



Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

NOTICE and AGENDA

ACERA MISSION:

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

**Thursday, May 22, 2025
2:00 p.m.**

LOCATION AND TELECONFERENCE	BOARD OF RETIREMENT TRUSTEES	
ACERA C.G. "BUD" QUIST BOARD ROOM 475 14TH STREET, 10TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574 The public can observe the meeting and offer public comment by using the below Webinar ID and Passcode after clicking on the below link or calling the below call-in number. Link: https://zoom.us/join Call-In: 1 (669) 900-6833 US Webinar ID: 879 6337 8479 Passcode: 699406 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	KELLIE SIMON	ELECTED GENERAL
	CHAIR	
	TARRELL GAMBLE	APPOINTED
	FIRST VICE-CHAIR	
	ELIZABETH ROGERS	ELECTED RETIRED
	SECOND VICE-CHAIR	
	OPHELIA BASGAL	APPOINTED
	KEITH CARSON	APPOINTED
	ROSS CLIPPINGER	ELECTED SAFETY
	HENRY LEVY	TREASURER
	STEVEN WILKINSON	APPOINTED
	GEORGE WOOD	ELECTED GENERAL
	CYNTHIA BARON	ALTERNATE RETIRED¹
	KEVIN BRYANT	ALTERNATE SAFETY²

¹ The Alternate Retired Member votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General Members, or the Safety Member and an Elected General Member, are absent.

² The Alternate Safety Member votes in the absence of the Elected Safety Member, either of the two Elected General Members, or both the Retired and Alternate Retired Members.

Note regarding accommodations: If you require a reasonable modification or accommodation for a disability, please contact ACERA between 9:00 a.m. and 5:00 p.m. at least 72 hours before the meeting at accommodation@acera.org or at 510-628-3000.

Public comments are limited to four (4) minutes per person in total. The order of items on the agenda 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 posted online at www.acera.org and also may be inspected at 475 14th Street, 10th Floor, Oakland, CA 94612-1900.

1. CALL TO ORDER

2. ROLL CALL

3. PUBLIC COMMENT

4. CONSENT CALENDAR:

The Board will adopt the entire Consent Calendar by a single motion, unless one or more Board members remove one or more items from the Consent Calendar for separate discussion(s) and possible separate motion(s).

A. REPORT ON SERVICE RETIREMENTS:

Appendix A

B. LIST OF DEFERRED RETIREMENTS:

Appendix B

C. LIST OF DECEASED MEMBERS:

Appendix C

D. APPROVE REQUEST(S) FOR UP TO 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT:

None

E. APPROVE UNCONTESTED STAFF RECOMMENDATIONS ON DISABILITY RETIREMENTS AND DEATH BENEFITS:

Appendix E

F. APPROVE UNCONTESTED HEARING OFFICER RECOMMENDATIONS FOR DISABILITY RETIREMENTS AND DEATH BENEFITS:

None

G. APPROVE MINUTES of BOARD and COMMITTEE MEETINGS:

April 17, 2025 Minutes of the Regular Board Meeting

April 17, 2025 Actuarial Committee Minutes

April 17, 2025 Audit Committee Minutes

H. MISCELLANEOUS:

- *Operating Expenses as of 03/31/25*
- *Quarterly Financial Statements as of 03/31/25*
- *Quarterly Cash Forecast Report for 1st Qtr. 2025*
- *Board Member Conference Expense Report for 1st Qtr. 2025*
- *Senior Manager Conference and Training Expense Report for 1st Qtr. 2025*
- *Approve Staff Recommendation regarding the Alameda Health System's New Pay Item/Code: RCP III DIF 5% – 20M*

**-----End of Consent Calendar-----
(MOTION)**

REGULAR CALENDAR
REPORTS AND ACTION ITEMS

5. DISABILITY, DEATH AND OTHER BENEFIT CLAIMS:

- A. None.

6. COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS:

- A. **Actuarial:** **[See May 22, 2025 Actuarial Committee Agenda Packet for public materials related to the below listed items.]**

1. Summary of May 22, 2025 Meeting.
2. Motion to adopt the Actuarial Valuation and Review as of December 31, 2024.

- B. **Audit:** **[See May 22, 2025 Audit Committee Agenda Packet for public materials related to the below listed items.]**

1. Summary of May 22, 2025 Meeting.
2. Motion to approve the December 31, 2024 Audited Financial Statements and Independent Auditor's Report.
3. Motion to adopt the Government Accounting Standards Board (GASB) Statement No. 67 Actuarial Valuation and Addendum as of December 31, 2024.
4. Motion to adopt the Government Accounting Standards Board (GASB) Statement No. 74 Actuarial Valuation and Addendum as of December 31, 2024.

7. OLD BUSINESS:

- A. Update from Staff and Possible Motion regarding the Standby Pay Project.

8. NEW BUSINESS:

- A. Motion that after contributions are made to the 401(h) accounts by the respective Participating Employers, ACERA, in accordance with the California Employees' Retirement Law (CERL), treat an equal amount of Supplemental Retiree Benefits Reserve (SRBR) assets as employer contributions for pensions and transfer the amount equal to the pro rata share of the 401(h) contributions for the 2025-2026 fiscal year for each Participating Employer. The exact amount will be adjusted by the balance remaining in each of their 401 (h) accounts and is contingent upon receipt by ACERA of an authorizing resolution from each of the Participating Employers' governing bodies.

- B.** ACERA 2025 Board of Retirement Election Update.
- C.** Discussion and possible motion to amend ACERA's Disability Retirement Procedures to delegate authority to the Chief Executive Officer to order medical examinations and questionnaires for members receiving disability retirement allowances.
- D.** Discussion and Possible Motion Regarding Whether Retired Annuitants May Receive a Monthly Medical Allowance through an HRA.
- E** Chief Executive Officer's Report.

9. CONFERENCE/ORAL REPORTS

10. ANNOUNCEMENTS

11. BOARD INPUT

12. ESTABLISHMENT OF NEXT MEETING:

Wednesday, June 18, 2025 at 2:00 p.m. (Rescheduled due to the County Holiday on Thursday, June 19, 2025).

13. CLOSED SESSION:

- A.** Conference With Legal Counsel—Existing Litigation (Gov't Code § 54956.9(d)(1)): Michael Grygo v. Alameda County Employees' Retirement Association, Alameda County Superior Court Case No: 25CV118189.
- B.** Conference With Legal Counsel—Existing Litigation (Gov't Code § 54956.9(d)(1)): Michael Dalisay v. Alameda County Employees' Retirement Association, Alameda County Superior Court Case No: 24CV096325.

14. REPORT ON ACTION TAKEN IN CLOSED SESSION

15. ADJOURNMENT

APPENDIX A
REPORT ON SERVICE RETIREMENT

BLACK, Carolyn
Effective: 2/27/2025
Social Service Agency

COLVIN, Lucy
Effective: 2/15/2025
Alameda Health System

BLOEDE, Carolyn
Effective: 3/29/2025
General Services Agency

CONNER, Stephanie
Effective: 4/1/2025
Department of Child Support

BROOKS, Lawrence
Effective: 3/1/2025
Community Development Agency

CORDERO, Laila
Effective: 2/15/2025
Alameda Health System

BRUNER, Brenda
Effective: 2/15/2025
Sheriff's Office

COURTNEY, Breton
Effective: 2/15/2025
Health Care Service Agency

CAMPBELL-BELTON, Anika
Effective: 2/22/2025
County Administrator Office

CRUZ, Mary
Effective: 2/21/2025
Social Service Agency

CANALIN, Susan
Effective: 2/1/2025
General Services Agency

DOWNING, Caryn
Effective: 3/1/2025
Courts

CARTER, Steven
Effective: 2/8/2025
General Services Agency

FIEN, Jason
Effective: 3/1/2025
Sheriff's Office

CHATMAN, Christopher
Effective: 2/18/2025
Probation

GABATO, Edward
Effective: 3/14/2025
Probation

CHEN, Arthur
Effective: 8/23/2024
Public Health

GUESS, Erin
Effective: 3/1/2025
Probation

CHOI, Anthony
Effective: 3/1/2025
Zone 7

HAGEN, Dale
Effective: 3/1/2025
Community Development Agency

**APPENDIX A
REPORT ON SERVICE RETIREMENT**

HII, Noh
Effective: 3/18/2025
Auditor-Controller

RUIZ, Robert
Effective: 3/1/2025
Sheriff's Office

IBALIO, Judith
Effective: 2/15/2025
Assessor's Department

SMITH, Dwight
Effective: 1/27/2025
Alameda Health System

LANGER, Catharine
Effective: 2/11/2025
Courts

SMITHERMAN, Ronalda
Effective: 2/26/2025
Sheriff's Office

LEADER, Janet
Effective: 2/18/2025
Health Care Service Agency

SPIKES, Beatrice
Effective: 1/18/2025
Probation

LEE, Ronda
Effective: 2/11/2025
Social Service Agency

SWEET, Andrew
Effective: 3/14/2025
District Attorney

LEE, Sherron
Effective: 3/1/2025
Probation

TATE ATTIBA, Candice
Effective: 1/11/2025
Alameda Health System

MAJOR, Mavis
Effective: 1/1/2025
Alameda Health System

WESCHLER, Suzanne
Effective: 2/15/2025
Social Service Agency

MCCORMICK, Kenneth
Effective: 3/4/2025
District Attorney

WONG, Wai Kung
Effective: 3/1/2025
Social Service Agency

RIECHERS, Jason
Effective: 3/2/2025
District Attorney

YOUNG, David
Effective: 2/28/2025
Alameda Health System

APPENDIX B
LIST OF DEFERRED RETIREMENTS

BADMUS, Taofeek
Alameda Health System
Effective Date: 3/28/2025

DELGADILLO, Lizbeth
Social Services Agency
Effective: 2/7/2025

BAKER, Michael
Sheriff's Office
Effective: 2/21/2025

DEMINGO, Tiffany
Alameda Health System
Effective: 3/24/2025

BAKILANA, Martina
Health Care Services Agency
Effective: 3/28/2025

DOZIER-JONES, Pashia
Child Support Services
Effective: 2/5/2025

BARANOV, Lyudmila
Probation
Effective: 3/21/2025

FULWOOD, Leilani
Human Resource Services
Effective: 3/21/2025

BERECZ-ORTEGA, Amy
Alameda Health System
Effective: 3/26/2025

GINSBERG, Joel
Social Services Agency
Effective: 2/18/2025

BROWN NIX, Paris
District Attorney
Effective: 2/19/2025

GRADY, Janet
Social Services Agency
Effective: 2/4/2025

BUSTONERA, Maria Theresa
Alameda Health System
Effective: 3/6/2025

HERNANDEZ, Alicia
Alameda Health System
Effective: 3/21/2025

BYRD, Charla
Child Support Services
Effective: 2/28/2025

HODGE, Kara
Child Support Services
Effective: 2/10/2025

CHANG, Gui Rong
Zone 7
Effective: 3/17/2025

IMAMI, Zebi
Sheriff's Office
Effective: 2/5/2025

CHEUNG, Terry
Health Care Services Agency
Effective: 3/21/2025

LEI, Christine
Assessor
Effective: 2/7/2025

**APPENDIX B
LIST OF DEFERRED RETIREMENTS**

LI, Hao
County Administrator
Effective: 2/14/2025

SAGAR, Pradeep
Alameda Health System
Effective: 4/3/2025

LINOWITZ, Zachary
District Attorney
Effective: 2/7/2025

SATCHER, Harry
General Services Agency
Effective: 2/21/2025

MAGLAYA, Calvin
Public Works Agency
Effective: 3/28/2025

SOLWAY, Aimee
District Attorney
Effective Date: 3/27/2025

MARTIN, Torcha
Alameda Health System
Effective: 2/20/2025

SUNDARARAJ, Mohan
Alameda County Health
Effective: 2/25/2025

MOLINA VELANDIA, Daniela
Public Defender
Effective: 3/21/2025

SYLER, Jonathan
Sheriff's Office
Effective: 2/15/2025

MONTIERRO, Isabella
Alameda Health System
Effective: 3/24/2025

TATOLA, Milika
Human Resources Services
Effective: 3/28/2025

MORRIS, Leslie
District Attorney
Effective: 2/3/2025

TEAFATILLER, David
Alameda Health System
Effective: 3/26/2025

PETERSON, Trina
Social Services Agency
Effective: 2/28/2025

WALKER, Latasha
Child Support Services
Effective: 2/28/2025

REED FOSTER, Tracy
District Attorney
Effective: 2/21/2025

WONG, Jennie
First 5
Effective: 3/28/2025

ROBERTS, Royle
District Attorney
Effective: 2/28/2025

WONG, Jessica
Social Services Agency
Effective: 2/28/2025

RUIZ, Mercury
Superior Courts
Effective: 3/4/2025

ZHANG, Kevin
Public Works Agency
Effective: 2/28/2025

**APPENDIX C
LIST OF DECEASED MEMBERS**

ALBANO, Milagros A.
Public Defender
4/10/2025

JACOVITZ, Loisann
Social Services Agency
3/28/2025

ARACIC, Nicholas M.
Sheriff's Office
3/21/2025

KIELY, John E.
Fire Department
4/19/2025

BARRETT, Marilyn J.
Probation
3/27/2025

LAVIENE, Tommie J.
Health Care Services Agency
3/24/2025

BELTRAN, Dolores
Public Defender
3/28/2025

LUCAS, Irene
Non-Mbr Survivor of James Lucas
4/16/2025

BRIONES, Adoracion P.
Auditor-Controller
4/3/2025

MAGANN, George C.
Sheriff's Office
4/9/2025

BRITTO, Cindy
Non-Mbr Survivor of Robert Britto
3/21/2025

PAJAUD, Dianne R.
Alameda Health System
4/14/2025

BULLOCK, Willie A.
Social Services Agency
3/21/2025

REYMUNDO, John Joseph
Superior Court
4/5/2025

EISENHOWER, Kay S.
Library
4/9/2025

RICHARDSON, Ronald I.
Health Care Services Agency
3/20/2025

FIVELLA, William P.
Sheriff's Office
4/25/2025

ROSS, Lori A.
Alameda Health System
4/10/2025

FRANCOIS, Davy M.
Alameda Health System
3/8/2025

SALEHI, Behzad
Information Technology
4/15/2025

HARRISON, Gerald D.
Sheriff's Office
4/12/2025

SANFORD, Wanda J.
Alameda Health System
3/25/2025

APPENDIX C
LIST OF DECEASED MEMBERS

TOTH, Nicholas
Health Care Services Agency
4/12/2025

VIVIAN, Ronald
Health Care Services Agency
4/2/2025

TURNER, Keene
Non-Mbr Survivor of Donna Camitta
4/1/2025

WALES, George S.
Assessor
4/26/2025

APPENDIX E
APPROVE UNCONTESTED STAFF RECOMMENDATIONS ON
DISABILITY RETIREMENTS AND DEATH BENEFITS

Name: **Alexander, Blair**
Type of Claim: Service-Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. Alexander's application for a service-connected disability, and waiving annual medical examinations and questionnaires.

Name: **Hadley, Randy**
Type of Claim: Service-Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. Hadley's application for a service-connected disability, and waiving annual medical examinations and questionnaires.

APPENDIX E
APPROVE UNCONTESTED STAFF RECOMMENDATIONS ON
DISABILITY RETIREMENTS AND DEATH BENEFITS

Name: Nelson, Gerald
Type of Claim: Service-Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Mr. Nelson's application for a service-connected disability, and waiving annual medical examinations and questionnaires.

Deny Mr. Nelson's request for an earlier effective date because he received regular compensation after he applied for a disability retirement.

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MINUTES OF APRIL 17, 2025 ACTUARIAL COMMITTEE MEETING

To: Members of the Actuarial Committee

From: Ophelia Basgal, Chair

Subject: Summary of the April 17, 2025 Actuarial Committee Meeting

Committee Chair Ophelia Basgal called the April 17, 2025, Actuarial Committee meeting to order at 11:03 a.m.

ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE

Committee members present were Ophelia Basgal, Keith Carson, Steven Wilkinson and Elizabeth Rogers. Also present was George Wood. Henry Levy, Tarell Gamble, and Kevin Bryant arrived after roll call.

Staff present were David Nelsen, Chief Executive Officer; Lisa Johnson, Assistant Chief Executive Officer; Carlos Barrios, Assistant Chief Executive Officer; Jeff Rieger, Chief Counsel; Betty Tse, Chief Investment Officer (Via Zoom); Erica Haywood, Fiscal Services Officer; Sandra Dueñas-Cuevas, Benefits Manager (Via Zoom); Jessica Huffman, Benefits Manager (Via Zoom); and Harsh Jadhav, Chief of Internal Audit; and Victoria Arruda, Human Resource Officer (Via Zoom).

PUBLIC INPUT

None

Action Items

None

INFORMATION ITEMS

1. Presentation of the Proposed 2025 Actuarial Committee Work Plan.

Staff presented the 2025 Actuarial Committee Work Plan highlighting meeting dates and future points of discussion.

2. Presentation and discussion of the Actuarial Valuation and Review as of December 31, 2024.

ACERA and Segal representatives presented the draft of the Actuarial Valuation and Review as of December 31, 2024. It will be presented for discussion and review to ACERA's participating employers' group at a meeting scheduled for April 24, 2025.

Staff and Segal representatives will bring the Actuarial Valuation and Review as of December 31, 2024, to the May 22, 2025, committee meeting for final adoption.

TRUSTEE INPUT AND DIRECTION TO STAFF

FUTURE DISCUSSION ITEMS

May

- Discussion and possible motion to adopt the Actuarial Valuation as of December 31, 2024

August

- Segal presentation of the deterministic projections as part of the Risk Assessment Report based on the Actuarial Valuation and Review as of December 31, 2024

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for Thursday, May 22, 2025, at 11:00 a.m.

MEETING ADJOURNED

The meeting adjourned at 12:04 p.m.



MINUTES OF APRIL 17, 2025 AUDIT COMMITTEE MEETING

Date: April 17, 2025
To: Members of the Audit Committee
From: Henry Levy, Chair
Subject: **Summary of the April 17, 2025 Audit Committee Meeting**

The Audit Committee Chair, Henry Levy called the April 17, 2025, Audit Committee meeting to order at 12:30 p.m.

ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE

Committee members present were Henry Levy, Steven Wilkinson, and George Wood. Other Board members present were Ophelia Basgal, Keith Carson, and alternate member Kevin Bryant. Tarrell Gamble arrived after roll call.

Staff present were David Nelsen, Chief Executive Officer; Lisa Johnson, Assistant Chief Executive Officer; Carlos Barrios, Assistant Chief Executive Officer; Jeff Rieger, Chief Counsel; Harsh Jadhav, Chief of Internal Audit; Erica Haywood, Fiscal Services Officer; and Jessica Huffman, Benefits Manager. Betty Tse, Chief Investment Officer; Sandra Dueñas-Cuevas, Benefits Manager; and Victoria Arruda, Human Resource Officer attended via Zoom.

PUBLIC COMMENT

None

ACTION ITEMS

None

INFORMATION ITEMS

External Audit

1. Presentation and discussion of the draft Governmental Accounting Standards Board (GASB) Statements No. 67 and 74 Valuations as of December 31, 2024 (Segal).

Staff and Segal representatives presented the drafts of the GASB Statements No. 67 and No. 74 valuations (financial reporting), and addendums for review by the Audit Committee.

The GASB 67 valuation measures and reports the Total/Net Pension Liability (TPL/NPL), while the GASB 74 valuation measures and reports the Total/Net OPEB (Other Postemployment Benefits) Liability (TOL/NOL).

The GASB Statement No. 67 Actuarial Valuation and No. 74 Actuarial Valuation and their respective addendums as of December 31, 2024, will be brought back to the May 22nd Audit Committee for discussion and approval.

Internal Audit

2. Progress report on the Internal Audit Plan

Staff provided a progress report on the Internal Audit Plan.

3. New Employee Recognition Program

Staff introduced the new employee recognition program. Robin Chen is the first recipient of the Anti-Fraud, Controls, Excellence (ACE) Award.

TRUSTEE INPUT AND DIRECTION TO STAFF

Chair, Henry Levy announced that he is working with staff to explore options to offer trustee education on risk management.

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

May 22, 2025

MEETING ADJOURNED

The meeting adjourned at 1:02 p.m.



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: May 22, 2025

TO: Members of the Board of Retirement

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Operating Expenses & Budget Summary for March 31, 2025

ACERA's operating expenses are \$249K over budget for the period ended March 31, 2025. Budget overages and surpluses worth noting are as follows:

Budget Overages of \$320K

Staffing Expense is \$122K over budget.

The overages are attributed to temporary staffing of \$95K, and 5% staff vacancy adjustment of \$245K; offset by surplus in salaries and fringe benefits of (\$218K).

Depreciation Expense is \$198K over budget.

Pension Gold V3(PG3) was budgeted for capitalization in 2025. In accordance with GASB 51, PG3 was capitalized in 2024.

Budget Surpluses of \$71K

Professional Fees Expense is \$22K under budget.

The surplus in professional fees is primarily due to a decrease in legal service requests.

Office Expense is \$5K under budget.

The surplus in office expense is primarily due to a decrease in supply orders.

Member Services Expense is \$25K under budget.

This amount is comprised of a surplus in disability medical expenses (\$44K) due to timing of the disability medical invoice billing; offset by overages in virtual call center \$4K from timing of vendor invoice billing, member training and education \$1K, printing & postage \$10K due to pin letters mailed out to members, and in disability legal arbitration \$4K from higher disability arbitration fees.

Systems Expense is \$9K under budget.

This amount is comprised of a surplus in software maintenance and support (\$16K) due to the timing of vendor invoice billing. This is offset by overages in county data processing \$2K from higher data connection fees and minor computer hardware \$5K from equipment purchases.

Board of Retirement is \$10K under budget.

This amount is comprised of surpluses in employer reimbursement (\$13K) and board compensation (\$2K). This is offset by an overage in board conferences and training expense \$5K.

Staffing Detail

No vacant positions as of March 31, 2025.

PAS Project:

Pension Administration System Project - as of March 31, 2025					
	Year-To-Date				
	Actual	Budget	Variance	2025 Budget	2019-24 Actual
Consultant Fees					
Levi, Ray and Shoup	\$ -	\$25,000	\$(25,000)	\$1,130,000	\$5,410,677
Segal and other consultant fees	-	-	-	-	3,019,751
Total	-	25,000	(25,000)	1,130,000	8,430,428
Staffing	30,904	68,333	(37,429)	345,000	3,646,457
TOTAL	\$30,904	\$93,333	\$(62,429)	\$1,475,000	\$12,076,885

Attachments:

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



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TOTAL OPERATING EXPENSES SUMMARY

YEAR TO DATE - ACTUAL VS. BUDGET					
<u>March 31, 2025</u>					
	<u>Actual</u>	<u>Budget</u>	<u>YTD</u>	<u>2025</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	\$ 4,612,084	\$ 4,489,230	\$ 122,854	\$ 18,794,000	24.5%
Staff Development	30,098	53,440	(23,342)	290,000	10.4%
Professional Fees (Next Page)	328,142	349,780	(21,638)	1,249,000	26.3%
Office Expense	92,599	97,340	(4,741)	396,000	23.4%
Insurance	182,568	160,290	22,278	655,000	27.9%
Member Services	168,610	193,970	(25,360)	838,000	20.1%
Systems	301,907	310,670	(8,763)	1,281,000	23.6%
Depreciation	457,177	258,930	198,247	1,034,000	44.2%
Board of Retirement	109,653	120,050	(10,397)	707,000	15.5%
Uncollectable Benefit Payments	-	-	-	78,000	0.0%
Total Operating Expense	\$ 6,282,838	\$ 6,033,700	\$ 249,138	\$ 25,322,000	24.8%
Investment Consultant Fees	314,090	442,500	(128,410)	1,770,000	17.7%
Investment Custodian Fees	149,993	162,000	(12,007)	648,000	23.1%
Investment Manager and Incentive Fees	27,807,976	16,490,700	11,317,276	67,525,000	41.2%
Other Investment Expenses	115,944	156,920	(40,976)	651,000	17.8%
Total Portfolio Management Investment Expense	\$ 28,388,003	\$ 17,252,120	\$ 11,135,883	\$ 70,594,000	40.2%
Total Operating and Portfolio Management Investment Expense	\$ 34,670,841	\$ 23,285,820	\$ 11,385,021	\$ 95,916,000	36.1%



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET

March 31, 2025

	<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>2025</u> <u>Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
<u>Professional Fees</u>					
Consultant Fees - Operations and Projects ¹	\$ 117,447	\$ 114,480	\$ 2,967	\$ 483,000	24.3%
Actuarial Fees ²	131,646	132,500	(854)	496,000	26.5%
External Audit ³	72,000	72,000	-	145,000	49.7%
Legal Fees ⁴	7,049	30,800	(23,751)	125,000	5.6%
Total Professional Fees	\$ 328,142	\$ 349,780	\$ (21,638)	\$ 1,249,000	26.3%

	<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>2025 Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
<u>1 CONSULTANT FEES - OPERATIONS AND PROJECTS:</u>					
Benefits					
Alameda County HRS (Benefit Services)	31,500	31,500	-	126,000	25.0%
Segal (Benefit Consultant/Retiree Open Enrollment)	34,250	34,230	19	187,000	18.3%
Total Benefits	65,750	65,730	19	313,000	21.0%
Fiscal Services					
Accounting System	-	-	-	20,000	0.0%
Total Fiscal Services	-	-	-	20,000	0.0%
Human Resources					
Lakeside Group (County Personnel)	36,698	33,750	2,948	135,000	27.2%
Total Human Resources	36,698	33,750	2,948	135,000	27.2%
PRISM					
OnBase upgrade	15,000	15,000	-	15,000	100.0%
Total PRISM	15,000	15,000	-	15,000	100.0%
Total Consultant Fees - Operations	117,447	114,480	2,967	483,000	24.3%

<u>2 ACTUARIAL FEES</u>					
Actuarial Valuation	45,000	45,000	-	90,000	50.0%
GASB 67 & 68 Valuation	-	-	-	55,000	0.0%
GASB 74 & 75 Actuarial	-	-	-	17,000	0.0%
Actuarial Standard of Practice 51 Pension Risk	-	-	-	30,000	0.0%
Supplemental Consulting	63,646	64,500	(854)	258,000	24.7%
Supplemental Retiree Benefit Reserve valuation	23,000	23,000	-	46,000	50.0%
Total Actuarial Fees	131,646	132,500	(854)	496,000	26.5%

<u>3 EXTERNAL AUDIT</u>					
External audit	60,000	60,000	-	121,000	49.6%
GASB 67 & 68 audit	6,000	6,000	-	12,000	50.0%
GASB 74 & 75 audit	6,000	6,000	-	12,000	50.0%
Total External Audit Fees	72,000	72,000	-	145,000	49.7%

<u>4 LEGAL FEES</u>					
Fiduciary & Litigation	6,492	12,400	(5,908)	50,000	13.0%
Tax and Benefit Issues	1,758	6,000	(4,243)	25,000	7.0%
Miscellaneous Legal Advice	(1,200)	12,400	(13,600)	50,000	-2.4%
Total Legal Fees	7,049	30,800	(23,751)	125,000	5.6%

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TOTAL EXPENDITURES VS. PRIOR YEAR ACTUAL
For the Three Months Ending 3/31/2025

	<u><i>For the Month of March 2025</i></u>	<u><i>For the Month of March 2024</i></u>	<u>Variance</u>	<u><i>Year-To-Date 2025</i></u>	<u><i>Year-To-Date 2024</i></u>	<u>Variance</u>
STAFFING						
Salaries	1,020,418	848,527	171,891	3,053,865	2,696,905	356,960
Fringe Benefits	521,701	362,312	159,389	1,453,809	1,440,993	12,816
Temporary Staffing Cost	36,025	44,304	(8,279)	104,410	131,476	(27,066)
Staffing Total	<u>1,578,144</u>	<u>1,255,143</u>	<u>323,001</u>	<u>4,612,084</u>	<u>4,269,374</u>	<u>342,710</u>
STAFF DEVELOPMENT	6,095	15,270	(9,175)	30,098	44,844	(14,746)
PROFESSIONAL FEES						
Actuarial Fees	89,500	87,777	1,723	131,646	125,777	5,869
Consultant Fees - Operations	34,149	28,000	6,149	117,447	84,000	33,447
Consultant Fees - Legal	2,529	7,901	(5,372)	7,049	36,448	(29,399)
External Audit	24,000	25,000	(1,000)	72,000	73,000	(1,000)
Professional Fees Total	<u>150,178</u>	<u>148,678</u>	<u>1,500</u>	<u>328,142</u>	<u>319,225</u>	<u>8,917</u>
OFFICE EXPENSE						
Bank Charges & Misc. Admin	4,492	6,609	(2,117)	16,349	18,053	(1,704)
Building Expenses	814	2,985	(2,171)	12,421	8,299	4,122
Communications	4,694	9,668	(4,974)	12,901	29,401	(16,500)
Equipment Lease/Maintenance	8,843	7,503	1,340	32,244	21,504	10,740
Minor Equipment and Furniture	0	0	0	929	0	929
Office Supplies/Maintenance	1,672	7,654	(5,982)	9,347	13,149	(3,802)
Printing & Postage	3,359	1,145	2,214	8,408	3,542	4,866
Office Expense Total	<u>23,874</u>	<u>35,564</u>	<u>(11,690)</u>	<u>92,599</u>	<u>93,948</u>	<u>(1,349)</u>
INSURANCE	56,485	51,590	4,895	182,568	154,771	27,797
MEMBER SERVICES						
Disability - Legal Arbitration & Transcripts	8,832	2,125	6,707	27,319	17,658	9,661
Disability Medical Expense	26,120	25,850	270	40,865	103,225	(62,360)
Disability Claims Management	3,850	3,850	0	11,550	11,550	0
Health Reimbursement Acct. (HRA)	8,180	6,800	1,380	24,084	18,356	5,728
Member Training & Education	2,326	571	1,755	3,753	1,824	1,929
Printing & Postage - Members	(2,073)	4,892	(6,965)	40,793	28,075	12,718
Virtual Call Center	10,124	5,438	4,686	20,246	16,315	3,931
Member Services Total	<u>57,359</u>	<u>49,526</u>	<u>7,833</u>	<u>168,610</u>	<u>197,003</u>	<u>(28,393)</u>

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TOTAL EXPENDITURES VS. PRIOR YEAR ACTUAL
For the Three Months Ending 3/31/2025

	<i>For the Month of March 2025</i>	<i>For the Month of March 2024</i>	<i>Variance</i>	<i>Year-To-Date 2025</i>	<i>Year-To-Date 2024</i>	<i>Variance</i>
SYSTEMS						
Business Continuity Expense	20,026	17,942	2,084	60,441	66,700	(6,259)
County Data Processing	12,410	11,424	986	37,216	34,296	2,920
Minor Computer Hardware	1,694	1,702	(8)	13,965	15,912	(1,947)
Intangible right to use SBITA - GASB96	7,376	7,348	28	22,400	20,774	1,626
Software Maintenance & Support	54,204	59,436	(5,232)	167,885	181,794	(13,909)
Systems Total	<u>95,710</u>	<u>97,852</u>	<u>(2,142)</u>	<u>301,907</u>	<u>319,476</u>	<u>(17,569)</u>
DEPRECIATION						
Depreciation Expense	152,392	10,203	142,189	457,177	30,610	426,567
BOARD OF RETIREMENT						
Board Compensation	1,400	300	1,100	4,100	3,700	400
Board Conferences & Training	7,876	9,921	(2,045)	14,635	14,510	125
Board Employer Reimbursement	32,490	31,571	919	84,770	95,010	(10,240)
Board Miscellaneous Expense	387	200	187	2,142	2,114	28
Board Software Maint. & Support	1,335	1,294	41	4,006	3,823	183
Board of Retirement Total	<u>43,488</u>	<u>43,286</u>	<u>202</u>	<u>109,653</u>	<u>119,157</u>	<u>(9,504)</u>
GRAND TOTALS	<u><u>2,163,725</u></u>	<u><u>1,707,112</u></u>	<u><u>456,613</u></u>	<u><u>6,282,838</u></u>	<u><u>5,548,408</u></u>	<u><u>734,430</u></u>



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: May 22, 2025

TO: Members of the Board of Retirement

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Quarterly Unaudited Financial Statements as of March 31, 2025

Executive Summary

Attached for review are the unaudited financial statements for the period ended March 31, 2025. The Fiduciary Net Position Held in Trust and the Change in Fiduciary Net Position compared to the same period in 2024 increased by \$386.49 million.

Financial Highlights

- Net Position Restricted (Held in Trust for Benefits), as reported on the Statement of Fiduciary Net Position totaled \$12.05 billion. Total Receivables increased by \$4.92 million, Investments at fair value increased by \$388.39 million, Capital Assets increased by \$1.21 million, and Total Liabilities without Securities Lending Liability increased by \$7.25 million.
- The year-over-year Change in Net Position decreased by \$370.03 million.
 - Total Additions year-over-year decreased by \$361.02 million. This include a decrease in net investment income of \$369.99 million.
 - Total Deductions year-over-year increased by \$9.01 million. The amount is mainly attributable to the growth in payments of service retirement, and retiree healthcare program.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF FIDUCIARY NET POSITION
As of 3/31/2025

	<u>Year-To-Date 2025</u>	<u>Year-To-Date 2024</u>
ASSETS		
Cash (Note 1)	4,176,675	4,746,263
Securities Lending Cash Collateral (Note 2)	177,247,801	163,138,379
Receivables:		
Contributions (Note 3)	22,511,470	18,492,954
Investment Receivables (Note 4a)	27,598,188	25,196,499
Unsettled Trades - Investments Sold	2,909,550	4,878,213
Futures Contracts (Note 5a)	1,058,998	2,458,424
Foreign Exchange Contracts (Note 6a)	1,720,885	11,832
Other Receivables (Note 7)	458,579	303,821
Total Receivables	<u>56,257,669</u>	<u>51,341,744</u>
Prepaid Expenses	540,644	752,905
Total Current Assets	<u>238,222,789</u>	<u>219,979,291</u>
Investments - at Fair Value:		
Short-Term Investments (Note 8)	266,609,905	228,117,836
Domestic Equity	684,953,606	680,988,433
Domestic Equity Commingled Funds	2,551,226,672	2,364,137,100
International Equity	847,280,301	832,672,942
International Equity Commingled Funds (Note 9)	1,851,486,626	2,083,871,213
Domestic Fixed Income	1,518,808,386	1,428,111,723
International Fixed Income	150,494,799	95,672,756
International Fixed Income - Commingled Funds (Note 10)	27,868,485	78,765,305
Real Estate - Separate Properties (Note 11)	34,476,671	48,535,404
Real Estate - Commingled Funds (Note 12)	800,824,955	744,194,861
Real Assets (Note 13)	762,712,385	673,919,338
Absolute Return (Note 14)	1,026,036,318	928,797,921
Private Equity (Note 15)	956,433,623	920,703,131
Private Credit (Note 16)	549,495,333	531,827,157
Total Investments	<u>12,028,708,066</u>	<u>11,640,315,121</u>
Capital Assets at Cost (Net of Accumulated Depreciation and Amortization) (Note 17)	11,909,790	10,695,101
Total Assets	<u>12,278,840,645</u>	<u>11,870,989,513</u>
LIABILITIES		
Securities Lending Liability (Note 2)	177,247,801	163,138,379
Unsettled Trades - Investments Purchased	30,069,885	20,135,622
Investment-Related Payables (Note 4b)	13,262,651	15,305,085
Futures Contracts (Note 5b)	1,310,827	18,193
Foreign Exchange Contracts (Note 6b)	5,381	2,175,801
Accrued Administration Expenses (Note 18)	3,767,166	3,568,809
Members Benefits & Refunds Payable (Note 19a)	6,043,041	5,846,889
Retirement Payroll Deductions Payable (Note 19b)	38,886	97,477
Lease Liability	121,397	144,195
SBITA GASB 96 Liability	99,616	174,522
Total Liabilities	<u>231,966,651</u>	<u>210,604,973</u>
DEFERRED INFLOWS OF RESOURCES		
Net Position		
Restricted - Held in Trust for Benefits	<u>12,046,873,993</u>	<u>11,660,384,540</u>
Total Net Position	<u><u>12,046,873,993</u></u>	<u><u>11,660,384,540</u></u>

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Three Months Ending 3/31/2025

	<u>Year-To-Date 2025</u>	<u>Year-To-Date 2024</u>
ADDITIONS		
Contributions: (Note 20)		
Members	35,837,792	33,423,268
Employers	84,448,863	77,807,782
Total Contributions	<u>120,286,655</u>	<u>111,231,050</u>
From Investment Activities:		
Net Appreciation/(Depreciation) in FV of Investments (Note 21)	1,331,312	417,658,858
Interest	19,924,973	17,228,632
Dividends	7,825,304	6,847,089
Real Estate - Net	12,461,909	6,616,575
Private Equity and Alternatives	62,196,601	16,843,594
Brokers Commissions - Directed Brokerage	12	1,902
Sub-Total Dividends, Interest, Other Investment Inc. (Note 22)	<u>102,408,799</u>	<u>47,537,791</u>
Total Income from Investment Activities	103,740,111	465,196,650
Total Investment Expenses (Note 23)	<u>(29,308,262)</u>	<u>(20,775,782)</u>
Net Income from Investment Activities (Note 24)	74,431,849	444,420,868
From Securities Lending Activities:		
Securities Lending Income	1,821,856	2,115,354
Securities Lending Expenses	<u>(1,666,057)</u>	<u>(1,933,877)</u>
Net Income from Securities Lending Activities (Note 25)	155,799	181,477
Total Net Investment Income	<u>74,587,648</u>	<u>444,602,344</u>
Miscellaneous Income (Note 26)	<u>96,847</u>	<u>160,493</u>
Total Additions	<u>194,971,150</u>	<u>555,993,887</u>
DEDUCTIONS		
Benefits:		
Service Retirement and Disability Benefits (Note 27)	160,323,455	152,614,432
Death Benefits (Note 28)	972,472	834,848
Supplemental Cost of Living Allowance	289,875	288,034
Retiree Healthcare Program	<u>13,087,835</u>	<u>12,373,659</u>
Total Benefit Payments	174,673,638	166,110,973
Member Refunds	2,415,985	2,658,618
Administration: (Note 29)		
Administrative Expenses	3,664,373	3,460,999
Actuarial Expenses	108,646	103,277
Business Continuity Expenses	166,378	169,215
Legal Expenses	222,213	234,310
Technology Expenses	673,721	256,121
401(h) Expenses	<u>527,250</u>	<u>451,250</u>
Total Administration	5,362,581	4,675,172
Total Deductions	<u>182,452,203</u>	<u>173,444,763</u>
Net Increase(Decrease)	<u>12,518,946</u>	<u>382,549,124</u>
Net Position Held in Trust for Benefits:		
Net Position - January 1	<u>12,034,355,047</u>	<u>11,277,835,416</u>
Net Position - March 31	<u>12,046,873,993</u>	<u>11,660,384,540</u>

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of March 31, 2025

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 - \$4.18 million

Cash balance is the sum of the funds in the JP Morgan Bank operating accounts. The decrease of \$0.57 million from \$4.75 million on March 31, 2024, is primarily due to timing difference between receipt of contributions and the transfer of funds for retiree payroll and investments.

(Note 2)

Securities Lending Cash Collateral - \$177.25 million

Cash collateral of \$177.25 million and \$163.14 million were held by ACERA, related to securities on loan as of March 31, 2025, and March 31, 2024, respectively. This amount is reported as an asset with a corresponding liability for the same amount in compliance with GASB Statement No. 28.

(Note 3)

Contributions Receivables - \$22.51 million

The receivable balances as of March 31, 2025, increased by approximately \$4.02 million from \$18.49 million as of March 31, 2024. This is primarily due to increases in member and employer contribution rates.

(Note 4)

4a. Investment Receivables - \$27.60 million

The investment receivables balance as of March 31, 2025, increased by \$2.40 million from \$25.20 million on March 31, 2024. The increase is mainly attributed to interest and dividend receivables.

4b. Investment Related Payables - \$13.26 million

The decrease of \$2.05 million in investment related payables balance as of March 31, 2025, from \$15.31 million on March 31, 2024, is primarily due to timing difference of investment manager fee payments.

(Note 5)

5a. Futures Contracts Receivables - \$1.06 million

The receivables represent the unrealized gains on open futures contracts. The balance for unrealized gains as of March 31, 2025, and March 31, 2024, were \$1.06 million and \$2.46 million, respectively.

5b. Futures Contracts Payables - \$1.31 million

The payables represent the unrealized losses on open futures contracts. The balance for unrealized losses as of March 31, 2025, is \$1.31 million.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of March 31, 2025

(Note 6)

6a. Foreign Exchange Contracts Receivables - \$1.72 million

The receivables represent unrealized gains on foreign exchange contracts. Foreign exchange (FX) contracts include currency forward contracts and spot contracts. As of March 31, 2025, and March 31, 2024, the unrealized gains on FX contracts were \$1.72 million and \$0.01 million, respectively. The increase in unrealized gains of \$1.71 million is mainly due to the change in foreign exchange contracts and market volatility.

6b. Foreign Exchange Contracts Payables - \$0.01 million

The payables represent unrealized losses on foreign exchange contracts. Foreign exchange (FX) contracts include currency forward contracts and spot contracts.

(Note 7)

Other Receivables - \$0.46 million

Other receivables as of March 31, 2025, are comprised primarily of funds due from deceased retirees' estates for overpayment of benefits and from insurance for ACERA legal claims.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of March 31, 2025

(Note 8)

Short-Term Investments - \$266.61 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>3/31/2025</i>
Unallocated Cash	\$ 152.60
Parametric Portfolio Associates (cash overlay)	33.24
Baird Investors	23.13
Loomis	13.13
Capital Guardian	13.05
Kennedy	5.33
Brandywine	4.77
Aristotle Capital	4.28
William Blair Small Cap Growth	4.13
Bivium - Dundas Partners	2.05
TCW	1.88
Bivium -Haven Global Partners	1.77
Bivium - Promethos Capital, LLC	1.40
Bivium- Channing Global Advisors, LLC	1.35
Bivium - Cedar Street Asset Mgmt	1.30
Bivium - Denali Advisors	0.89
Bivium	0.77
Mondrian	0.61
AQR Capital Management, LLC	0.48
Bivium - Global Alpha Capital Mgmt	0.35
Bivium - Arga Investment Management	0.05
BIVIUM - Redwood DM	0.03
Bivium - Applied Research Management	0.02
Grand total	\$ 266.61

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of March 31, 2025

(Note 9)

International Equity Commingled Funds - \$1,851.49 million

As of March 31, 2025, and March 31, 2024, the International Equity Commingled Funds were \$1,851.49 million and \$2,083.87 million, respectively. The decrease of \$232.38 million is mainly due to unrealized losses from lower market valuations, rebalancing activity, due to short-term cash flow and the Board-approved structural changes to the International Equity portfolio.

(Note 10)

International Fixed Income Commingled Funds - \$27.87 million

The decrease of \$50.90 million from the previous year is due to lower investment valuations. Disclosure of credit ratings on mutual fund holdings of fixed income portfolio is not required per GASB Statement No. 40.

(Note 11)

Real Estate Separate Properties - \$34.48 million

The following is a summary of Real Estate – Separate Property investments as of March 31, 2025, and March 31, 2024. The year-over-year decrease of \$14.06 million is due to the market value decrease of the Oakland 14th Street property.

(Dollars in Millions)

<i>Investment Manager</i>	<i>Net Mkt. Value 3-31-2025</i>	<i>Net Mkt. Value 3-31-2024</i>	<i>No. of Properties 2025</i>	<i>No. of Properties 2024</i>
RREEF	\$ 34.48	\$ 48.54	1	1

(Note 12)

Real Estate Commingled Funds - \$800.82 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under the California Government Code Section 7928.710. The increase of \$56.63 million in 2025 as compared to 2024 is due to additional investments and unrealized gains from investments, net of capital calls and distributions.

(Note 13)

Real Assets - \$762.71 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 7928.710. The increase of \$88.79 million in 2025 as compared to 2024 is due to additional investments and higher aggregate investment valuation, net of capital calls and distributions.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of March 31, 2025

(Note 14)

Absolute Return - \$1,026.04 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 7928.710. The increase of \$97.24 million in 2025 as compared to 2024 is due to net gains on investments.

(Note 15)

Private Equity - \$956.43 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 7928.710. The increase of \$35.73 million in 2025 as compared to 2024 is due to additional investments net of contributions and net gains on investments.

(Note 16)

Private Credit - \$549.50 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 7928.710. The increase of \$17.67 million in 2025 as compared to 2024 is due to net contributions, and net gains on investments.

(Note 17)

Capital Assets at Cost (Net of Accumulated Depreciation and Amortization) - \$11.91 million

(Dollars in Millions)

	<i>3/31/2025</i>	<i>3/31/2024</i>
Retirement Information System and Others - Construction-In-Process	\$ 0.06	\$ 9.40
Equipment, Furniture & Information Systems	25.67	13.60
Electronic Document Management System	4.18	4.18
Right-to-Use Leased Office Equipments	0.39	0.39
Less: Accumulated Depreciation and Amortization	(19.25)	(17.83)
Net Book Value	11.05	9.74
Leasehold Improvements	2.59	2.59
Less: Accumulated Depreciation	(1.73)	(1.63)
Net Book Value	0.86	0.96
Total Capital Assets, Net	\$ 11.91	\$ 10.70

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

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of March 31, 2025

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

(Note 18)

Accrued Administration Expenses - \$3.77 million

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

(Note 19)

19a. Members' Benefits & Refunds Payable - \$6.04 million

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

(Dollars in Millions)

<i>Accrued Benefits and Refunds</i>	<i>3/31/2025</i>	<i>3/31/2024</i>
Basic Active Death Benefits	\$ 0.60	\$ 0.60
Active Death Contribution Refunds	1.52	1.02
Retired Death Benefits	3.92	3.99
Members' Contribution Refunds	-	0.24
Total Members' Benefits & Refunds Payable	\$ 6.04	\$ 5.85

19b. Retirement Payroll Deductions Payables - \$0.04 million

The balance as of March 31, 2025, includes \$0.04 million in health premium prepayments. The corresponding balance as of March 31, 2024, included \$0.04 million in health premium prepayments and accrual of \$0.06 million Health Reimbursement Account (HRA) benefits.

(Note 20)

Contributions - \$120.29 million

The increase in contributions of \$9.06 million in the first three months of 2025 as compared to the same period in 2024 is primarily due to increases in member and employer contribution rates.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of March 31, 2025

(Note 21)

Net Appreciation/ (Depreciation) in Fair Value of Investments – \$1.33 million

(Dollars in Millions)

	<i>For the Period Ended</i>	
	<i>3/31/2025</i>	<i>3/31/2024</i>
<u>Actual / Realized Gains/(Losses)</u>		
Domestic Equities	\$ 10.75	\$ 62.41
International Equities	37.08	14.31
Domestic Bonds	(0.48)	(3.77)
International Bonds	(2.20)	(1.51)
Real Estate Commingled Funds	1.78	1.44
Private Equity & Alternative	63.05	31.59
Real Assets	2.56	(0.58)
Private Credit	0.27	0.11
Futures	(1.30)	7.61
Currency	(4.33)	(0.92)
<i>Total Realized Gains/(Losses)</i>	107.18	110.69
<u>Paper / Unrealized Gains/(Losses)</u>		
Domestic Equities	(180.69)	214.01
International Equities	55.24	107.07
Domestic Bonds	25.61	(12.50)
International Bonds	5.33	(1.74)
Real Estate Commingled Funds	1.69	(29.59)
Real Estate Sep. Props.	0.10	-
Private Equity & Alternative	(5.76)	28.58
Real Assets	17.36	11.73
Private Credit	(32.99)	1.18
Futures	1.00	(6.49)
Currency	7.26	(5.29)
<i>Total Unrealized Gains/(Losses)</i>	(105.85)	306.96
Total Net Realized and Unrealized Gains/(Losses)	\$ 1.33	\$ 417.65

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

As of March 31, 2025

(Note 22)

Dividend, Interest, and Other Investment Income - \$ 102.41 million

(Dollars in Millions)

<i>Interest, Dividend, and Other Investment Income</i>	<i>3/31/2025</i>	<i>3/31/2024</i>
Interest Income	\$ 19.92	\$ 17.23
Dividend Income	7.83	6.85
Real Estate Income	12.46	6.62
Private Equity, Absolute Return and Real Asset Income / (Losses)	62.20	16.84
Directed Brokerage Commission Recapture	0.00	0.00
Total Interest, Dividend, and Other Investment Income	\$ 102.41	\$ 47.54

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of March 31, 2025

(Note 23)

Investment Expenses - \$29.31 million

(Dollars in Millions)

<i>Investment Expenses</i>	<i>For the Period Ended</i>			
	<i>Basis Points</i>	<i>3/31/2025</i>	<i>Basis Points</i>	<i>3/31/2024</i>
Investment Manager and Incentive Fees	23.08	\$ 27.82	16.60	\$ 19.36
Investment Custodian	0.12	0.15	0.12	0.14
Investment Consultants & Other Expenses(*)	0.35	0.42	0.35	0.40
Subtotal	23.55	28.39	17.07	19.90
Investment Allocated Cost	0.76	0.92	0.75	0.87
Total Investment Expenses(**)	24.31	\$ 29.31	17.82	\$ 20.77

(*) *Investment Consultant and Other Expenses*

(Dollars in Millions)

	<i>For the Period Ended</i>			
	<i>Basis Points</i>	<i>3/31/2025</i>	<i>Basis Points</i>	<i>3/31/2024</i>
Investment Advising & Performance (Pearls, Alternative Investment)	0.2	\$ 0.24	0.27	\$ 0.31
Consultant - Portfolio Rebalancing	0	-	-	-
Consultant - Legal (Alternative Investment)	0.03	0.04	0.04	0.05
Subtotal – Consultants Expenses	0.23	0.28	0.31	0.36
Proxy Services	0.01	0.01	0.01	0.01
Transaction Cost Analysis	0.01	0.01	0.01	0.01
Other Investment Expenses/(Income)	0.10	0.12	0.02	0.02
Subtotal – Other Investment Expenses	0.12	0.14	0.04	0.04
Total Investment Consultants and Other Expenses	0.35	\$ 0.42	0.35	\$ 0.40

(**) The increase in total investment expenses of \$8.53 million in 2025 as compared to 2024 is primarily due to incentive fees and management fees from alternative investment managers.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of March 31, 2025

(Note 24)

Net Investment Income/ (Losses) – \$74.43 million

(Dollars in Millions)

	<i>For the Period Ended</i>		<i>Inc./(Dec.)</i>
	<i>3/31/2025</i>	<i>3/31/2024</i>	<i>from previous period</i>
Paper / Unrealized Gains/(Losses)	\$ (105.85)	\$ 306.96	\$ (412.81)
Actual / Realized Gains/(Losses)	107.18	110.70	(3.52)
Investment Income (Interest/Dividend/RE/Other) - Net of Expenses	73.10	26.76	46.34
Total Net Income/ (Losses)	\$ 74.43	\$ 444.42	\$ (369.99)

(Note 25)

Securities Lending Net Income - \$0.16 million

The securities lending net income balance as of March 31, 2025, and March 31, 2024, were \$0.16 million and \$0.18 million, respectively.

(Note 26)

Miscellaneous Income - \$0.10 million

The miscellaneous income of \$0.10 million is predominantly from prior year investment income and security litigation income recovery.

(Note 27)

Service Retirement and Disability Benefits - \$160.32 million

The increase of \$7.71 million was predominantly due to a higher average of benefits paid to newly added retirees compared to that of deceased retirees with lower average benefits. In addition, this included a modest increase of 217 in the total number of retirees and beneficiaries receiving benefits, from 11,029 on March 31, 2024, to 11,246 on March 31, 2025.

(Note 28)

Death Benefits - \$0.97 million

The death benefits paid out during the three months ended March 31, 2025, were comprised of \$0.07 million of Retired Death Benefits, \$0.14 million of Active Death Benefits, and \$0.76 million of Survivorship Benefits.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

As of March 31, 2025

(Note 29)

Total Administration - \$5.36 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 statutory limits. Under Section 31618.5 ACERA excludes the SRBR administrative expenses from its total administrative expenses. ACERA's SRBR administrative expenses are the amounts that exceed the employers' 401(h) contributions allocated to estimated administrative costs of Postemployment Medical Benefits. The details of total administration expenses are as follows:

(Dollars in Millions)

	<i>3/31/2025</i>	<i>3/31/2024</i>	<i>Inc./ (Dec.) from previous period</i>
Administrative Expenses	\$ 3.66	\$ 3.46	\$ 0.20
Actuarial Expenses	0.11	0.10	0.01
Business Continuity Expenses	0.17	0.17	-
Legal Expenses	0.22	0.23	(0.01)
Technology Expenses	0.67	0.26	0.41
401(h) Administrative Expenses	0.53	0.45	0.08
Total	\$ 5.36	\$ 4.67	\$ 0.69



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: May 22, 2025

TO: Members of the Board of Retirement

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Actual Cash and Forecast as of March 31, 2025

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 the annual cash forecast from April 2025 to March 2026, which will roll forward monthly as the year progresses; and,
- Tables 2 through 4 is the annualized, 5-year actual cash management information. Please note that the current year 2025 comprises the three months actual and nine months forecast information.

Table 1 Cash Forecast: Table 1 provides the current forecasted negative cash position for the period spanning April 2025 to March 2026. The average monthly negative cash position for the referenced period is \$23,605,501. Excluding the two three-pay-period months i.e., August 2025 and January 2026, annotated by an *. The year-over-year decrease in average monthly forecasted negative cash position compared to the same period in 2024-2025 is \$2,843,294.

Table 1 Annual Cash Forecast from April 2025 to March 2026					
Month-Year	Total Receipts		Total Disbursements		Negative Cash Position
Apr-25	\$	38,522,874	\$	62,223,970	\$ (23,701,096)
May-25		38,569,433		62,263,975	(23,694,542)
Jun-25		38,715,993		62,353,981	(23,637,988)
Jul-25		38,862,552		63,143,986	(24,281,434)
Aug-25*		58,313,667		62,553,991	(4,240,324)
Sep-25		39,155,671		62,643,997	(23,488,326)
Oct-25		39,302,230		62,734,002	(23,431,772)
Nov-25		39,448,789		62,824,007	(23,375,218)
Dec-25		39,595,349		63,685,425	(24,090,076)
Jan-26*		59,412,862		63,004,018	(3,591,156)
Feb-26		39,888,468		63,094,024	(23,205,556)
Mar-26		40,035,027		63,184,029	(23,149,002)
Total		509,822,915		753,709,405	(243,886,490)
Average	\$	39,209,639	\$	62,815,140	\$ (23,605,501)

Table 1 notes: *These are three-pay-period months which are excluded from the average because they cause inaccuracy with extreme fluctuation.

Tables 2 through 4, below, provide a 5-year, annualized analysis of ACERA's cash management.

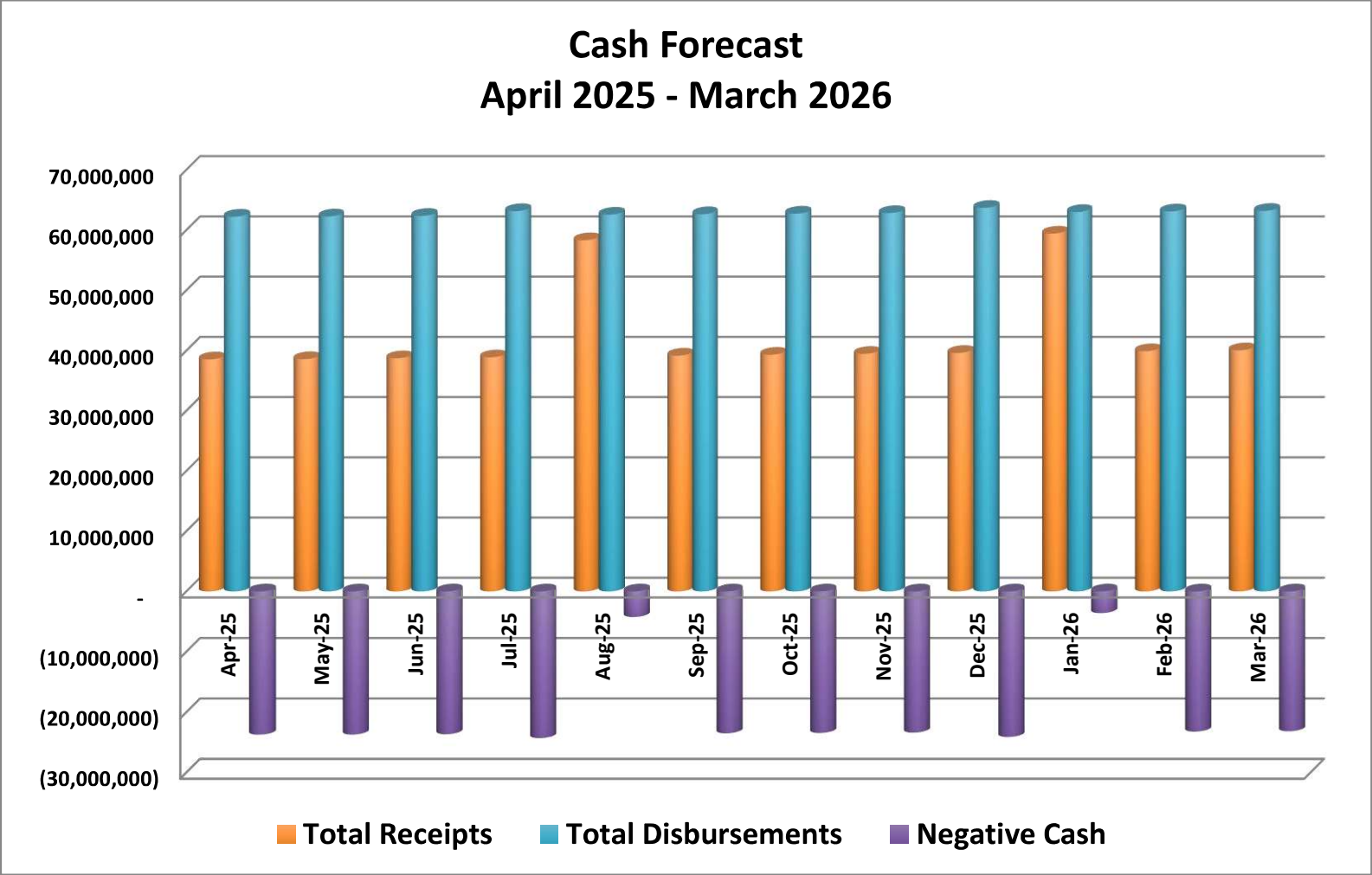
Table 2 5-Year Annual Cash Inflow			
Year	Total Contributions, Misc. Cash Receipts, etc.	Cash Draw from SSB**	Total Cash Inflow
2025	\$ 499,507,195	\$ 324,000,000	\$ 823,507,195
2024	443,227,280	347,000,000	790,227,280
2023	414,899,787	355,000,000	769,899,787
2022	403,696,551	358,000,000	761,696,551
2021	415,814,788	278,500,000	694,314,788
Table 2. 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.			

Table 3 5-Year Annual Cash Outflow			
Year	Retiree Payroll, Accounts Payable, ACERA Payroll, etc.	Cash Return to SSB**	Total Cash Outflow
2025	\$ 748,873,748	\$ 71,000,000	\$ 819,873,748
2024	725,008,342	69,000,000	794,008,342
2023	695,633,991	76,000,000	771,633,991
2022	661,897,144	92,000,000	753,897,144
2021	626,589,116	64,700,000	691,289,116
Table 3. 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 4 5-Year Annual Net Cash Position			
Year	Negative Cash	Net Cash Draw from SSB**	Variance
2025	\$ (249,366,553)	\$ 253,000,000	\$ 3,633,447
2024	(281,781,062)	278,000,000	(3,781,062)
2023	(280,734,204)	279,000,000	(1,734,204)
2022	(258,200,593)	266,000,000	7,799,407
2021	(210,774,327)	213,800,000	3,025,673
Table 4. 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.





MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: May 22, 2025

TO: Members of the Board of Retirement

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Quarterly Board Conference and Training Expense Report for the period
January 1, 2025, to March 31, 2025

Attached is the January 1, 2025 – March 31, 2025 Board conference and training expense report. As of March 31, 2025, reported expenses totaled \$49,753.

ACERA Trustees
Board Conference Expense Report
January 1, 2025 to
March 31, 2025

From	To	Attendee	Conference	Location	Total
03/02/25	03/05/25	Cynthia Baron	CALAPRS General Assembly	Napa, CA	\$ 865
05/13/25	05/16/25	Cynthia Baron	SACRS Spring Conference	Rancho Mirage, CA	\$ 290
Cynthia Baron Total					\$ 1,155
05/13/25	05/16/25	Kevin Bryant	SACRS Spring Conference	Rancho Mirage, CA	\$ 290
Kevin Bryant Total					\$ 290
05/04/25	05/07/25	Keith Carson	Milken Global Conference	Los Angeles, CA	\$ 7,500
05/13/25	05/16/25	Keith Carson	SACRS Spring Conference	Rancho Mirage, CA	\$ 290
Keith Carson Total					\$ 7,790
05/13/25	05/16/25	Ross Clippinger	SACRS Spring Conference	Rancho Mirage, CA	\$ 290
Ross Clippinger Total					\$ 290
01/27/25	01/30/25	Tarrell Gamble	iConnections Global Alts Conference	Miami, FL	\$ 2,544
03/10/25	03/13/25	Tarrell Gamble	CII Spring Conference	Washington, DC	\$ 1,722
03/13/25	03/13/25	Tarrell Gamble	SEO Alternative Investments Conference	New York, NY	\$ 927
03/17/25	03/19/25	Tarrell Gamble	ALTSLA Conference	Los Angeles, CA	\$ 1,091
04/01/25	04/02/25	Tarrell Gamble	Carlye Global Credit Conference	New York, NY	\$ 776
04/01/25	04/02/25	Tarrell Gamble	Catalyst California's Emerging & Diverse Inv. Manager	New York, NY	\$ 499
04/23/25	04/24/25	Tarrell Gamble	Vista Annual General Meeting	New York, NY	\$ 752
Tarrell Gamble Total					\$ 8,311
01/09/25	01/10/25	Henry Levy	Opal Public Funds Summit	Scottsdale, AZ	\$ 715
02/14/25	02/14/25	Henry Levy	West Coast Impact Forum and Investor Training	San Francisco, CA	\$ 795
02/25/25	02/27/25	Henry Levy	BlackRock Asset Allocation & Portfolio Construction	San Francisco, CA	\$ 44
03/02/25	03/05/25	Henry Levy	CALAPRS General Assembly	Napa, CA	\$ 254
Henry Levy Total					\$ 1,808
03/10/25	03/12/25	Elizabeth Rogers	CII Spring Conference	Washington, DC	\$ 2,595
05/04/25	05/07/25	Elizabeth Rogers	Milken Global Conference	Los Angeles, CA	\$ 7,500
Elizabeth Rogers Total					\$ 10,095
02/03/25	02/04/25	Kellie Simon	NEPC Public Funds Workshop	Tempe, AZ	\$ 750
05/04/25	05/07/25	Kellie Simon	Milken Global Conference	Los Angeles, CA	\$ 7,500
Kellie Simon Total					\$ 8,250
01/09/25	01/10/25	Steven Wilkins	Opal Public Funds Summit	Scottsdale, AZ	\$ 812
02/03/25	02/04/25	Steven Wilkins	NEPC Public Funds Workshop	Tempe, AZ	\$ 665
03/24/25	03/26/25	Steven Wilkins	Annual Pension Bridge Conference	Half Moon Bay, CA	\$ 1,557
Steven Wilkinson Total					\$ 3,034
02/03/25	02/04/25	George Wood	NEPC Public Funds Workshop	Tempe, AZ	\$ 1,230
05/04/25	05/07/25	George Wood	Milken Global Conference	Los Angeles, CA	\$ 7,500
George Wood Total					\$ 8,730
GRAND TOTAL					\$ 49,753



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: May 22, 2025

TO: Members of the Board of Retirement

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Quarterly SLT Conference and Training Expense Report for the period
January 1, 2025, to March 31, 2025

Attached is the January 1, 2025 – March 31, 2025 Senior Leadership Team conference and training expense report. As of March 31, 2025, reported expenses totaled \$1,517.

ACERA SLT
Conference and Training Expense Report
January 1, 2025 to March 31, 2025


From	To	SLT	Training or Conference	Conference Name	Amount
Conferences					
02/06/25	02/06/25	Dave Nelsen	Conference	CALAPRS Admin Round Table	\$ 50
Trainings					
03/02/25	03/05/25	Dave Nelsen	Training	SACRS Legislative Committee	\$ 24
Dave Nelsen Total					\$ 74
Trainings					
02/13/25	02/13/25	Carlos Barrios	Training	CALAPRS Benefits Round Table	\$ 50
Carlos Barrios Total					\$ 50
Trainings					
01/01/25	12/31/25	Harsh Jadhav	Training	Lorman Online Continuing Education	\$ 594.15
01/01/25	12/31/25	Harsh Jadhav	Training	CRISC Academy Continuing Ed. Risk Based IA	\$ 648.00
01/01/25	12/31/25	Harsh Jadhav	Training	CPE247 CPA Continuing Education	\$ 101.15
Harsh Jadhav Total					\$ 1,343
Conferences					
02/07/25	02/07/25	Jeff Rieger	Conference	CALAPRS Attorney Round Table	\$ 50
Jeffrey Rieger Total					\$ 50
Grand Total					\$ 1,517



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: May 22, 2025

TO: Members of the Board of Retirement

FROM: Sandra Dueñas-Cuevas, Benefits Manager 

SUBJECT: **New Pay Code: Approve as “Compensation Earnable” and “Pensionable Compensation” – Alameda Health System**

Alameda Health System (AHS) requested that new pay code RCP III DIF 5% – 20M be reviewed to determine whether it qualifies as “compensation earnable” and “pensionable compensation.” This new pay code establishes a footnote for additional compensation of 5% of the base pay to be paid to all employees in the job classification of Respiratory Care Practitioner II (Job Code 54115) who meet the qualifications for and hold an RCP III designated role.

On June 28, 2024 AHS and SEIU Local 1021 signed a Side Letter of Agreement, that states: “Additionally, effective the pay period that includes June 1, 2024, employees in the RCP II classification who meet qualifications for and hold an RCP III designated role as defined by the RCP III role description, shall be eligible for a 5% shift differential during all shifts worked.”

Staff and Chief Counsel reviewed the required supporting documentation (attached) and made the determination that this pay code qualifies as “compensation earnable” under Government Code Section 31461 (for Legacy members) and “pensionable compensation” under Government Code Section 7522.34 (for PEPPRA members). This pay code provides additional compensation that applies to more than one similarly situated employee in a group or class (in this case, employees who qualify for and hold an RCP III designated position) and increases the employees’ base pay in all pay periods like a normal salary increase. Under the Board of Retirement’s (Board) historical practices, these kinds of pay items/codes have been included in both “compensation earnable” and “pensionable compensation.” The two relevant Government Code sections are attached.

Staff informed AHS that its determination will be included on the Board’s Consent Calendar for its May 22, 2025 meeting. If this item is not pulled from the Consent Calendar for discussion, then the Board will approve Staff’s determination that pay code RCP III DIF 5% – 20M is “compensation earnable” under Government Code Section 31461 (for Legacy members) and “pensionable compensation” under Government Code Section 7522.34 (for PEPPRA members).

Attachments



Request for ACERA's Review of a New Pay Item

Employer Name:	ALAMEDA HEALTH SYSTEM
Date of Request:	4/3/25
Employer Department Submitting the Request:	PAYROLL
Contact Person/Employer (include title/position):	MaryLou Mayo-Payroll Manager
Contact Person Telephone (include area code):	510-346-7506
Contact Person Email Address:	mlestro@alamedahealthsystem.org
Pay Item Name and Pay Code/Number:	RCP III DIF 5%- 20M
Pay Item Effective Date per Authorization:	6/1/2024
Pay Item End Date (if applicable/known):	NA

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 and return with all of the supporting documentation prior to issuing (paying) the pay item to any employee who is an ACERA member.

Please attach the approving document from your agency (Board Letter, Salary Ordinance, Side Letter, MOU Agreement, or Approving Memo from Department Head; include resolution, or similar document) that verifies the formal adoption of the new pay item.

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: 54115-RESPIRATORY CARE PRACTITIONER II

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

RESPONSE #2: ALL

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: ALL EMPLOYEES IN THE JOB CLASSIFICATION 54115

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: ONLY FOR EMPLOYEES WHO MEET QUALIFICATIONS AND HOLD A RCP III DESIGNATED ROLE.

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: NOT AD HOC

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

RESPONSE #8: NOT REIMBURSEMENT

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: FT-40, PT-72, SAN VARY

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: DURING REGULAR WORKWEEK

11. State whether the pay item if for deferred compensation

RESPONSE #11: NOT FOR DC

12. State whether the pay item is for retro payments

RESPONSE #12: NOT RETRO

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

RESPONSE #13: NOT FOR ACCRUED LEAVES

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: NOT REVIOUSLY PAID

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: NOT FOR SEPARATION

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

RESPONSE #16: NOT LUMP SUM

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: EMPLOYEE MUST MEET THE RCP III QUALIFICATIONS

SIDE LETTER OF AGREEMENT
Between
Alameda Health System (AHS)
And
SEIU-1021 (Union)

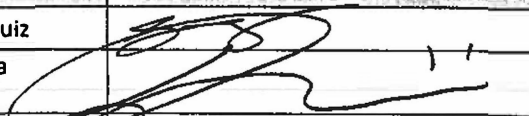

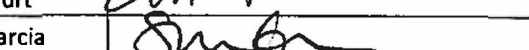
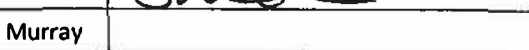
RESPIRATORY CARE PRACTITIONER CLASSIFICATIONS, WAGES & RCP III

Effective the pay period that includes June 1, 2024 the current wage scales for the HGH Registered Respiratory Therapist (54110), Respiratory Care Practitioner II (54115), and Senior Respiratory Care Practitioner (54105) classifications shall be superseded by the classifications and wage scales below.



EMPLOYEE NAME	FTE	TITLE	NEW JOB TITLE	RATE	NEW RATE	STEP
ONG, MICHAEL B.	0.90	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	68.1374	\$71.3355	7
CHEW, JOSEPH	0.90	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	68.1374	\$71.3355	7
HAGOS, TEDROS	0.90	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	65.2383	\$71.3355	7
HOANG, NGOC	0.90	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	65.2383	\$71.3355	7
CRISOSTOMO, MILLER C.	0.90	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	65.2383	\$71.3355	7
JACKSON, ADRIAN A.	0.90	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	65.2383	\$71.3355	7
BERRY, KEVIN D.	0.90	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	65.2383	\$71.3355	7
ZEWDIE, YORDANOS M.	0.90	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	63.9779	\$68.0200	6
TAYLOR, DEONTE N.	0.90	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	63.9779	\$71.3355	7
HERRING, ALESHA T.	0.60	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	62.6792	\$68.0200	6
HINK, MARINA D.	0.60	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	62.6792	\$68.0200	6
AZEVEDO, KARLA E.	0.90	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	62.6792	\$68.0200	6
HER, PENN	0.90	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	62.6792	\$64.8586	5
ALVARADO-LAZO, MARIANO J.	0.90	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	62.6792	\$64.8586	5
CARRILLO, BRITTANY N.	0.90	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	62.6792	\$64.8586	5
JUDGE, GULPREET S.	0.90	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	65.2383		5
GARCIA JR, JOSE	0.01	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	60.2684	\$63.6123	1
MEZA, ARMANDO E.	0.01	REGIST RESPIRATORY THERAPIST	RESPIRATORY CARE PRACTITIONER II	60.2684	\$63.6123	1
MUSCARDIN, ELISAMARIA	0.90	REGIST RESPIRATORY THERAPIST	RCP I (Grandfathered)	57.2021		3
GHEBREMARIAM, SAMRAWIT K.	0.90	REGIST RESPIRATORY THERAPIST	RCP I (Grandfathered)	59.8822		4
SUN, LENA	0.90	REGIST RESPIRATORY THERAPIST	RCP I (Grandfathered)	59.8822		4
CRESPO, ORALIA	0.60	REGIST RESPIRATORY THERAPIST	RCP I (Grandfathered)	57.2021		3

ONOCHE, EMMANUEL	0.90	REGIST RESPIRATORY THERAPIST	RCP I (Grandfathered)	57.2021		3
TESFAY, TESFALIDET L.	0.60	REGIST RESPIRATORY THERAPIST	RCP I (Grandfathered)	57.2021		3
NGUYEN, JENNIFER T.	0.90	REGIST RESPIRATORY THERAPIST	RCP I (Grandfathered)	62.6792		5
REYNOLDS-LOPEZ, JESSICA R.	0.60	REGIST RESPIRATORY THERAPIST	RCP I (Grandfathered)	62.6792		5
MURRAY, MICHAEL A.	0.90	RESPIRATORY CARE PRACT II	RESPIRATORY CARE PRACTITIONER II	61.2212	\$72.7622	10
SITO, VANJEL N.	0.90	RESPIRATORY CARE PRACT II	RESPIRATORY CARE PRACTITIONER II	61.2212	\$72.7622	10
ALLEN, STACEY M.	0.90	RESPIRATORY CARE PRACT II	RESPIRATORY CARE PRACTITIONER II	60.0208	\$71.3355	7
AMBONISYE, ADISA M.	0.90	RESPIRATORY CARE PRACT II	RESPIRATORY CARE PRACTITIONER II	57.1897	\$71.3355	7
CARDINALE, ROBERT S.	0.90	SR RESPIRATORY CARE PRACTITION	LEAD RESPIRATORY CARE PRACTITIONER	65.2258	\$74.9022	7
DEOL, HARPAL S.	0.90	SR RESPIRATORY CARE PRACTITION	LEAD RESPIRATORY CARE PRACTITIONER	67.8522	\$74.9022	7
BUCCELLATO, KEELEY	0.90	SR RESPIRATORY CARE PRACTITION	LEAD RESPIRATORY CARE PRACTITIONER	67.8522	\$74.9022	7
DESOTO, MALIKA D.	0.90	SR RESPIRATORY CARE PRACTITION	LEAD RESPIRATORY CARE PRACTITIONER	67.8522	\$74.9022	7

For SEIU-1021:

Name	Signature	Date
Shane Ruiz		6/28/24
Veronica Palacios		6/28/24
Maria Betancourt		6/28/24
Sonia Garcia		6/28/24
Michael Murray		

For Alameda Health System:

Name	Signature	Date
Lilian Campos		6/28/24
Craig Cole		6/28/24

Additionally, effective the pay period that includes June 1, 2024, employees in the RCP II classification who meet qualifications for and hold an RCP III designated role as defined by the RCP III role description, shall be eligible for a 5% shift differential during all shifts worked.

SIDE LETTER OF AGREEMENT
Between
Alameda Health System (AHS)
And
SEIU-1021 (Union)

RESPIRATORY CARE PRACTITIONER I WAGES & STEP LEVEL FOR GRANFATHERED EMPLOYEES

Effective the pay period that includes June 1, 2024, the current wage scales for the new position of HGH Respiratory Care Practitioner I (New Code). All incumbents listed on the table below will be "grandfathered" in and transitioned to the new job code and will remain in their current "Step" according to the Step progression table below.


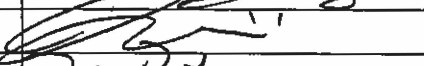
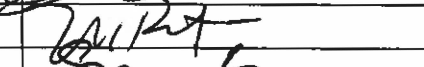


Job Code	Classification	Union	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Longevity Rate
New Code	Respiratory Care Practitioner I (Grandfathered)	SEIU 250	\$52.4075	\$54.7049	\$57.2021	\$59.8822	\$62.6792	\$63.9779	\$65.2383	\$66.5431


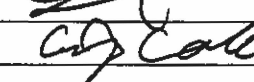
EMPLOYEE NAME	FTE	CURRENT STEP	NEW JOB TITLE
MUSCARDIN, ELISAMARIA	0.90	3	RCP I
GHEBREMARIAM, SAMRAWIT K.	0.90	4	RCP I
SUN, LENA	0.90	4	RCP I
CRESPO, ORALIA	0.60	3	RCP I
ONOCHE, EMMANUEL	0.90	3	RCP I
TESFAY, TEFALIDET L.	0.60	3	RCP I
NGUYEN, JENNIFER T.	0.90	5	RCP I
REYNOLDS-LOPEZ, JESSICA R.	0.60	5	RCP I

Additionally, effective the first business day after the transition of the last employee listed in this letter to another classification will end this agreement.

For SEIU-1021:

For Alameda Health System:

Name	Signature	Date
Shane Ruiz		6/28/2024
Veronica Palacios		6/28/2024
Maria Betancourt		6/28/2024
Sonia Garcia		6/28/24
Michael Murray		6/28/2024

Name	Signature	Date
Lilian Campos		6/28/2024
Craig Cole		6/28/24

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.



Office of the Chief Counsel

To: Board of Retirement
From: Jeff Rieger, Chief Counsel
Meeting: May 22, 2025
Subject: **Update Regarding Standby Pay Project**



INTRODUCTION

At the November 21, 2024 Board meeting, staff explained the need to review how ACERA's participating employers have been reporting standby (and similar) pay codes¹ to ACERA. This issue came to staff's attention after we learned that AHS had reported voluntary standby pay to ACERA for at least one member. This memorandum provides an update on staff's review of standby pay reporting.

BACKGROUND

"Outside of Normal Working Hours"

Effective January 1, 2013, the Legislature amended Gov't Code § 31461 to exclude from "compensation earnable"² "payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise." A constitutional challenge was made to the new law. The trial court prevented ACERA from implementing that new law until July 11, 2014, after holding that the revision to Section 31461 was constitutional. On the question of what constitutes "normal working hours," the court ruled that ACERA could include standby pay in "compensation earnable" only if the **"work was required of the Legacy Member to be served during the 'final compensation' period and was ordinarily worked by persons in the same grade or class of positions as the Legacy Member, at the same rate of pay, during that period."**³ A copy of the writ (order) is attached to this memorandum.

In *Alameda County Deputy Sheriff's Assn. v. Alameda County Employees' Retirement Assn.* (2020) 9 Cal.5th 1032, the California Supreme Court agreed with the trial court that

¹ "Standby (and similar)" refer to pay members receive at a lower-than-regular hourly rate (e.g., 1/8 or 1/4) for being available to work if the need arises when the member otherwise would not be scheduled to work. If the member is called in to work, that work is overtime and excluded from "compensation earnable."

² This issue impacts members in Tiers 1, 2 and 3. Standby has never been included in "pensionable compensation" for Tier 4 members.

³ The idea is that, if all members of a classification work the same amount of standby duty, then that standby duty is part of that classification's "normal working hours." This is not to say that literally all members in the classification must work exactly the same amount of standby duty for standby pay to be included. Establishing parameters for what "ordinarily worked" should mean is one of the questions we will be asking the Board to decide at a future meeting.

the 2013 revision to Section 31461 was constitutional. Staff determined that the Supreme Court opinion was consistent with the trial court's writ. Thus, ACERA intended to continue complying with the writ.

ACERA's Review Process

While determining an allowance for the surviving spouse of an AHS employee, staff learned that AHS had reported as "compensation earnable" pay that was for voluntary standby duty. In theory, if nobody volunteered, the standby duty could be assigned, but in practice the standby duty was almost always filled by a volunteer. ACERA excluded that pay when calculating the surviving spouse allowance and paid the surviving spouse the member contributions that ACERA received on that standby pay on or after July 11, 2014. ACERA also paid interest on those refunded amounts. That incident caused ACERA staff to investigate whether there might be a larger problem that impacts other members.

On November 13, 2024, ACERA sent all participating employers the attached request. Since that time, staff has learned that only the Housing Authority, the County and AHS pay employees standby pay. The Housing Authority has one standby pay code that appears to be properly included in "compensation earnable." AHS and the County, however, appear to be improperly reporting some standby pay to ACERA.

Since sending the November 13, 2024 request, ACERA staff has been working with AHS and the County to understand how each type of standby pay is used. Standby pay seems to fall into three broad categories:

- Some standby pay appears to be properly included.
- Some standby pay is for voluntary standby duty and should be excluded.
- Some standby pay appears to be required but it may not be "ordinarily worked by persons in the same grade or class of positions as the Legacy Member, at the same rate of pay." In some cases, this may be because employees in a subgroup of a classification are required to work essentially the same amount of standby duty, but that standby duty is not required of other employees in the classification.

Effective January 1, 2025, the Legislature amended Section 31461 to provide:

To the extent a retirement system has not defined "grade," it may define "grade," as described in paragraph (1), to mean a number of employees considered together because they share similarities in job duties, schedules, unit recruitment requirements, work location, collective bargaining unit, or other logical work-related group or class. A single employee shall not constitute a group or class.⁴

⁴ This revision arose out of the Supreme Court's ruling. Many systems across the state did not apply the 2013 amendment to Section 31461 until after the Supreme Court ruled, so they were required to implement correction procedures. The 2025 amendment to Section 31461 potentially allows for inclusion of more standby pay as "compensation earnable."

That provision is operative only after the county board of supervisors “by resolution adopted by majority vote makes that subparagraph applicable in the county.”

Current Status

As members retire, ACERA is reviewing any standby pay they received in their final compensation period. If the pay appears to be properly included, ACERA is including it and advising the members that there could be changes after the Board completes its review. If it is unclear whether the pay was properly included, staff is excluding it and advising the members that, if the standby work was required, it is possible that they will receive an increase to their allowances after the Board completes its review.⁵

Staff is implementing a three-stage process to deal with this issue:

- Stage One: Staff has informed the County and AHS that they should stop reporting all standby pay for voluntary standby duty as soon as practicable.
- Stage Two: At a future meeting, staff will bring to the Board recommendations for how ACERA should determine whether standby duties are “ordinarily worked by persons in the same grade or class of positions as the Legacy Member, at the same rate of pay.” If the Board of Supervisors were to decide to adopt the new “grade” provisions of Section 31461, that will have a significant impact on the Board’s flexibility when it determines which standby pays can be included in members’ “compensation earnable.”
- Stage Three: Staff will review the existing pay codes and procedures surrounding those pay codes and make all reasonable adjustments to reduce the likelihood of future misreporting of standby pay.

A complicating factor for Stage Two is that we do not know if the County Board of Supervisors will adopt the new “grade” provisions of Section 31461. If those new provisions are available, this Board will have more flexibility to allow some of the standby pay at issue to remain “compensation earnable” and reduce the amount of corrections that may otherwise be necessary.

New Correction Statute

To the extent ACERA must make corrections to benefits or contributions, the new Section 31541.2 will play a role in the correction process. This law, effective January 1, 2025, was passed to address the corrections that were necessary at other CERL systems after the Supreme Court’s ruling in 2020. Section 31541.2 made the rules for corrections due to disallowed compensation more favorable to

⁵ Notifications are on MemberDirect that ACERA is engaged in this review, which could impact the allowance of member who work standby. Members are also informed about this issue and the impact it might have on their retirement allowance during counseling sessions.

members. ACERA has incorporated the new rules into its Error Correction Policy. The most important changes were: (1) ACERA will not collect any past overpayments from retired members, and (2) members who retired before the compensation was disallowed will receive from their employer 20% of the projected value of the reduction to their future benefits. The statute also requires corrections of member contributions, but ACERA was already making such corrections before Section 31541.2 became effective.

CONCLUSION

This matter is before the Board as an update. No action is required, but the Board may provide direction to staff if it determines any direction is appropriate. We expect this matter will be before the Board again in the next few months, when we are ready to make recommendations on the Stage Two described above.

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ALAMEDA

ALAMEDA COUNTY DEPUTY SHERIFFS'
ASSOCIATION, et al,

Petitioners,

v.

ALAMEDA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION; BOARD OF
THE ALAMEDA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION; et al.,

Respondents.

AND RELATED PETITIONS IN
INTERVENTION

R

Case No. G12658890
a part of consolidated action MSN12-1870

**WRIT OF MANDATE TO ALAMEDA
COUNTY EMPLOYEES' RETIREMENT
ASSOCIATION AND ITS BOARD**

The Honorable David B. Flinn

1 To: Respondents Alameda County Employees' Retirement Association and the Board of
2 Retirement of the Alameda County Employees' Retirement Association (collectively, "ACERA");

3 WHEREAS, on May 12, 2014, Judgment was entered into this action, ordering that a
4 Preemptory Writ of Mandamus be issued from this Court to ACERA.

5 THEREFORE, PURSUANT TO THE JUDGMENT ENTERED IN THIS ACTION, YOU
6 ARE HEREBY COMMANDED to do the following:

7 1. To continue to implement your policies and practices for calculating "compensation
8 earnable" in effect prior to January 1, 2013 for ACERA members who first became members prior to
9 January 1, 2013 ("Legacy Members") and whose effective dates of retirement are within sixty (60)
10 days following the date of entry of Judgment in this action (the "Stay Period"). On the sixty-first
11 (61st) day following the date of entry of the Judgment, this command shall be of no further force or
12 effect.

13 2. Following the Stay Period, to refrain, as to Legacy Members, from automatically
14 excluding from "compensation earnable" all "on-call," "standby" or similar pay code compensation.
15 Instead, you are directed to make a determination as to each individual member whether: (a)
16 ACERA included such compensation in "compensation earnable" prior to AB 197; and (b) the work
17 was required of the Legacy Member to be served during the "final compensation" period and was
18 ordinarily worked by persons in the same grade or class of positions as the Legacy Member, at the
19 same rate of pay, during that period. If the determination demonstrates to ACERA that the
20 compensation meets all of the foregoing conditions, you are directed to include such amounts in
21 "compensation earnable." If the determination demonstrates to ACERA that the compensation does
22 not meet all of the foregoing conditions, you are directed to exclude such amounts from
23 "compensation earnable." Notwithstanding the foregoing, ACERA may exclude any such
24 compensation it determines the member received to enhance his or her retirement benefit, pursuant
25 to Government Code section 31461, subdivision (b)(1).
26
27
28

1 YOU ARE FURTHER COMMANDED to make a return of this Writ of Mandamus before
2 this Court within 90 days from the date a copy of this Writ is served on you, showing what you have
3 done to comply with this writ of mandate.
4

5 Leah T. Wilson


6 DATED: JUL 10 2014

Clerk of the Superior Court



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By

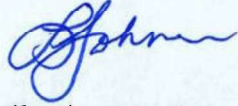

Scott Sanchez
Deputy Clerk



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: May 22, 2025

TO: Members of the Board of Retirement

FROM: Lisa Johnson, Assistant Chief Executive Officer 

SUBJECT: **Participating Employers' Recommended Contributions to their Alameda County Employees' Retirement Association 401(h) Accounts for the 2025-2026 Fiscal Year**

Each year, the governing bodies of ACERA's Participating Employers authorize ACERA to establish a 401(h) account on their behalf. These accounts are funded by the Participating Employers with a portion of the normal annual contributions to ACERA. Simultaneously, after contributions are made in accordance with the County Employee Retirement Law (CERL), ACERA treats an equal amount of Supplemental Retiree Benefits Reserve (SRBR) assets as employer contributions for pensions and transfers that amount to the appropriate Employer Advance Reserve. This procedure provides retirees with contributions towards their Retiree Health Benefits (RHBs) on a tax-free basis in compliance with Internal Revenue Code Section (IRC) §401(h).

Background

Beginning with resolution 96-634 for the fiscal year ending June 30, 1996, the Alameda County Board of Supervisors has annually authorized County contributions to a 401(h) account to provide non-vested RHBs to retirees on a non-taxable basis. In accordance with the County's annual resolution, ACERA's actuary has estimated the cost to fund this account, and the County has paid these funds into the 401(h) account in conjunction with its annual normal retirement contribution payment.

In 2005, in an effort to limit its cost related to Other Post-Employment Benefits (OPEBs) the Alameda County Board of Supervisors adopted Resolution number R-2005-292. The resolution states: (1) the County's annual contribution to ACERA's 401(h) account be limited to costs related to non-vested OPEB benefits attributed to retired County employees, and (2) that contributions for retired employees of other ACERA member entities (e.g. Alameda County Medical Center now named Alameda Health System, Housing Authority and Livermore Area Recreation and Park District, etc.) were the responsibility of those entities. Subsequently, the Alameda County Housing Authority, the Alameda Health System (AHS), the Livermore Area Recreation and Park District (LARPD) and First Five-Alameda County Children and Families Commission (First 5) chose to establish their own 401(h) accounts. Alameda County includes the Alameda County Office of Education in the County's 401(h). In accordance with Government Code 71624, the Superior Court of California is also included in the County's 401(h). However, the Superior Court funds its own 401(h) contribution amount.

The Segal Company, ACERA's actuary, projected that \$63,824,000 will be required in contributions for the 2025 - 2026 fiscal year. IRC § 401(h) limits the total contribution under the plan to 25% of total contributions. In the attached letter, The Segal Company confirmed that the estimate of the 401(h) contributions does not exceed the 25% limit of the total contribution under the plan imposed by the IRC Section 401(h).

The attached 401(h) Contributions Summary by Participating Employer schedule shows a percentage breakdown of the 401(h) expense by employer based on the number of retirees eligible for non-vested OPEB benefits. This percentage was applied to the projected 401(h) contributions total of \$ 63,824,000 and was adjusted by the estimated balance remaining in the 401(h) account, as of June 30, 2025 for fiscal year 2025-2026.

<u>Employer</u>	<u>Percentage</u>	<u>Net Contribution</u>
Alameda County	78.55%	\$42,858,390.00
AHS	14.22%	\$7,808,777.00
First 5	0.21%	\$116,688.00
Housing Authority	0.66%	\$362,625.00
LARPD	0.74%	\$407,985.00
<u>Superior Court</u>	<u>5.62%</u>	<u>\$3,072,077.00</u>
Total Net Contribution	100.00%	\$54,626,542.00

The estimated contributions for all Participating Employers include:

- Projected health premium subsidy increases of 3.50% for medical, 4.50% for Medicare Part B, and 4.00% for dental and vision;
- An additional 10% subsidy requirement for 2025 - 2026 to provide a margin for unexpected retirements (e.g., if the employer grants Golden Handshake benefits);
- Administrative expenses for health benefits

ACERA will send a letter to each of the Participating Employers requesting that their respective governing bodies pass a resolution to approve the funding of their 401(h) account in the upcoming fiscal year in the amount specified by ACERA's actuary and adjusted by the balance remaining in their 401(h) account.

Recommendation

Staff recommends to the Board of Retirement that after contributions are made to the 401(h) accounts by the respective Participating Employers, ACERA, in accordance with the CERL, treat an equal amount of Supplemental Retiree Benefits Reserve (SRBR) assets as employer contributions for pensions and transfer the amount equal to the pro rata share of the 401(h) contributions for the 2025-2026 fiscal year for each Participating Employer. The exact amount will be adjusted by the balance remaining in each of their 401(h) accounts and is contingent upon receipt by ACERA of an authorizing resolution from each of the Participating Employers' governing bodies.

Attachment:

Memo from Segal

401(h) Contributions Needed for County and Special Districts FY 2025-2026



180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
T 415.263.8200
F 415.376.1167
segalco.com

April 11, 2025

Lisa Johnson
Assistant Chief Executive Officer
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, CA 94612-1916

Re: 401(h) Contributions for the 2025–2026 Fiscal Year

Dear Lisa:

Pursuant to the Association's request, we have estimated the 401(h) contributions for the 2025–2026 fiscal year.

Results and analysis

We project that, for the 2025–2026 fiscal year, the Association will need \$63,824,000 to provide medical benefit subsidies from the 401(h) account. The process used to determine the actual biweekly contribution amounts is discussed on page 2. Please note that as previously directed by ACERA, in developing the estimated 401(h) contribution amount, we have included the expenses related to the administration of health benefits for retirees.

The 401(h) funding requirement is developed as follows:

Component	Amount
1. Total monthly premium subsidy paid by ACERA to all health benefit plan providers during the month of February 2025, projected to June 2025 by the Association (for comparison purposes only).	\$4,381,000*
2. Annualized premium subsidy as of February 2025, projected to June 2025 (for comparison purposes only).	\$52,572,000

* Last year, the total monthly premium subsidy paid by ACERA to all health benefit plan providers for February 2024 and projected to June 2024 by the Association was \$4,274,000, or \$51,288,000 annualized. There is an increase in the projected monthly premium subsidy amount from last year to this year primarily as a result of an increase in the medical subsidies from 2024 to 2025.

Component	Amount
3. Best estimate of annualized premium subsidy required for 2025–2026 (based on actual payouts from July 2024 through February 2025 and estimated payouts from March 2025 through June 2025 provided by ACERA). Following the Association's current practice, we have assumed that the Retirement Board will increase the Monthly Medical Allowance at the rate equal to one-half of the lowest medical trend assumption for the non-Medicare and Medicare Advantage plans. We have assumed that the Medicare Part B, dental and vision subsidies will increase at the full rate of the trend assumption for those plans for calendar year 2025 (as assumed in the December 31, 2023 SRBR valuation). The assumed increases in the subsidy calculation are 3.50% ¹ for medical, 4.50% for Medicare Part B, 4.00% for dental and vision plans.	\$56,007,000
4. Increase of 10% in Item 3 to provide a margin for unexpected retirements rounded to nearest \$1,000.	\$5,601,000
5. Administrative expenses for health benefits, rounded to nearest \$1,000.	\$2,216,000 ²
6. Sum of Items 3, 4, and 5.	\$63,824,000

Important assumptions regarding anticipated change in health premium subsidy

Except for the projected health premium subsidy increases described above, we have not assumed any other changes in the level of subsidy from 2024–2025 to 2025–2026. Our estimate will have to be revised if the Retirement Board later decides to amend the level of benefits.

401(h) contributions

The actual required contributions for the 2025–2026 fiscal year should be determined by subtracting the June 30, 2025 balance in the 401(h) account from the \$63,824,000. We understand that this net amount will be contributed to the 401(h) account on a biweekly basis by the employers and the Association will transfer a like amount from the Supplemental Retirees Benefit Reserve to the Employer Advance Reserve.

As instructed by the Association, we have provided a breakdown of the 401(h) expense by employer in the following table. We understand that the breakdown has been compiled by the Association as of February 2025, based on the number of retirees eligible for retirement benefits.

¹ This is based on 50% of the 7.00% trend assumption used to project the increase for Medicare Advantage plans from calendar year 2025 to calendar year 2026, as described in the assumptions section of the December 31, 2023 SRBR sufficiency valuation. The medical trend assumptions in our letter dated March 21, 2025, recommended for the December 31, 2024 sufficiency valuation, will be applied in the 401(h) contribution estimate for the 2026–2027 fiscal year.

² As part of the determination of the 401(h) contributions for the 2024–2025 fiscal year, we followed the directions from the Association (as provided in the past) to use the actual 2023 calendar year expense as a proxy for the 2024–2025 fiscal year expense. We have maintained this procedure and have used the actual 2024 calendar year expense as a proxy for the 2025–2026 fiscal year expense.

Employer	Percentage of 401(h) Contributions
Alameda County ¹	78.55%
Health System	14.22%
Superior Court	5.62%
Livermore Area Recreation and Park District	0.74%
Housing Authority	0.66%
First 5	0.21%
Total	100.00%

Under IRC Section 401(h), medical benefits must be “incidental” to the retirement benefits under a plan. Section 401(h) indicates that medical benefits will be considered “incidental” if the contributions for medical benefits are less than 25% of the total contributions under the plan (excluding unfunded actuarial accrued liability (UAAL) payments). We believe that the transfer from the Supplemental Retirees Benefit Reserve should be treated as an offset to the UAAL contribution requirement (to the extent that the net UAAL payment after the offset is still positive), which means that in a given year the medical contributions can be up to 25% of the total Normal Cost contributions.

In the following table, we demonstrate that the value of the medical benefits is in compliance with the above requirement. Please note that as the Retirement Board has not yet adopted the contribution rates for the December 31, 2024 pension funding valuation, we have continued to apply the average employer and employee contribution rates calculated in the last valuation, that is, as of December 31, 2023, to the payroll calculated in that valuation, increased by 3.00% to reflect one year of projected payroll growth.

Source of Contributions	Estimated Amount (\$ millions)
Employee Normal Cost (based on an aggregate member rate of 9.87% calculated in the December 31, 2023 valuation and an estimated payroll of \$1,359 million)	\$134.1
Employer Normal Cost (based on aggregate employer normal cost rate of 10.79% calculated in the December 31, 2023 valuation and an estimated payroll of \$1,359 million)	\$146.6
Recommended 401(h) Medical Contributions	\$63.8
Total Normal Cost and Recommended 401(h) Medical Contributions	\$344.5
Ratio of 401(h) Contributions to the Total Normal Cost Contributions and Recommended 401(h) Medical Contributions	18.5% ²

¹ As in years past, retirees from the Office of Education and the Alameda County Fire Department are included in the County's percentage by ACERA.

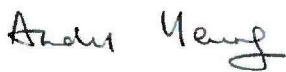
² This ratio was 18.7% as provided in our 401(h) contributions letter for the 2024–2025 fiscal year.

These calculations were prepared under our supervision. Except as noted above, the calculations are based on the December 31, 2023 actuarial pension funding valuation results including the membership data and the non-health care cost trend actuarial assumptions on which that valuation was based, and the health care cost trend assumptions in the December 31, 2023 SRBR sufficiency valuation.

This document has been prepared for the exclusive use and benefit of the client, based upon information provided by you and your other service providers or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. This document should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of ACERA. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. Please let us know if you have any questions.

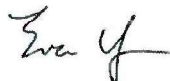
Sincerely,



Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary



Mehdi Riazi, FSA, MAAA, FCA, EA
Vice President and Actuary



Eva Yum, FSA, MAAA, EA
Vice President and Actuary

/elf

cc: Eva Hardy
Katherine Martinez

401(h) Contributions needed for County and Special Districts - For the Fiscal Year 2025-26

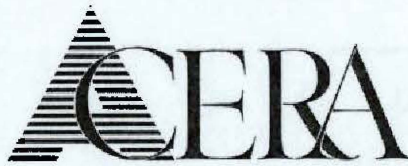
Employer	Percentage of 401(h) Contribution	Paid Interval	Actuarial 401(h) Account Balance Required for FY 2025-26	Est. 401(h) Balance as of 6/30/2025	FY 2025-26 Required 401(h) Contribution Amount	FY 2025-26 Per Pay Period 401(h) Payment	Monthly Payment 2 PP	Aug.'25 & Jan'26 3 PP	Required Adm. Allocation 2025-26 Total	Monthly Adm. Allocation
Alameda County	78.55%	Bi-Weekly (26 PP)	\$ 50,133,752.00	\$ 7,275,361.75	\$ 42,858,390.00	\$ 1,648,399.62	\$ 3,296,799.24	\$ 4,945,198.86	\$ 2,215,000.00	\$ 145,056.00
AHS	14.22%	Bi-Weekly (26 PP)	9,075,772.80	1,266,995.74	\$ 7,808,777.00	\$ 300,338.00	\$ 600,676.00	\$ 901,014.00	\$ 315,115.00	\$ 26,260.00
Superior Court	5.62%	Bi-Weekly (26 PP)	3,586,908.80	514,831.77	\$ 3,072,077.00	\$ 118,157.00	\$ 236,314.00	\$ 354,471.00	\$ 124,539.00	\$ 10,378.00
Livermore Area Recreation & Park District	0.74%	Bi-Weekly (26 PP)	472,297.60	64,313.05	\$ 407,985.00	\$ 15,692.00	\$ 31,384.00	\$ 47,076.00	\$ 15,398.00	\$ 1,366.00
Housing Authority	0.66%	Bi-Weekly (26 PP)	421,238.40	58,613.34	\$ 362,625.00	\$ 13,947.00	\$ 27,894.00	\$ 41,841.00	\$ 14,626.00	\$ 1,219.00
First 5	0.21%	Bi-Weekly (26 PP)	134,030.40	17,342.04	\$ 116,688.00	\$ 4,488.00	\$ 8,976.00	\$ 13,464.00	\$ 4,654.00	\$ 388.00
Total	100.00%		\$ 63,824,000.00	\$ 9,197,457.69	\$ 54,626,542.00	\$ 2,101,021.62	\$ 4,202,043.24	\$ 6,303,064.86	\$ 2,215,000.00	\$ 184,667.00

Per SEGAL letter dated April 11, 2025 required amount \$ 63,824,000.00

** Please see attached payment schedule.

Prepared by: Hema - 4/15/25

Reviewed by: Hermella - 4/16/25



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: May 22, 2025

TO: Members of the Board of Retirement

FROM: Lisa Johnson, Assistant Chief Executive Officer *L. Johnson*

SUBJECT: **ACERA 2025 Board of Retirement Election**

Executive Summary

ACERA's 2025 election will be conducted for the following seats on the Board of Retirement:

- Third member to represent the general membership
- Seventh member to represent the safety membership
- Seventh member Alternate to represent the safety membership
- Eighth member to represent the retired membership
- Eighth member Alternate to represent the retired membership

MK Election Services, LLC (MK Election) will manage the vote-by-mail portion of the election. MK Election's scope of services includes ballot programming services, ballot printing and assembly, ballot mailing, reissuing lost or damaged ballots, crediting of returned ballots from voters, maintaining ballot statistics, counting of the ballots, and certifying election results. As with all elections conducted by MK Election, ballots will be mailed to the home address on file with the employer or ACERA.

2025 Board of Retirement Election Calendar

- **Notice of Election** begins on August 4 and ends on August 29 (20 business days);
- **Nomination Period** begins on September 2 and ends on September 29 (20 business days);
- **Review Period of the Candidate Statements** begins on October 1 and ends on October 10 (10 calendar days);
- **What's Up Newsletter Mailing (Election Edition)** will be mailed October 31 to retired, active and deferred general and safety members;
- **Ballot Mailing** will go out on November 12 to retired, active and deferred general and safety members;
- **Election Period** is between November 12 and December 17 (36 calendar days);
- **End of the Election and Deadline** for ballots to be returned to MK Election is on December 17 at 5:00 PM;
- **Ballot Counting** will be on December 18 beginning at 9:00 AM at ACERA's office; and,
- **Election Results** will be announced on December 18 at ACERA's Board Meeting and posted to ACERA's website on December 26.

Staff will provide a report on the certified candidates at the October 16, 2025, ACERA Board Meeting. Questions regarding the election can be directed to Lisa Johnson (510) 628-3014 or ljohnson@acera.org.



Office of the Chief Counsel

To: Board of Retirement
From: Jeff Rieger, Chief Counsel
Meeting: May 22, 2025
Subject: **Delegation of Authority Re Medical Examinations/Questionnaires**



Gov't Code § 31729 provides that the "board may require any disability beneficiary under age 55 to undergo medical examination" and upon "the basis of the examination the board shall determine whether the disability beneficiary is still physically or mentally incapacitated for service." Gov't Code § 31730 provides that if "the board determines that the beneficiary is not incapacitated, and his or her employer offers to reinstate that beneficiary, his or her retirement allowance shall be canceled forthwith, and he or she shall be reinstated." Disability Retirement Procedures Section 10.1(a) provides: "If a disability retirement is granted to any Member under age 55, the Board may require the Member to undergo future medical evaluations and examinations. Such future reviews may be required upon granting the disability retirement application, or at anytime thereafter." Also: "As part of this review, the Member will be required to complete a Continuing Disability Questionnaire."


When the Board grants a disability retirement application, it also decides whether the member will be required to submit to future medical examinations and/or complete questionnaires. If the Board decides not to require those things, it may later become evident that those things are warranted because a member's condition may have improved after the Board granted the disability retirement. Staff is reviewing a potential case like that now and expects that there may be similar cases in the future.

Staff recommends that the Board delegate to the CEO authority to order medical examinations and/or completion of questionnaires so that, when the need arises, staff can act expeditiously and without complications that may arise from bringing the matter to the Board. For example, staff never meets with the Board outside a member's presence on a contested disability matter, so staff would need to notify the member of the request to the Board that it require an examination, which may lead to unwarranted delay, unwarranted consumption of Board and staff time and difficulty for staff to conduct investigations in a timely and effective manner.

Recommendation: Staff recommends that the Board add the following bolded language to section 10.1(a) of the Disability Retirement Procedures: "Such future reviews may be required upon granting the disability retirement application, or at anytime thereafter. **The CEO has authority to order examinations and/or completion of questionnaires based on the CEO's best judgment.**"



Office of the Chief Counsel

To: Board of Retirement
From: Jeff Rieger, Chief Counsel 
Meeting: May 22, 2025
Subject: **Retired Annuitants' Receipt of MMAs Through HRAs**

Background

In 2013, ACERA's tax counsel recommended a "conservative" approach to the Affordable Care Act, under which a retired annuitant¹ would not be able to receive a Monthly Medical Allowance ("MMA") through a Health Reimbursement Account ("HRA"). The reasons for the conservative approach are in the Discussion section below.

At that time, ACERA revised its documentation to state that retired annuitants could not receive MMAs through HRAs, although they could receive MMAs as premium subsidies for group insurance plans. Under those revisions, retired annuitants who participated in individual insurance plans could not receive MMAs at all because an HRA had been the only way for them to receive an MMA.

The necessary administrative systems and procedures were never established to implement the revisions reflected in the documentation. Thus, in practice, retired annuitants have been receiving MMAs through HRAs.²

This matter is before the Board so that the Board can take one of two actions:

- Direct staff to bring ACERA's practices into compliance with ACERA's documentation by not allowing retired annuitants to receive MMAs through HRAs.
- Revise ACERA's documentation to allow retired annuitants to receive MMAs through HRAs.

For the reasons explained below, staff recommends that the Board revise ACERA's documentation to allow retired annuitants to receive MMAs through HRAs.

¹ A "retired annuitant" is an ACERA retired member who returns to work for an ACERA employer in a limited capacity, per Gov't Code § 7522.56, and continues to receive a retirement allowance and other related ACERA benefits while working in that limited capacity.

² Based on advice from Via Benefits, ACERA told some retired annuitants that they could participate in the HRA if they avoided working on the last working day of each month.

Discussion

ACERA disburses SRBR benefits, like the MMA, out of a "retiree-only" 401(h) account. Under IRS regulations, retired annuitants qualify as "retired" for the purposes maintaining the "retiree-only" status of the 401(h) account. See 26 CFR § 1.401-14(b).

Tax counsel recommended a "conservative" approach of excluding retired annuitants from receiving an MMAs through HRAs because, unless the HRA plan is "retiree-only," it is subject to the Affordable Care Act's limitations on annual or lifetime benefit limits. The potential concern is that an HRA, by definition, is limited to the dollar amount of the MMA. If a retired annuitant is considered an employee, rather than a retiree, that could endanger the HRA plan's "retiree-only" status, which could result in a violation of the Affordable Care Act's prohibition of annual or lifetime limits. I believe that concern is unwarranted because:

1. ACERA does not provide insurance coverage. ACERA uses funds in the SRBR for the benefit of retired members. The retired members' insurance coverage must comply with the prohibition against annual and lifetime limits. The fact that a retired member receives a limited amount of funds to help pay for coverage does not mean the member's coverage is limited. I see no good reason why a court would find that ACERA's MMA payments to retired annuitants through an HRA run afoul of Affordable Care Act's prohibition of annual or lifetime limits.
2. The Affordable Care Act was passed to expand, and make more affordable, health insurance coverage. Taking away coverage from some retired members is contrary to the fundamental purposes of the Affordable Care Act.
3. Tax counsel and I agree that no person, entity or public policy is harmed when retired annuitants receive MMAs through HRAs. This begs the question of who would challenge a plan that allows retired annuitants to receive MMAs through HRAs, and why they would mount such a challenge.
4. The conservative approach in ACERA's formal documentation is based on a possible reading of the Affordable Care Act, but that is not the only possible reading. That conservative reading turns on the application of the common law employment test to find that retired annuitants are "employees" and therefore not "retirees." While it is possible a court would use the common law employment test for that purpose, I do not believe a court would do so, because ACERA treats these members as retirees for all other purposes. Indeed, we treat them as retirees under 26 CFR § 1.401-14(b), which is why they may receive MMAs as premium subsidies for group insurance plans. The HRA is a vehicle to deliver funds from the 401(h) plan to members who participate in individual insurance plans, so I believe the fundamental purposes of both tax law and the Affordable Care Act are advanced by applying a uniform standard for what qualifies as a "retiree-only" plan.
5. We have learned that at least two large organizations have been openly allowing people like retired annuitants to participate in HRAs for about 20 years. In 2013, they considered the same issue that ACERA's tax counsel considered in 2013, and concluded, with input from their tax counsel, that retired annuitants could receive

payments through an HRA. They have operated in that manner ever since without any negative consequences.³

In summary, I see no good reason to disqualify a group of ACERA retirees from receiving the MMA, based on a reading of the Affordable Care Act that is inconsistent with the fundamental purposes of the Affordable Care Act. Indeed, I would argue that the "conservative" approach, based on all facts as we know them today, is to allow retired annuitants to receive MMAs through HRAs. Put simply, I believe the low risk of adverse consequence under the Affordable Care Act does not justify preventing retired annuitants from receiving their MMAs.

Tax counsel, Hanson Bridgett, has reviewed this memorandum and agrees that my recommendation is reasonable, so long as the Board understands the potential risks involved. If CMS, the agency that enforces penalties under the Affordable Care Act against governmental plans, were to audit ACERA, it could determine that allowing retired annuitants to receive MMAs through the current HRA⁴ is a violation of the Affordable Care Act (up to \$100 per day, per violation, per member) and it is possible that a court could agree with such a determination. Hanson Bridgett advises that since an HRA is considered a group health plan, a court could make a finding that the regulations technically require that both the insurance coverage and the HRA meet the ACA rules, even though the health benefits may not have been limited. I find that risk to be very low. Further, Hanson Bridgett agrees that allowing retired annuitants to receive MMAs through HRAs does not harm any person, entity or public policy, and is not aware of any CMS audits or court cases that would shed further light on this particular issue.

Recommendation

For the foregoing reasons, staff recommends that the Board revise all relevant documentation to remove all statements that retired annuitants may not receive an MMA through an HRA. Staff will bring redlines showing revisions to any documents that require board approval for revisions to a future meeting on the Consent Calendar and simply revise any documents that do not require board approval for revisions.

³ A December 20, 2013 article can be found here: <https://blog.nisbenefits.com/aca-impact-on-hras-for-rehired-employees-2>. I spoke with a representative from National Insurance Services (NIS) and he confirmed that both NIS and MidAmerica (similar to Via Benefits) have been allowing people like retired annuitants to participate in "retiree-only" HRA plans without adverse consequences for almost 20 years. MidAmerica publishes informational materials that advertise this point. Via Benefits did not provide any substantive input in response to our inquiry.

⁴ Hanson Bridgett has advised that the IRS has created a new form of HRA, an Individual Coverage HRA (ICHRA) that allows coordination with individual insurance coverage such that the ACA rules are met when distributing designated limited amounts each year. Staff has determined, however, that setting up an ICHRA would require significant additional administrative effort and changes to some existing policies and practices to the detriment of ACERA members. I believe that pursuing this option to eliminate a risk that I find very low, on a subject that does not involve large number of members or dollars, is not an advisable use of resources.



Office of the Chief Executive Officer

DATE: May 22, 2025

TO: Members of the Board of Retirement

FROM: Dave Nelsen, Chief Executive Officer

DN

SUBJECT: Chief Executive Officer's Report

Senior Manager Recruitment

None

Committee/Board Action Items

ASSIGNED FOLLOW-UP ITEMS				
Follow-Up Board Item	Assigned Senior Leader	Estimated Completion Date	Completion Date	Notes
Discuss with Segal the use of AI in actuarial services	Dave Nelsen	November 2024	Segal will present to the Board on this issue in the coming year.	The Board Off-Site meeting raised the question of the use of AI in the actuarial profession, and whether there are any actuarial committees discussing AI standards.

Conference/Event Schedule

None.

Other Items

Business Planning Update

Attached are the 2025 Business Plan updates.

Legislative Update

Attached is the monthly Legislative Update from the SACRS lobbying firm which discusses bills of interest and their status.

Other Items

Legislative highlights: There is currently a bill that will roll back significant cost savings elements of the implementation of PEPRA in 2013 (AB 1383). The fiscal impact for this bill was released, and the cost for CalPERS alone was billions of dollars increase annually. This bill was placed on Suspense in the Assembly.

LAFCO: The next LAFCO meeting will be in July, where the commission is expected to vote on becoming an ACERA employer. They have a goal of becoming an independent entity by the end of the year.

Key Performance Indicators

Below are the high-level performance indicators for ACERA, with the latest scores included:

Scorecard KPI	2022 Performance Goal
PRUDENT INVESTMENT PRACTICES	
Portfolio Performance vs. Policy Benchmark	<i>Annualized 10-year return will meet or exceed Policy benchmark at the total fund level</i> As of March of 2025: 10 year net return 7.31%, policy index 7.51%.
EFFECTIVE PLAN ADMINISTRATION	
Actual Spent vs. Approved Budget	<i>On budget or 10% below 2024 approved budget</i> As of March of 2025: 4.13% over budget.
COMPREHENSIVE ORGANIZATION DEVELOPMENT	
Employee Engagement Survey Results	<i>80% of responses in top two rating boxes on the question: "Is ACERA a great place to work?"</i> As of the latest survey (October of 2024): 77%.
SUPERIOR CUSTOMER SERVICE	
Service Excellence Survey	<i>80% of responses in top two rating boxes on the question: "Did ACERA meet or exceed my expectations for my customer service experience?"</i> For 1st Quarter of 2025: 100%.

ACERA BUSINESS PLANNING PROJECTS UPDATE

1. WFE Phase III (Adoption into OnBase Platform)

Goal 2 (Complete in November 2025)

Migration of job performance and job development plans into the OnBase Workforce Excellence module for use by both team members and leaders. After this is completed, the entire workforce excellence process will have been migrated into OnBase. The OnBase Software upgrade project completion status was a predecessor to resuming this project. Migration activities are in progress.

2. PAS 2.0 Post-Implementation Initiatives

Goal 3 (December 2025)

These initiatives are various additional improvements together with contractual items identified as pour over for Pension Gold 3. The scope of work is prioritized according to criticality of the processes supported by enhancements to PGV3. End-user testing of the remaining warranty items is complete. All contractual items are now complete.

3. General Ledger System - New Product Selection

Goal 3 (Complete December 31, 2025)

For 2025, the Great Plains upgrade project team will be selecting the final software vendor from the list that was narrowed down in 2024. The project team will take a deeper dive into each of the software options, including Hyland OnBase now that ACERA's OnBase upgrade is complete. The goal is to target the next phase of the General Ledger System project – implementation for 2026. Currently, we are scheduled for a demo for Microsoft's cloud offering in June.

4. Customer Service – Member Engagement Enhancement

Goal 4 (Complete November 1, 2025)

This project aims to improve member engagement by creating a library of short video tutorials and quick click answers to frequently asked questions, informed by real member interactions. As part of this effort, ACERA has been recording member service calls and completed a process in April to confirm with our call center provider, 8x8, that we can retrieve transcripts in bulk. This required internal exploration and coordination with the vendor to identify the appropriate method for accessing the data. Before using AI tools to analyze the transcripts, we will first strip all personal data to ensure member confidentiality.

5. **CEM – Benchmarking (Administration)**

Goal 3 (Complete by October 31, 2025)

Review administrative benchmarking process and tools available to help measure, compare and guide assessment of our pension administration costs, resource levels and the value of service we provide to our members. We are currently analyzing the performance agreement with CEM and making resource decisions on how best to fill out the 80+ questions on service and cost that will be the basis of the final report.

6. **Internal Administrative Dashboard Tool Review And Selection**

Goal 3 (Complete by November 30, 2025)

Review and selection of an internal tool for allowing input of data and for displaying data in a dynamic, graphical, and interactive format. Our next step is to get requirements from end-users, including expectations around training.

7. **2025 Business Initiative for Investments - Clearwater Onboarding**

Goal 1 (Complete by December 31, 2025)

Onboard ACERA into the Clearwater Analytics (CW) service provider platform. CW's benefits for ACERA will provide increased efficiencies and timely accessibility of investment data, automation of many processes, improved record keeping and retention, and an extra resource for data reconciliation. This project requires involvement from multiple ACERA departments (Investments, Fiscal Services, Legal), and once onboarding is complete it will also benefit the same three departments. The onboarding process will build and transition historical and current ACERA information and data into CW's systems. The project scope will cover setting up the required user IDs, conducting user training and ongoing client service check-ins. The project is expected to be complete by the end of December 2025. There are no updates for this project this month, , and the project is on track

8. **Letter Printing Initiative Assessment**

Goal 4 (Complete by September 30, 2025)

Automate some members' printing output for process efficiency and business resilience. The 2025 phase of the project will be dedicated to requirements assessment and limited testing of potential tools and technology. After providing some sample data to the vendor, a small population of letters have been selected for requirements development and pilot testing. There are no updates to this project this month.

LEGISLATIVE UPDATE



TO: State Association of County Retirement Systems
FROM: Cara Martinson, Public House Consulting
Laurie Johnson, LJ Consulting & Advocacy
RE: **Legislative Update – May 2025**

The Legislature is rapidly approaching its first policy committee deadline, with committees working furiously to process more than a thousand bills ahead of the May 2nd deadline for fiscal bills and May 9th for non-fiscal bills. Following this milestone, attention will shift to the fiscal deadline, where a significant number of bills are expected to be held in the appropriations committees due to the state's challenging budget environment. Last year, an average of 32% of bills in each house were held at this stage.

Despite current budget constraints, the state's revenues are outperforming projections. According to the Department of Finance and the Franchise Tax Board, revenues at the end of March were approximately \$4–5 billion above the January estimates. Nevertheless, broader economic uncertainty—driven by ongoing federal issues including trade policy and the rollback of key safety net programs—continues to cloud the overall fiscal outlook. Greater clarity is expected when the Governor releases the May Revision in mid-May.

On the legislative front, common policy themes continue to emerge with bipartisan interest, namely housing and permit reform. Legislators remain focused on addressing California's severe housing shortage, efforts largely hindered by the complex requirements of the California Environmental Quality Act (CEQA). The law has long been a source of friction between pro-development advocates and environmental stakeholders, without any lasting resolution.

That may soon change. Assembly Bill 609, introduced by Assemblymember Buffy Wicks (D-Oakland), proposes to exempt most urban housing developments from CEQA—a sweeping reform with significant implications. If passed, the bill would eliminate environmental litigation over multifamily housing proposals, reduce legislative wrangling over project-specific exemptions, and limit the use of CEQA as a tool for negotiating project concessions.

In addition, the Legislature has been focused on the need to lower the cost of living for working Californians, including lowering utility bills for rate payers. In the local government sphere, bills seeking to amend, extend or augment the Open Meetings Laws continue to move through the legislative process.



SACRS is tracking the following bills:

- **ACA 2 (Jackson)** - seeks to reinstate retirement for State Legislators. ACA 2 would establish a retirement system specifically for legislators elected or serving from November 1, 2010 onward. To qualify, legislators would be required to serve at least 10 years. If their service is less than 10 years, legislators could transfer their accumulated service credits to another public pension or retirement system they are a part of. Status: This bill has not yet been referred to a policy committee.
- **AB 259 (Rubio)** - was amended to extend the 2026 sunset on existing laws governing teleconferencing procedures for public meetings to 2030. This bill is sponsored the CA Special District's Association (CSDA). Status: This bill passed out of the Assembly Local Government Committee and is on the Assembly Floor awaiting action.
- **AB 288 (McKinnor)** - deletes a reference in government code 3558 to a date in which the section is operative. The section is related to the ability of an exclusive representative to file a charge of an unfair labor practice with the Public Employment Relations Board alleging a violation related to notice requirements. Status: This bill passed out of the Assembly Committee on Public Employment & Retirement (PERS) and is on the Assembly Floor awaiting action.
- **AB 339 (Ortega)** - would require the governing body of a public agency to give a recognized employee organization no less than 120 days' written notice before issuing a request for proposals, request for quotes, or renewing or extending an existing contract to perform services that are within the scope of work of the job classifications represented by the recognized employee organization. Status: This bill passed out of Assembly PERS Committee and is in the Assembly Appropriations Committee.
- **AB 340 (Ahrens)** - would prohibit a public agency employer from questioning any employee or employee representative regarding communications made in confidence between an employee and an employee representative in connection with representation relating to any matter within the scope of the recognized employee organization's representation. Status: This bill passed out of the Assembly PERS Committee and is in the Assembly Appropriations Committee.



- **AB 409 (Arambula)** - was amended to extend the 2026 sunset on existing laws governing teleconferencing procedures for California Community College student body associations and student-run community college organizations to 2030. Status: This bill passed out of the Local Government and Higher Educations Committees and is awaiting action on the Assembly Floor.
- **AB 467 (Fong)** - was amended to extend the sunset date from 2026 to 2030 (as opposed to 2031) for teleconferencing procedures for neighborhood councils, defined as an advisory body with the purpose to promote more citizen participation in government and make government more responsive to local needs that is established pursuant to the charter of a city with a population of more than 3,000,000 people that is subject to the Brown Act. Status: This bill passed out of the Assembly Local Government Committee and is awaiting action on the Assembly Floor.
- **AB 569 (Stefani)** - was amended to maintain the proposed authorization to negotiate contributions to supplemental Defined Benefit plans but also maintain consistency with the existing PEPPRA prohibitions and limitations. Status: This bill passed out of the Assembly PERS Committee and is awaiting action on the Assembly Floor.
- **AB 1323 (Chen)** – would increase the compensation rate for certain members of the Orange County Board of Retirement to not more than \$320 per meeting. Status: This bill was set for hearing on 4/22 in the Assembly PERS Committee, but that hearing was cancelled by the request of the author.
- **AB 1383 (McKinnor)** - This bill would establish new retirement formulas, for employees first hired on or after January 1, 2026, as 2.5% at age 55, 2.7% at age 55, or 3% at age 55. For new members hired on or after January 1, 2013, who are safety members, the bill would require employers to adjust the formulas for service performed on or after January 1, 2026, to offer one of the 3 formulas for safety members that is closest to the formula the employer provided pursuant to existing law. The bill would authorize a public employer and a recognized employee organization to negotiate a prospective increase to the retirement benefit formulas for members and new members, consistent with the formulas permitted under the act. This bill would authorize an employer and its employees to agree in a memorandum of understanding to be subject to a higher safety plan or a lower safety plan, subject to certain requirements, including that the memorandum of understanding is collectively bargained in accordance with applicable laws. Status: This bill passed out of



the Assembly PERS Committee and is in the Assembly Appropriations Committee.

- **AB 1439 (Garcia)** - would prohibit the board of a public pension or retirement system from making any additional or new investments of public employee pension or retirement funds in development projects in California or providing financing for those projects with public employee pension or retirement funds unless those projects include labor standards protections. Status: This bill was not heard in Committee and was made a two-year bill.
- **SB 239 (Arreguín)** - allows flexibility for remote meetings of local advisory bodies (“subsidiary bodies” in the language of the bill). Specifically, this bill would allow the subsidiary body of a local agency to teleconference their meetings without having to make all locations publicly available, but amendments would now require the subsidiary body to post the agenda at each physical meeting location. The bill also sunsets these provisions in 2030. Status: The bill passed out of the Senate Local Government and will be heard in the Judiciary Committee on May 6th.
- **SB 301 (Grayson)** - would beginning on or after January 1, 2026, prohibit a city or district that contracts with a retirement system under the CERL from amending their contract with the system in a manner that provides for the exclusion of some, but not all, employees. This bill passed out of the Senate PERS Committee and is awaiting action on the Senate Floor.
- **SB 470 (Laird)** - was amended to would delete the 2026 sunset on existing laws governing teleconferencing procedures for state agencies relative to the Bagley-Keene Open Meeting Act and extend the sunset provision to 2030. Status: This bill passed out of the Senate Governmental Organization and is awaiting action on the Senate Floor.
- **SB 707 (Durazo)** - would add additional teleconferencing meeting options for local governments until 2030 to allow members of the public to attend a public meeting via a two-way teleconferencing option or two-way audio-visual platform. The bill would also require additional alternative language noticing requirements. Status: The bill passed out of the Senate Judiciary Committee with amendments on 4/22 (not yet in print). This bill is now in the Senate Appropriations Committee.



Contact:

If you have any questions, please feel free to contact Cara Martinson at cara@publichouseconsulting.net, or Laurie Johnson at lauriejconsult@gmail.com.