unattended staff trainings and reductions in headcount.
2. *Professional Fees*: Professional Fees are \$39K under budget. This amount comprises surpluses in actuarial fee of (\$12K), legal fees of (\$25K) and external audit fees of (\$2K).
3. *Office Expense*: Office Expense is \$18K under budget. This amount comprises surpluses in bank charges and miscellaneous administrative expenses of (\$10K), office maintenance and supplies of (\$19K), communication expense of (\$6K), and minor equipment and furniture of (\$6K), which are offset by overages in building expenses of \$10K, and printing and postage of \$13K.
4. *Insurance*: Insurance is \$7K under budget. This entire amount is a saving due to negotiated reduction of premiums for insurance purchased through Arthur Gallagher.
5. *Member Services*: Member Services are \$69K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$20K), health reimbursement account of (\$5K), members training and education of (\$6K) and members printing and postage of (\$49K), which are offset by overage in disability medical expense of \$11K.

6. *Systems:* Systems are \$54K under budget. This amount comprises surpluses in software maintenance and support of (\$82K) due to delays in database migration project, computer maintenance of (\$1K), minor computer hardware of (\$2K) which are offset by overages in business continuity expense of \$18K and county data processing of \$13K.
7. *Depreciation:* Depreciation is \$6K under budget. This is primarily due to fully depreciated fixed assets included in office equipment, EDMS and disaster recovery equipment.
8. *Board of Retirement:* Board of Retirement is \$142K under budget. This amount comprises surpluses in board miscellaneous expense of (\$25K) primarily due to delays in software upgrade for trustees and board room recording upgrade, board compensation of (\$6K), board election of (\$13K), board strategic planning of (\$14K), board conferences & training of (\$15K) and savings of (\$69K) from 2017 board employer reimbursement accruals.

Staffing Detail

As of December 31, 2018, ACERA had the following vacant positions:

Department	Position	QTY	Comments
Administration	Assistant CEO	1	Work out of class – currently budgeted until 12/2018
Benefits	Retirement Specialist	3	Filled by temporary staff - budget allocation started in 09/2018
Benefits	Retirement Specialist	3	Filled by temporary staff - currently budgeted until 12/2018
Benefits	Retirement Support Specialist	1	Filled by temporary staff – budget allocation started in 09/2018
Fiscal Services	Assistant Retirement Accounting Manager	1	Retired - currently budgeted until 12/2018
Fiscal Services	Retirement Accountant II	1	Retired - currently budgeted until 12/2018
Investments	Admin Support Specialist	1	Resigned - currently budgeted until 12/2018
Investments	Investment Analyst	2	Resigned - currently budgeted until 12/2018
Total Positions		13	



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSE SUMMARY

YEAR TO DATE - ACTUAL VS. BUDGET					
<u>December 31, 2018</u>					
	<u>Actual</u> <u>Year-To-Date</u>	<u>Budget</u> <u>Year-To-Date</u>	<u>YTD</u> <u>Variance</u> <u>(Under)/Over</u>	<u>2018</u> <u>Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
Staffing	\$ 14,124,583	\$ 13,850,200	\$ 274,383	\$ 13,850,200	102.0%
Staff Development	347,547	559,000	(211,453)	559,000	62.2%
Professional Fees (Next Page)	1,104,441	1,143,000	(38,559)	1,143,000	96.6%
Office Expense	511,935	530,000	(18,065)	530,000	96.6%
Insurance	1,270,955	1,278,000	(7,045)	1,278,000	99.4%
Member Services	402,488	470,800	(68,312)	470,800	85.5%
Systems	1,137,340	1,191,000	(53,660)	1,191,000	95.5%
Depreciation	119,662	126,000	(6,338)	126,000	95.0%
Board of Retirement	486,163	628,000	(141,837)	628,000	77.4%
Uncollectable Benefit Payments	59,230	30,000	29,230	30,000	197.4%
Total Operating Expense	\$ 19,564,344	\$ 19,806,000	\$ (241,656)	\$ 19,806,000	98.8%
Investment Consultant Fees	2,472,127	1,823,000	649,127	1,823,000	135.6%
Investment Custodian Fees	556,372	550,000	6,372	550,000	101.2%
Investment Manager and Incentive Fees	49,968,594	52,879,000	(2,910,406)	52,879,000	94.5%
Total Portfolio Management Investment Expense	\$ 52,997,093	\$ 55,252,000	\$ (2,254,907)	\$ 55,252,000	95.9%
Total Operating and Portfolio Management Investment Expense	\$ 72,561,437	\$ 75,058,000	\$ (2,496,563)	\$ 75,058,000	96.7%



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET

December 31, 2018

	<u>Actual Year-To-Date</u>	<u>Budget Year-To-Date</u>	<u>YTD Variance (Under)/Over</u>	<u>2018 Annual Budget</u>	<u>% Actual to Annual Budget</u>
Professional Fees					
Consultant Fees - Operations and Projects ¹	\$ 359,552	\$ 360,000	\$ (448)	\$ 360,000	99.9%
Actuarial Fees ²	395,909	408,000	(12,091)	408,000	97.0%
External Audit ³	144,585	146,000	(1,416)	146,000	99.0%
Legal Fees ⁴	204,395	229,000	(24,605)	229,000	89.3%
Total Professional Fees	\$ 1,104,441	\$ 1,143,000	\$ (38,559)	\$ 1,143,000	96.6%


	<u>Actual Year-To-Date</u>	<u>Budget Year-To-Date</u>	<u>YTD Variance (Under)/Over</u>	<u>2018 Annual Budget</u>	<u>% Actual to Annual Budget</u>
¹ CONSULTANT FEES - OPERATIONS AND PROJECTS:					
Benefits					
Keenan (Benefit Consultant/Retiree Open Enrollment)	115,171	115,000	171	115,000	100.1%
Keenan (Retirees Health Insurance Benefit)	38,500	36,000	2,500	36,000	106.9%
Benefit Consultant (County Retirees Medical)	126,000	126,000	-	126,000	100.0%
Total Benefits	279,671	277,000	2,671	277,000	101.0%
Human Resources					
Lakeside Group (County Personnel)	77,000	77,000	-	77,000	100.0%
Total Human Resources	77,000	77,000	-	77,000	100.0%
Internal Audit					
IDEA Consulting for software	-	3,000	(3,000)	3,000	0.0%
Peer Review - Internal Audit Quality	2,881	3,000	(119)	3,000	96.0%
Total Internal Audit	2,881	6,000	(3,119)	6,000	48.0%
Total Consultant Fees - Operations	\$ 359,552	\$ 360,000	\$ (448)	\$ 360,000	99.9%
² ACTUARIAL FEES					
Actuarial fees (562-00-005)	298,409	311,040	(12,631)	311,000	96.0%
GASB 67 & 68 Valuation (562-00-005)	44,500	45,000	(500)	45,000	98.9%
GASB 74 & 75-Actuarial (562-00-005)	13,000	12,960	40	13,000	100.0%
Actuarial fees-SRBR (562-00-007)	39,000	39,000	-	39,000	100.0%
Actuarial Audit (562-90-415)	1,000	-	1,000	-	0.0%
Total Actuarial Fees	\$ 395,909	\$ 408,000	\$ (12,091)	\$ 408,000	97.0%
³ EXTERNAL AUDIT					
External audit (562-00-004)	122,520	123,000	(480)	123,000	99.6%
GASB 67 & 68 (562-00-004)	11,388	12,000	(612)	12,000	94.9%
GASB 74 & 75-External Audit (562-00-004)	10,676	11,000	(324)	11,000	97.1%
Total External Audit Fees	\$ 144,585	\$ 146,000	\$ (1,416)	\$ 146,000	99.0%
⁴ LEGAL FEES					
Fiduciary Counseling					
Manatt, Phelps & Phillips	-	121,000	(121,000)	121,000	
Nossaman, LLP	84,853	-	84,853	-	
Baker Hostetler	3,981	-	3,981	-	
Kroll LLC	7,270	-	7,270	-	
Meyers/Nave Professional Law Corporation	14,675	-	14,675	-	
Reed Smith (ACD Sheriff's)	60,693	-	60,693	-	
Subtotal	171,472	121,000	50,472	121,000	141.7%
Tax and Benefit Issues					
Hanson, Bridgett, LLP	2,018	42,000	(39,982)	42,000	
Subtotal	2,018	42,000	(39,982)	42,000	4.8%
Litigation					
Byers/Richardson	-	66,000	(66,000)	66,000	
The Law offices of Elizabeth F. McDonald	980	-	980	-	
Subtotal	20,513	-	20,513	-	
Investigation Services	21,493	66,000	(44,507)	66,000	32.6%
Law offices of Amy Oppenheimer	9,412	-	9,412	-	
Subtotal	9,412	-	9,412	-	0.0%
Total Legal Fees	\$ 204,395	\$ 229,000	\$ (24,605)	\$ 229,000	89.3%



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 6, 2019

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Actual Cash and Forecast as of December 31, 2018

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.

The Fiscal Services Department completed a 5-year cash forecasting cycle. In doing so, staff conducted a review of the forecasting methodology in 2018, which revealed an opportunity to create a more robust forecast. To that end, the 2019 cash forecast will include a trend projection for the 2018 contributions which take effect in September 2019. Information for the 2018 year-end review is as follows:

- Table 1 is a summary of the 2018 Cash Forecast vs Actual Cash year-end review;
- Table 2 is the cash forecast for calendar year 2019, which will roll-ward 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 2018:

Table 1			
Cash Forecast vs Actual Cash for the year 2018			
Description	Total Receipts	Total Disbursements	Negative Cash Position
Cash Forecast	\$ 335,591,692	\$ 537,813,907	\$ (202,222,215)
Actual Cash	361,633,074	534,704,781	(173,071,707)
Variance	(26,041,382)	3,109,126	(29,150,508)
Average*	27,773,828	44,406,908	(16,633,080)
Table 1 notes: *This is actual average per month excluding the months having three pay periods.			

Table 1 Variance Analysis: The \$26M variance under "Total Receipts" (Table 1) is the result of an error (i.e., under-estimation) in the 2017 contribution rates for the months of September through December 2018. Staff has corrected the process and implemented a change to the instructional procedure.

Table 2 Cash Forecast: Table 2 provides the current forecasted negative cash position for the period spanning January 1, 2019, to December 31, 2019. The average monthly negative cash position for the referenced period is \$15,561,655. Excluding the two three-pay-period months i.e., May 2019 and November 2019, annotated by an *.

Table 2			
Cash Forecast for the year 2019			
Month-Year	Total Receipts	Total Disbursements	Negative Cash Position
Jan-19	\$ 29,670,000	\$ 45,152,148	\$ (15,482,148)
Feb-19	29,692,285	45,328,523	(15,636,239)
Mar-19	29,801,070	45,575,507	(15,774,437)
Apr-19	29,912,945	45,857,682	(15,944,738)
May-19*	44,858,173	46,394,074	(1,535,901)
Jun-19	30,124,280	45,992,640	(15,868,360)
Jul-19	30,208,653	46,087,980	(15,879,327)
Aug-19	30,299,261	46,160,952	(15,861,691)
Sep-19	31,221,691	46,258,357	(15,036,666)
Oct-19	31,321,583	46,352,498	(15,030,915)
Nov-19*	46,968,149	47,012,301	(44,152)
Dec-19	31,419,812	46,521,839	(15,102,027)
Total	\$ 395,497,901	\$ 552,694,502	\$ (157,196,601)
Average	\$ 30,367,158	\$ 45,928,813	\$ (15,561,655)
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 SSB¹	Total Cash Inflow
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
2015	316,918,096	216,100,000	533,018,096
2014	292,454,010	181,650,000	474,104,010
Table 3 notes: Annualized inflow of total cash receipts. The Cash Draw from SSB, in the second column is the actual net cash drawn from ACERA's investment portfolio.			

¹ (SSB) State Street Bank (SSB)

Table 4**5-Year Annual Cash Outflow**

Year	Retiree Payroll, Accounts Payable, ACERA Payroll, etc.	Cash Return to SSB	Total Cash Outflow
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
2015	454,551,561	78,200,000	532,751,561
2014	430,279,558	44,350,000	474,629,558

Table 4 notes: Annualized outflow of retirement and benefit payments, accounts payable, and ACERA payroll. Excess cash (Cash Return to SSB column) is wired to the SSB HI1A account.

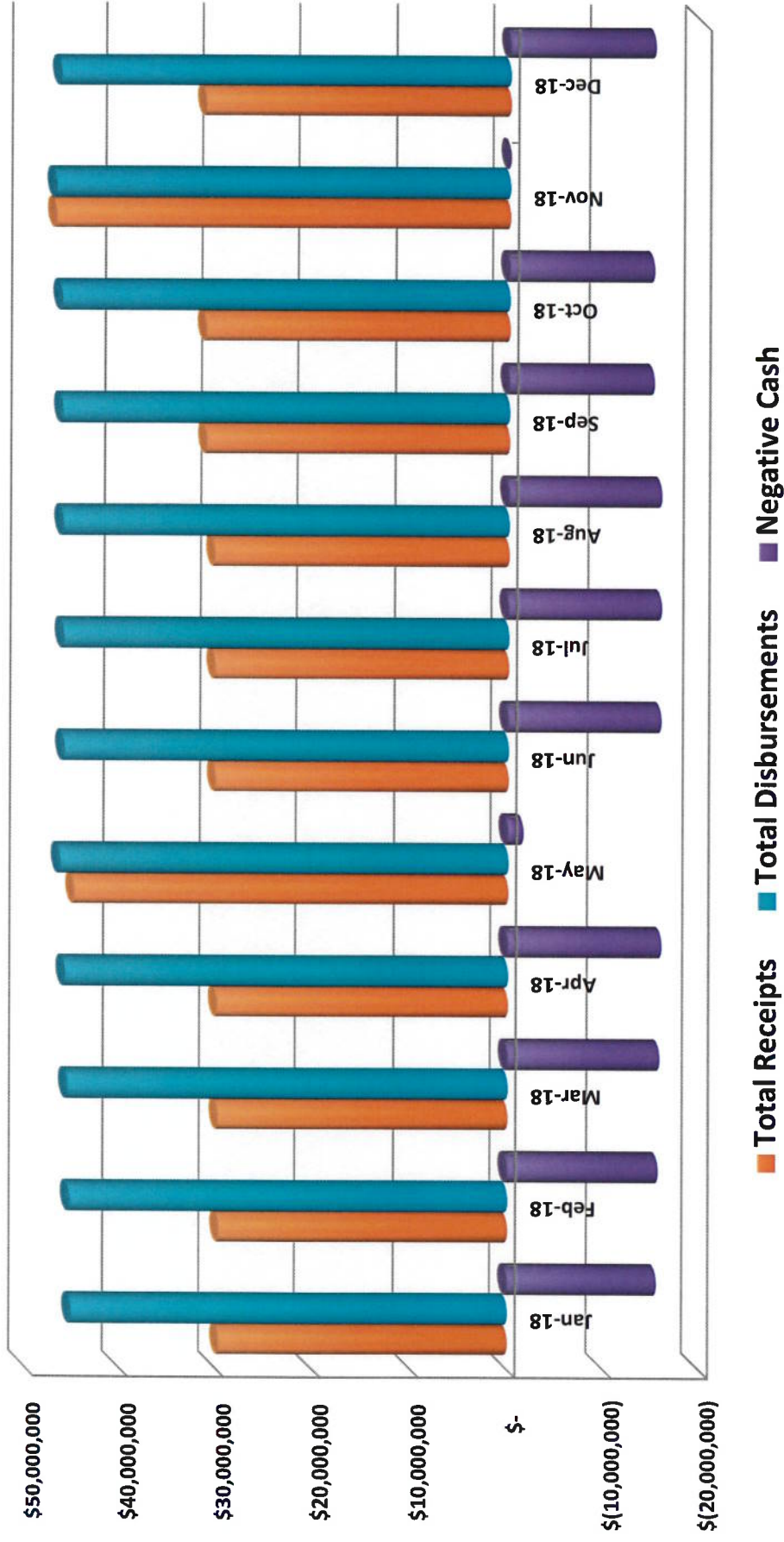
Table 5**5-Year Annual Net Cash Position**

Year	Negative Cash	Net Cash Draw from SSB*	Variance
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
2015	(137,633,465)	137,900,000	266,535
2014	(137,825,548)	137,300,000	(525,548)

Table 5 notes: 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.

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 2019






MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 6, 2019

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: 2018 Year-End Board Conference and Training Expense Report

Executive Summary

The 2018 Board conference and training expense report is attached for your review. As of December 31, 2018, reported expenses totaled \$129,611.

A year-over-year comparison reveals that the Board's 2018 expenses were \$30,441 over the \$99,170 reported 2017 expenses. The Board's expenses comprise the costs associated with attending conferences and training (i.e., registration, transportation, hotel, and meals).

The individual trustee expense allowance for 2018 was \$13,450, for 2019 it is budgeted at \$13,860.

**ACERA Board of Retirement
Conference and Training Expense Report
YTD December 31, 2018**


Month	Date	Conference/Location	Attendee	Sum of Total
January	1/25/18-1/27/18	NASP - Diverse and Emerging Manager Forum	Darryl Walker	\$ 985
	Tarrell Gamble		1,626	
	1/7/18-1/9/18	Opal Public Funds Summit	Darryl Walker	69
January Total				\$ 2,679
February	2/9/18-2/10/18	SEO Alternative Investments	Tarrell Gamble	\$ 555
February Total				\$ 555
March	03/28/18	NASP - 8th Annual Day of Education in Private Equity for Trustees	Darryl Walker	\$ 954
	Tarrell Gamble		973	
	3/12/18-3/14/18	CII Spring Conference	Elizabeth Rogers	2,651
	3/28/18-3/30/18	CALAPRS Advanced Principles of Pension Management	Elizabeth Rogers	3,756
Henry Levy	3,684			
March Total				\$ 12,017
April	04/29/18-05/02/18	Milken Global Conference 2018	Dale Amaral	\$ 12,079
			Darryl Walker	12,513
			George Wood	11,808
			Henry Levy	12,161
			Keith Carson	11,684
	4/10/18-4/11/18	NASP - Pension Bridge Annual Conference	Darryl Walker	109
	4/23/18-4/26/18	The Wharton School University of Pennsylvania, Portfolio Concepts Management	Henry Levy	7,148
Nancy Reilly	6,770			
April Total				\$ 74,271
May	5/15/18-5/18/18	SACRS - Spring Conference	Darryl Walker	\$ 120
			Elizabeth Rogers	1,957
			Henry Levy	1,454
			Liz Koppenhaver	1,102
			Nancy Reilly	1,255
			Tarrell Gamble	1,163
	5/31/18	California Labor Trustee Convening	Darryl Walker	362
May Total				\$ 7,414
June	06/25/18-06/27/18	RFKennedy 9th Annual Compass Investor Conference	Elizabeth Rogers	\$ 2,222
	6/13/18-6/14/18	GCM Grosvenor - Consortium 2018	Tarrell Gamble	1,224
	6/4/18-6/6/18	NASP - 29th Annual Pension & Financial Services Conference	Darryl Walker	2,225
	Tarrell Gamble		1,985	
	6/8/18	CALAPRS Trustees Round Table	Henry Levy	148
	6/5/2018	California Alternative Investments Association - Financial Tech Group - Blockchain as an Asset	Henry Levy	20
June Total				\$ 7,824
July	7/23-24/18	Pension Bridge, Private Equity Exclusive	Tarrell Gamble	\$ 1,118
	7/30/18-8/1/18	IFEBP - Wharton West - Alternative Investment Strategies	Henry Levy	4,019
July Total				\$ 5,137
September	9/11/18	SASB (Sustainability Accounting Standards Board) Open House	Henry Levy	\$ 23
	9/12/18-9/13/18	OPAL Group, Emerging Managers Summit 2018	Tarrell Gamble	1,241
	9/12/18-9/14/18	Principles for Responsible Investment Strategies - PRI in Person	Henry Levy	976
	9/27/18	CAIA (Chartered Alternative Investment Analyst Association) - Fundamentals of Alternative Investments	Tarrell Gamble	795
September Total				\$ 3,035
October	10/13/18-10/17/18	IFEBP Annual Conference	Darryl Walker	\$ 2,365
	Elizabeth Rogers		3,999	
	10/14/18	Keith Carson	3,634	
	10/18/18	Nossaman 2018 Public Pensions and Investments Fiduciaries Forum	Henry Levy	380
			Ophelia Basgal	380
October Total				\$ 10,757
November	11/13/18-11/16/18	SACRS - Fall Conference	Henry Levy	\$ 1,232
			Jaime Godfrey	1,433
			Keith Carson	1,240
			Liz Koppenhaver	932
			Nancy Reilly	1,085
November Total				\$ 5,922
Grand Total				\$ 129,611



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 6, 2019

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: 2018 Year-End Sr. Managers Conference and Training Expense Report

Executive Summary

The 2018 Senior Managers' Conference and Training Expense report is attached for your review. As of December 31, 2018, reported expenses totaled \$77,668.

A year-over-year comparison reveals that the Sr. Managers 2018 expenses were \$21,502 below the \$99,170 reported 2017 expenses. The Sr. Managers expenses comprise the costs associated with attending conferences and training (i.e., registration, transportation, hotel, and meals).

ACERA Sr. Managers
SM Conference and Training Expense Report
January 1, 2018 to December 31, 2018

From	To	Senior Manager	Training/Conference	Total
Training				
01/17/18	01/17/18	Betty Tse	CA Society of CPAs Continuing Education	\$ 70.00
03/07/18	03/07/18	Betty Tse	Continuing Education	795.00
05/22/18	05/22/18	Betty Tse	Continuing Education	410.00
05/31/18	05/31/18	Betty Tse	CALCPA Webcast Continuing Education	306.00
06/21/18	06/21/18	Betty Tse	Continuing Education	306.00
		Betty Tse Training Total		\$ 1,887.00
Conference				
04/29/18	05/02/18	Betty Tse	Milken Conference	\$ 11,954.19
05/15/18	05/18/18	Betty Tse	SACRS Spring Conference	1,400.62
06/04/18	06/04/18	Betty Tse	Trusted Insights	12.90
06/22/18	06/22/18	Betty Tse	CALAPRS Investment Roundtable	149.00
09/20/18	09/20/18	Betty Tse	AAIM Conference	864.78
11/13/18	11/15/18	Betty Tse	SACRS Fall Conference	120.00
		Betty Tse Conference Total		\$ 14,501.49
Conference				
03/06/17	03/08/17	Dave Nelsen	Calaprs General Assembly 2017**	\$ 100.00
01/19/18	01/19/18	Dave Nelsen	Calaprs Administrators Roundtable	887.88
03/03/18	03/06/18	Dave Nelsen	Calaprs General Assembly	1,392.06
05/15/18	05/18/18	Dave Nelsen	SACRS Spring Conference	1,603.53
06/11/18	06/13/18	Dave Nelsen	Calaprs Management Leadership Academy	838.43
06/22/18	06/22/18	Dave Nelsen	Calaprs Administrators Roundtable	135.00
08/04/18	08/08/18	Dave Nelsen	NASRA Conference	2,659.43
09/26/18	09/28/18	Dave Nelsen	Calaprs Administrators Institute 2018	1,250.00
10/18/18	10/18/18	Dave Nelsen	Nossamon LLP 2018 Public Pensions Forum	380.00
11/13/18	11/16/18	Dave Nelsen	SACRS Fall Conference	1,355.00
12/07/18	12/07/18	Dave Nelsen	Calaprs Board of Directors Meeting	582.15
		Dave Nelsen Conference Total		\$ 11,183.48
Training				
02/08/18	02/08/18	Harsh Jadhav	Internal Investigations Webinar	\$ 143.10
02/27/18	02/27/18	Harsh Jadhav	ISACA Training	190.00
03/02/18	03/02/18	Harsh Jadhav	One Note Training	13.06
04/18/18	04/18/18	Harsh Jadhav	Access 2013 Fundamentals	175.00
05/10/18	05/10/18	Harsh Jadhav	Access 2013 Intermediate	175.00
11/01/18	11/01/18	Harsh Jadhav	GFOA GAAP Update	125.00
11/02/18	11/02/18	Harsh Jadhav	Online Business Continuing Education	572.74
11/08/18	11/09/18	Harsh Jadhav	CA CPA Ethics Course & Regulatory Course	189.00
		Harsh Jadhav Training Total		\$ 1,582.90
Conference				
05/06/18	05/09/18	Harsh Jadhav	APPFA Conference	\$ 1,311.53
05/15/18	05/18/18	Harsh Jadhav	SACRS Spring Conference	1,028.47
11/04/18	11/07/18	Harsh Jadhav	APPFA Conference	1,525.93
11/13/18	11/15/18	Harsh Jadhav	SACRS Fall Conference	1,279.27
12/04/18	12/05/18	Harsh Jadhav	Calaprs Training	514.63
		Harsh Jadhav Conference Total		\$ 5,659.83
Training				
06/01/18	07/31/18	Vijay Jagar	Management Coaching & Leadership Academy	\$ 800.00
08/01/18	08/30/18	Vijay Jagar	Management Coaching & Leadership Academy	400.00
09/01/18	09/30/18	Vijay Jagar	Management Coaching & Leadership Academy	200.00
10/01/18	10/31/18	Vijay Jagar	Management Coaching & Leadership Academy	400.00
		Vijay Jagar Training Total		\$ 1,800.00
Conference				
02/21/18	02/21/18	Vijay Jagar	Alternative Investments Security Roundtable	\$ 25.00
04/22/18	04/25/18	Vijay Jagar	PRISM Conference	1,661.29
05/15/18	05/18/18	Vijay Jagar	SACRS Spring Conference	1,026.32
		Vijay Jagar Total		\$ 2,712.61

ACERA Sr. Managers
SM Conference and Training Expense Report
January 1, 2018 to December 31, 2018

From	To	Senior Manager	Training/Conference	Total
Training				
01/16/18	01/16/18	Kathy Foster	SACRS Program Committee	\$ 4.00
		Kathy Foster Training Total		\$ 4.00
Conference				
03/06/17	03/08/17	Kathy Foster	Calaprs General Assembly**	\$ 100.00
02/24/18	02/27/18	Kathy Foster	NASRA Winter Meeting	2,746.98
03/04/18	03/06/18	Kathy Foster	Calaprs General Assembly	1,214.65
05/15/18	05/18/18	Kathy Foster	SACRS Spring Conference	1,286.74
06/08/18	06/08/18	Kathy Foster	Calaprs Benefits Roundtable	149.00
08/26/18	08/29/18	Kathy Foster	ISCEBS Employee Benefits Symposium	3,599.16
10/17/18	10/17/18	Kathy Foster	Calaprs Intermediate Course	625.12
11/12/18	11/16/18	Kathy Foster	SACRS Fall Conference	2,095.65
		Kathy Foster Conference Total		\$ 11,817.30
Conference				
10/27/17	10/27/17	Kathy Mount	Calaprs Attorneys' Roundtable**	\$ 125.00
02/21/18	02/24/18	Kathy Mount	NAPPA Winter Seminar 2018	1,592.28
05/15/18	05/18/18	Kathy Mount	SACRS Spring Conference	985.09
09/20/18	09/21/18	Kathy Mount	Calaprs Attorneys' Roundtable	930.82
09/27/18	09/28/18	Kathy Mount	Disability Retirement Attorney Roundtable	879.54
10/18/18	10/19/18	Kathy Mount	Nossamon Conference	425.00
11/13/18	11/15/18	Kathy Mount	SACRS Fall Conference	1,010.41
		Kathy Mount Conference Total		\$ 5,948.14
Training				
04/18/18	04/18/18	Margo Allen	Advanced Financial Statements	\$ 50.00
11/01/18	11/01/18	Margo Allen	GFOA GAAP Update	125.00
		Margo Allen Training Total		\$ 175.00
Conference				
05/15/18	05/18/18	Margo Allen	SACRS Spring Conference	\$ 120.00
		Margo Allen Conference Total		\$ 120.00
Training				
06/01/18	07/31/18	Sandra Dueñas-Cuevas	Management Coaching & Leadership Academy	\$ 1,000.00
10/24/18	10/24/18	Sandra Dueñas-Cuevas	Disability Laws Leaves Training	\$ 12.00
09/01/18	09/30/18	Sandra Dueñas-Cuevas	Management Coaching & Leadership Academy	\$ 1,200.00
10/01/18	10/31/18	Sandra Dueñas-Cuevas	Management Coaching & Leadership Academy	\$ 400.00
		Sandra Dueñas-Cuevas Training Total		\$ 2,612.00
Conference				
05/15/18	05/18/18	Sandra Dueñas-Cuevas	SACRS Spring Conference	\$ 1,243.26
06/12/18	06/15/18	Sandra Dueñas-Cuevas	IFEBP Certificate Series	3,707.98
09/11/18	09/13/18	Sandra Dueñas-Cuevas	Onbase Conference	1,825.00
09/18/18	09/20/18	Sandra Dueñas-Cuevas	Pension Gold User Conference	683.59
11/13/18	11/15/18	Sandra Dueñas-Cuevas	SACRS Fall Conference	1,322.96
		Sandra Dueñas-Cuevas Conference Total		\$ 8,782.79
Conference				
06/16/18	06/19/18	Victoria Arruda	SHRM Conference	\$ 4,372.07
08/05/18	08/09/18	Victoria Arruda	HR DMEC Conference	2,618.80
10/04/18	10/04/18	Victoria Arruda	Annual Disability Employee Awareness	30.00
12/03/18	12/07/18	Victoria Arruda	CALPELRA Conference	1,861.05
		Victoria Arruda Conference Total		\$ 8,881.92
		Grand Total		\$ 77,668.46

(**) 2017 Expenses paid in 2018.

Note: This report only shows expenses received and processed by the FSD on or before December 31, 2018. This report does not include accruals only actuals.



2019 Operations Committee Work Plan

Action Items	Information Items	Owners
January 2	Canceled	
February 6	1. Discussion and possible motion to approve a New Pay Item – Pay Code XX for Alameda County.	<ul style="list-style-type: none"> • Un-Audited Financial Statements as of 12/31/18 • Operating Expenses as of 12/31/18 • Actual Cash Report as of 12/31/18 • Board Member Conference Expense Report for 4th Qtr. 2018 • Senior Manager Conference and Training Expense Report for 4th Qtr. 2018 • Proposed 2019 Operations Committee Work Plan • Quarterly Call Center Report • Quarterly Report on Member Underpayments and Overpayments
March 6	Proposed Cancellation	<ul style="list-style-type: none"> • Margo
April 3	1. Review, discussion and possible motion to renew the Board Travel Policy with or without revisions 2. Review, discussion and possible motion to renew the Board Education Policy with or without revisions	<ul style="list-style-type: none"> • Operating Expenses as of 02/28/19 • Statement of Reserves as of 12/31/18 • Quarterly Report on Member Underpayments and Overpayments • Report on Non-member Benefit Correction Notices • Report on Retired Death Benefit and Overpayment Offsets
May 1 SACRS May 7-10	Proposed Cancellation	<ul style="list-style-type: none"> • Margo • Margo • Margo • Margo



2019 Operations Committee Work Plan

Action Items		Information Items	Owners
		<ul style="list-style-type: none"> Senior Manager Conference and Training Expense Report for 1st Qtr. 2019 	<ul style="list-style-type: none"> Margo
June 5	<ol style="list-style-type: none"> Review, discussion and possible motion to renew the Board Communications Policy with or without revisions Review, discussion and possible motion to renew the Media Communications Policy with or without revisions Review, discussion and possible motion to renew the Electronic Tablet Policy with or without revisions 	<ul style="list-style-type: none"> Operating Expenses as 04/30/19 Quarterly Call Center Report 	<ul style="list-style-type: none"> Margo Ish <p>#1-3 Kathy M.</p>
July 3	Proposed Cancellation	<ul style="list-style-type: none"> Operating Expenses as of 05/31/19 Quarterly Report on Member Underpayments and Overpayments PRISM Update 	<ul style="list-style-type: none"> Dave Sandra Vijay
August 7	<ol style="list-style-type: none"> Review, discussion and possible motion to renew the Board and Committee Operations Policy with or without revisions Review, discussion and possible motion to renew the Board Policy Development Process with or without revisions Review, discussion and possible motion to renew the Board 	<ul style="list-style-type: none"> Operating Expenses as of 06/30/19 Quarterly Financial Statements as of 06/30/19 Quarterly Cash Forecast Report Board Member Conference Expense Report as of 06/30/19 Senior Manager Conference and Training Expense Report as of 06/30/19 Quarterly Call Center Report 	<ul style="list-style-type: none"> Margo Margo Margo Margo Margo Ish <p>#1-3 Kathy M.</p>



2019 Operations Committee Work Plan

Action Items		Information Items	Owners
	Elections Policy with or without revisions		
September 4	Proposed Cancellation	<ul style="list-style-type: none"> Operating Expenses as of 07/31/19 MMRO Update 	<ul style="list-style-type: none"> Margo Kathy F.
October 2	<ol style="list-style-type: none"> Review, discussion and possible motion to renew the Conflict of Interest Code with or without revisions Review, discussion and possible motion to renew the Conflict of Interest Policy with or without revisions 	<ul style="list-style-type: none"> Operating Expenses as of 08/31/19 Statement of Reserves as of 6/30/19 Quarterly Report on Member Underpayments and Overpayments 	<ul style="list-style-type: none"> Margo Margo Sandra #1-2 Kathy M.
November 6 SACRS Nov. 12-15	Proposed Cancellation	<ul style="list-style-type: none"> Quarterly Financial Statements as of 09/30/19 Operating Expenses as of 09/30/19 Quarterly Cash Forecast Report Board Member Conference Expense Report for 3rd Qtr. 2019 Senior Manager Conference and Training Expense Report for 3rd Qtr. 2019 	<ul style="list-style-type: none"> Margo Margo Margo Margo Margo
December 4		<ul style="list-style-type: none"> Operating Expenses as of 10/31/19 Quarterly Call Center Report 	<ul style="list-style-type: none"> Margo Ish

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) Meeting date is assumed to be the first Wednesday of the month, unless otherwise noted.
- 3) Board Policy and legislative updates will be added as directed by the legal department.
- 4) New pay codes will be added as directed by the benefits department.
- 5) Technology updates will be added as directed by the PRISM department.



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 6, 2019

TO: Members of the Operations Committee

FROM: Ismael Piña, Assistant Benefits Manager

SUBJECT: **4th Quarter 2018 Call Center Report**

Attached is the Member Services and Reception Service Level Report for all quarters of 2018. The Call Center closed out the 2018 year by meeting the service level goal during the final month of 2018. Both Reception and Member Services showed an improvement with a lower number of abandoned calls.

The matrix below provides the five highest call volume categories for the four quarters of 2018.

Q1 Highest Volume	Categories of Calls	Q2 Highest Volume	Categories of Calls	Q3 Highest Volume	Categories of Calls	Q4 Highest Volume	Categories of Calls
322	Retirement related Q's	227	Retirement related Q's	79	Web Member Services related Q's	170	Health/Dental /Vision related Q's
166	Health/Dental /Vision	156	Health/Dental /Vision	65	Retirement related Q's	95	WMS
129	Taxes	97	Account Bal/Award Letters	65	Direct Deposit/Checks related Q's	85	Retirement related Q's
110	WMS	94	Direct Deposit/Checks	59	Health/Dental /Vision related Q's	80	Direct Deposit/Checks
68	Account Bal/Award Letters	80	Taxes	58	Separation /Termination related Q's	47	Separation /Terminations related Q's

Attachment

ACERA

4th Quarter 2018 Member Services and Reception Service Level Report

Performance Indicators	Jan. 2018		Feb. 2018		Mar. 2018		Apr. 2018		May '2018		June '2018	
	Member	Reception	Member	Reception	Member	Reception	Member	Reception	Member	Reception	Member	Reception
Service Level	86.7%	91.9%	81.7%	87.7%	87.3%	90.0%	86.0%	92.4%	73.2%	91.1%	76.0%	85.2%
Total Number of Call Offered	1711	468	1702	521	1716	591	911	328	1388	447	1322	500
ACD Agent Handled Calls	1611	441	1592	476	1625	554	816	313	1206	416	1147	444
Number of Abandoned Calls	36	30	35	47	24	36	19	17	48	34	51	63
Average Hold Time Before Abandon (minutes:seconds)	1:17	0:58	1:05	0:54	1:15	0:57	1:10	1:02	1:17	0:45	1:16	0:52
Abandon Call Rate (Goal: 3% or less)	2.0%	4.9%	2.0%	8.3%	1.3%	5.8%	4.2%	4.3%	3.4%	6.3%	3.8%	10.4%
Number of Interflow Calls	65	4	76	2	68	3	78	5	135	3	125	4
Interflow Rate (Goal: 3% or less)	3.80%	0.85%	4.47%	0.38%	3.96%	0.51%	8.56%	1.52%	9.73%	0.67%	9.46%	0.80%
Average Talk Time (minutes:seconds)	4:23	1:55	4:24	2:15	4:28	2:38	2:01	2:18	2:50	2:07	3:43	1:48

Performance Indicators	Jul. 2018		Aug. 2018		Sept. 2018		Oct. 2018		Nov. 2018		Dec. 2018	
	Member	Reception	Member	Reception	Member	Reception	Member	Reception	Member	Reception	Member	Reception
Service Level	81.2%	91.7%	86.3%	91.7%	89.3%	92.9%	87.2%	90.7%	88.9%	91.7%	85.2%	93.9%
Total Number of Call Offered	1477	508	1413	541	1136	448	1815	604	1572	511	702	263
ACD Agent Handled Calls	1305	467	1287	500	1073	416	1668	548	1463	481	632	245
Number of Abandoned Calls	44	46	29	40	10	38	31	57	26	34	19	21
Average Hold Time Before Abandon (minutes:seconds)	1:12	0:52	1:18	1:00	0:46	1:03	1:36	0:51	1:20	0:49	0:49	0:47
Abandon Call Rate (Goal: 3% or less)	3.4%	7.9%	3.2%	7.0%	1.3%	6.9%	5.3%	8.4%	6.1%	5.7%	9.4%	6.5%
Number of Interflow Calls	131	1	22	3	53	1	119	5	85	1	54	1
Interflow Rate (Goal: 3% or less)	8.87%	0.20%	8.10%	0.55%	4.67%	0.22%	6.56%	0.83%	5.41%	0.20%	7.69%	0.38%
Average Talk Time (minutes:seconds)	2:09	3:06	2:19	3:04	2:19	3:18	2:13	3:36	2:35	3:20	2:34	3:22

Service Level Goal: Answer 90% or more of calls in 30 seconds or less.

Interflow is defined: When all calls coming in cannot be handled by Reception or Member Services, the calls are automatically "inter-flowed" to the ACERA general voicemail box.

2018

Total Member Calls 16,865.00

Total Reception Calls 5,730.00


TOTAL - Both 22,595.00



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 6, 2019

TO: Members of the Operations Committee

FROM: Jessica Huffman, Retirement Benefits Manager 

SUBJECT: **Quarterly Report on Member Underpayments and Overpayments**

Attached are the quarterly reports regarding member contributions and overpayments of retirement allowance due to death for the most current six-month period. The report regarding Staff errors contains the cases initially presented that have not yet been resolved, along with recently discovered errors. The information below provides more specifics in each of these categories.

Overpayments of Retirement Allowance Due to Death

This report provides any payments made after the death of a retiree. In instances where a death is not reported timely, an overpayment occurs. For the six-month reporting period March 25, 2018 through September 22, 2018, 134 deaths occurred. There are 4 overpayments due to unreported deaths to report at this time. Staff is actively attempting to collect on these overpayments.

Staff Errors

The case on this report has previously been provided. (Note, the amount due has been adjusted due to the revision to the Recovery Of Over And Underpayment Of Member Benefits & Underpayment Of Member Contributions Policy). There are no other overpayments due to staff errors to report.

Health Reimbursement Arrangements (HRA's)

Staff has been working on a project and a procedure to address HRA overpayments, which generally occurs due to late notices of retiree deaths. In January 2019, overpayments from 2013 to 2017 were discharged as staff deemed them uncollectable. Now that a procedure is in place to reconcile these overpayment amounts, we will be adding these amounts as they occur to this quarterly report beginning with the next report.

Overpayments and Underpayments of Member Contributions

This report, which is for the period March 25, 2018 through September 22, 2018, shows discrepancies in member contribution amounts resulting in an underpayment or overpayment above the \$50 threshold, average time to resolve, and an explanation of the error type. For this reporting period, Staff identified eleven members who underpaid their mandatory employee contributions and three members who overpaid their mandatory employee contributions. Staff reviewed and resolved each of the fourteen cases of incorrect payment. There were a total of 2,504 exceptions from all Participating Employers. The most common exception type was overpayments due to the Employers withholding retirement contributions based on the incorrect salary.

Attachments

Overpayments of Retirement Allowance Due to Unreported Death
March 25, 2018 to September 22, 2018

Benefit Type	Date of Death	Date ACERA was notified of Death	Last Check Issued	Net Receivable Owed	Staff's Comment
Service Retirement – Continuance Account	6/29/2018	07/04/2018	06/29/2018	\$ 205.72	Payee received pension payments via physical paper checks. Due to this payment method, Staff is not able to request monies to be returned from the payee's financial institution. Three unsuccessful attempts have been made to collect the overpayment from the Public Guardian on file. Staff will continue to attempt collection of overpayment.
Service Retirement –	06/26/2018	07/13/2018	06/29/2018	\$ 3,100.82	Staff initiated ACH reversal request with Well Fargo but was unsuccessful at collecting. Three unsuccessful attempts have been made to collect the overpayment from the family. Staff will continue to attempt collection of overpayment.
Service Retirement –	03/16/2018	05/18/2018	3/31/2018	\$ 283.65	Due to the late notification of the retiree's death in May, Staff was not able to request the return of the funds through an ACH reversal request with Wells Fargo. Three unsuccessful attempts have been made to collect the overpayment from the beneficiary. Staff will continue to attempt collection of overpayment.
Service Retirement –	06/26/2018	07/13/2018	06/29/2018	\$ 6,521.38	Staff initiated ACH reversal request with Well Fargo but was unsuccessful at collecting. Two unsuccessful attempts have been made to collect the overpayment from the family. Staff will continue to attempt collection of overpayment.
Total Receivable				\$10,111.57	

Report on Staff Errors - Overpayments
March 25, 2018 to September 22, 2018

Payee #	Error Type	Overpayment Amount	Retiree/ Payee Age	Retiree / Payee Income	Payment Attempt
1	This is an ex-spouse who received community property share of retiree's allowance in error upon retiree's death in November of 2008. Legal interpretation of court order and law is that continuance of benefit should not have been paid.	\$140,079.74 – Revised amount after revision to ACERA's Recovery of Over and Overpayment of Member Benefits & Underpayment of Member Contributions Policy - \$115,414.30	72	Monthly income of \$1,518 from ACERA was terminated with the October 2015 payroll.	Attorney reviewed ACERA's files and has provided a "Request for ACERA to Cease any Effort to Recoup any Alleged Pension Overpayments", dated 12/19/2016. Staff attempted to assess assets to determine whether compromise is appropriate due to hardship. Multiple requests to complete the hardship form were sent to the attorney and to payee with no response. Revised amount due letter sent in July 2018 due to revision to ACERA's Recovery Of Over And Underpayment Of Member Benefits & Underpayment Of Member Contributions Policy. Case was turned over to the Legal Department for further action. On Oct 9, 2018 ACERA filed a complaint-recovery of overpayment in Superior Court, Alameda County. Two additional letters sent 10/16/18 & 12/4/2018 requesting repayment and to discuss possible ways to resolve the filed lawsuit without resolution. Payee was served 12/10/2018. Deadline for response of defendant at Superior Court is 2/1/2019. Case Management Conference is scheduled 2/15/2019. No further updates at this time.
Total Receivable Accrual		\$115,414.30			

Active Members - Overpayments and Underpayments of Member Contributions
March 25, 2018 to September 22, 2018

Alameda County					
	Amount	Date Discovered/ Received	Date Completed	# of days to complete	Cause
Overpayments: 1	\$784.15	8/21/2018	8/29/2018	9	Age Adjustment Due to the Establishment of Reciprocity
2	\$799.46	9/17/2018	9/17/2018	1	Employer Withheld Contribution Based on Incorrect Salary
3	\$1,090.90	9/5/2018	9/5/2018	1	Employer Withheld Contribution Based on Incorrect Salary
Underpayments: 1	\$78.78	07/24/2018	07/31/2018	8	Employer Withheld Contribution Based on Incorrect Salary
Summary	Most Common Exception Type: Employer Withheld Contribution Based on Incorrect Salary Total Exceptions: 1353 % Above Exceptions of Total Exceptions: 0.30%				

Alameda County Housing Authority					
	Amount	Date Discovered/ Received	Date Completed	# of days to complete	Cause
Overpayments	No Overpayments to Report				
Underpayments	No Underpayments to Report				
Summary	Most Common Exception Type: N/A Total Exceptions: 69 % Above Exceptions of Total Exceptions: 0.00%				

Alameda Health Systems				
	Amount	Date Discovered/ Received	Date Completed	# of days to complete
Overpayments				No Overpayments to Report
Underpayments: 1	\$57.80	09/17/2018	09/17/2018	1
2	\$144.95	10/16/2018	10/16/2018	1
Summary	Most Common Exception Type: Employer Withheld Contribution Based on Incorrect Salary Total Exceptions: 855 % Above Exceptions of Total Exceptions: 0.23%			

First 5 Alameda County				
	Amount	Date Discovered/ Received	Date Completed	# of days to complete
Overpayments				No Overpayments to Report
Underpayments: 1	\$119.52	7/23/2018	07/23/2018	1
Summary	Most Common Exception Type: N/A Total Exceptions: 17 % Above Exceptions of Total Exceptions: 5.88%			

Alameda County Superior Courts					
	Amount	Date Discovered/ Received	Date Completed	# of days to complete	Cause
Overpayments	No Overpayments to Report				
Underpayments: 1	\$67.19	09/04/2018	09/04/2018	7	Employer Withheld Contribution Based on Incorrect Salary
2	\$75.46	05/15/2018	05/15/2018	1	Employer Withheld Contribution Based on Incorrect Salary
3	\$85.47	05/02/2018	05/02/2018	1	Employer Withheld Contribution Based on Incorrect Salary
4	\$101.07	10/12/2018	10/12/2018	1	Employer Withheld Contribution Based on Incorrect Salary
5	\$107.51	10/24/2018	10/29/2018	6	Employer Withheld Contribution Based on Incorrect Salary
6	\$193.99	10/23/2018	10/23/2018	1	Employer Withheld Contribution Based on Incorrect Salary
7	\$302.55	07/02/2018	07/02/2018	1	Employer Withheld Contribution Based on Incorrect Salary
Summary	Most Common Exception Type: Employer Withheld Contribution Based on Incorrect Salary Total Exceptions: 197 % Above Exceptions of Total Exceptions: 3.55%				

Livermore Area Recreation and Park District					
	Amount	Date Discovered/ Received	Date Completed	# of days to complete	Cause
Overpayments	No Overpayments to Report				
Underpayments	No Underpayments to Report				
Summary	Most Common Exception Type: N/A Total Exceptions: 13 % Above Exceptions of Total Exceptions: 0.00%				