



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

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

**THIS MEETING WILL BE CONDUCTED VIA TELECONFERENCE [SEE SECTION 42 OF EXECUTIVE ORDER N-08-21 ATTACHED AT THE END OF THIS AGENDA.]**

**ACERA MISSION:**

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

**Wednesday August 4, 2021  
9:30 a.m.**

<b>ZOOM INSTRUCTIONS</b>	<b>COMMITTEE MEMBERS</b>	
The public can view the Teleconference and comment via audio during the meeting. To join this Teleconference, please click on the link below. <a href="https://zoom.us/join">https://zoom.us/join</a> Meeting ID: 835 6399 6449 Password: 962392 For help joining a Zoom meeting, see: <a href="https://support.zoom.us/hc/en-us/articles/201362193">https://support.zoom.us/hc/en-us/articles/201362193</a>	<b>JAIME GODFREY, CHAIR</b>	<b>APPOINTED</b>
	<b>LIZ KOPPENHAVER, VICE CHAIR</b>	<b>ELECTED RETIRED</b>
	<b>OPHELIA BASGAL</b>	<b>APPOINTED</b>
	<b>KEITH CARSON</b>	<b>APPOINTED</b>
	<b>HENRY LEVY</b>	<b>TREASURER</b>

This is a meeting of the Operations Committee if a quorum of the Operations Committee attends, and it is a meeting of the Board if a quorum of the Board attends. This is a joint meeting of the Operations Committee and the Board if a quorum of each attends.

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

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

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

# ***OPERATIONS COMMITTEE/BOARD MEETING***

NOTICE and AGENDA, Page 2 of 2 – August 4, 2021

**Call to Order:** 9:30 a.m.

**Roll Call:**

**Public Input (Time Limit: 4 minutes per speaker)**

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

None

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

1. **Operating Expenses as of 06/30/2021**  
-Margo Allen
2. **Quarterly Financial Statements as of 06/30/2021**  
-Margo Allen
3. **Quarterly Cash Forecast Report**  
-Margo Allen
4. **Board Member Conference Expense Report as of 06/30/2021**  
-Margo Allen
5. **Senior Manager Conference and Training Expense Report as of 06/30/2021**  
-Margo Allen
6. **Mid-Year review of 2021 ACERA Operating Expense Budget**  
-Margo Allen
7. **Update on Disability Cases Provided by Managed Medical Review Organization (MMRO)**  
-Sandra Duenas

**Trustee Remarks**

**Future Discussion Items**

November

- Discussion and possible motion to approve the proposed 2022 ACERA Operating Expense Budget

December

- Discussion and possible motion to approve the annual agreement for the Segal Group

**Establishment of Next Meeting Date**

October 6, 2021 at 9:30 a.m.

**Adjournment**

42) Executive Order N-29-20, Paragraph 3, is withdrawn and replaced by the following text:

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

In particular, any otherwise-applicable requirements that

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

are hereby suspended.

A local legislative body or state body that holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, consistent with the notice and accessibility requirements set forth below, shall have satisfied any requirement that the body allow members of the public to attend the meeting and offer public comment. Such a body need not make available any physical location from which members of the public may observe the meeting and offer public comment.

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

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

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

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

All of the foregoing provisions concerning the conduct of public meetings shall apply through September 30, 2021.



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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: August 4, 2021

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Operating Expenses and Budget Summary for the period ended June 30, 2021

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ACERA's operating expenses are \$1,174K under budget for the period ended June 30, 2021. Budget surpluses and overages worth noting are as follows:

**Budget Surpluses**

1. *Staffing:* Staffing is \$667K under budget. This amount comprises surplus in staff vacancies of (\$204K) and fringe benefits of (\$514K), offset by an overage in temporary staffing of \$51K due to vacant positions filled by temporary staff.
2. *Staff Development:* Staff Development is \$69K under budget due to savings from unattended staff trainings and conferences.
3. *Professional Fees:* Professional Fees are \$36K under budget. This amount comprises surplus in legal fees of (\$20K), benefit consultant fees of (\$1K), and actuarial fees of (\$15K) due to savings from last year's accrual.
4. *Office Expense:* Office Expense is \$66K under budget. This amount comprises surpluses in printing and postage of (\$8K) and office maintenance and supplies of (\$25K) both due to savings in usage, communication expenses of (\$2K), building expenses of (\$1K), amortization expense of (\$1K), bank charges and miscellaneous administration of (\$9K), equipment lease and maintenance of (\$11K), and minor equipment and furniture of (\$9K).
5. *Insurance:* Insurance is \$2K under budget.
6. *Member Services:* Member Services are \$32K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$30K), members' printing and postage of (\$19K), and member training and education of (\$2K), offset by overages in virtual call center of \$11K, health reimbursement account of \$1K, and disability medical expense of \$7K.
7. *Systems:* Systems are \$83K under budget. This amount comprises surpluses in software maintenance and support of (\$97K) mainly due to delay in IT projects, offset by overages in business continuity of \$8K, minor computer hardware of \$4K, and county data processing of \$2K.
8. *Depreciation:* Depreciation is \$1K under budget.

9. *Board of Retirement:* Board of Retirement is \$218K under budget. This amount comprises surpluses in board conferences and trainings of (\$125K) due to timing difference and unattended trainings and conferences, board compensation of (\$1K), board employer reimbursement of (\$83K) due to adjustment of previous year's overpayments, and board miscellaneous expenses of (\$9K).

### Staffing Detail

Permanent vacant positions as of June 30, 2021:

Department	Position	QTY	Comments
Administration	Administrative Assistant	1	Vacant - currently budgeted until 12/2021
Benefits	Administrative Specialist II	1	Vacant - currently budgeted until 12/2021
Benefits	Senior Retirement Technician	1	Vacant - currently budgeted until 12/2021
Investments	Investment Operation Officer	1	Vacant - currently budgeted until 12/2021
Investments	Investment Analyst	1	Vacant - currently budgeted until 12/2021
<b>Total Positions</b>		<b>5</b>	

<b>Pension Administration System Project - as of 6/30/2021</b>					
All amounts are in \$	Year-To-Date			2021 Budget	2019-20 Actual
	Actual	Budget	Variance		
<b>Consultant Fees</b>					
Levi, Ray and Shoup	28,337	342,000	(313,663)	683,000	1,085,179
Segal	208,598	192,000	16,598	384,000	800,450
Other expenses	-	25,200	(25,200)	50,000	1,500
Leap Technologies	-	-	-	-	98,970
Total	236,935	559,200	(322,265)	1,117,000	1,986,099
<b>Staffing</b>	299,987	300,500	(513)	627,000	881,052
<b>TOTAL</b>	<b>536,922</b>	<b>859,700</b>	<b>(322,778)</b>	<b>1,744,000</b>	<b>2,867,151</b>

Attachments:

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



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

YEAR TO DATE - ACTUAL VS. BUDGET					
<u>June 30, 2021</u>					
	Actual	Budget	YTD	2021	% Actual to
	<u>Year-To-Date</u>	<u>Year-To-Date</u>	<u>Variance</u>	<u>Annual</u>	<u>% Actual to</u>
			<u>(Under)/Over</u>	<u>Budget</u>	<u>Annual Budget</u>
Staffing	\$ 7,180,622	\$ 7,848,000	\$ (667,378)	\$ 16,049,000	44.7%
Staff Development	72,586	141,540	(68,954)	274,000	26.5%
Professional Fees (Next Page)	593,537	629,500	(35,963)	1,178,000	50.4%
Office Expense	221,720	288,100	(66,380)	574,000	38.6%
Insurance	394,413	395,860	(1,447)	825,000	47.8%
Member Services	171,691	203,300	(31,609)	464,000	37.0%
Systems	536,934	619,360	(82,426)	1,202,000	44.7%
Depreciation	58,872	59,960	(1,088)	118,000	49.9%
Board of Retirement	128,152	346,600	(218,448)	675,000	19.0%
Uncollectable Benefit Payments	-	-	-	68,000	0.0%
<b>Total Operating Expense</b>	<b>\$ 9,358,527</b>	<b>\$ 10,532,220</b>	<b>\$ (1,173,693)</b>	<b>\$ 21,427,000</b>	<b>43.7%</b>
Investment Consultant Fees	659,797	698,400	(38,603)	1,399,000	47.2%
Investment Custodian Fees	284,419	303,000	(18,581)	606,000	46.9%
Investment Manager and Incentive Fees	39,295,737	24,469,500	14,826,237	48,942,000	80.3%
Other Investment Expenses	(543,054)	213,000	(756,054)	426,000	-127.5%
<b>Total Portfolio Management Investment Expense</b>	<b>\$ 39,696,899</b>	<b>\$ 25,683,900</b>	<b>\$ 14,012,999</b>	<b>\$ 51,373,000</b>	<b>77.3%</b>
<b>Total Operating and Portfolio Management Investment Expense</b>	<b>\$ 49,055,426</b>	<b>\$ 36,216,120</b>	<b>\$ 12,839,306</b>	<b>\$ 72,800,000</b>	<b>67.4%</b>



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET

June 30, 2021

	<u>Actual</u> <u>Year-To-Date</u>	<u>Budget</u> <u>Year-To-Date</u>	<u>YTD Variance</u> <u>(Under)/Over</u>	<u>2021</u> <u>Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
<b>Professional Fees</b>					
Consultant Fees - Operations and Projects <sup>1</sup>	\$ 165,100	\$ 166,380	\$ (1,280)	\$ 333,000	49.6%
Actuarial Fees <sup>2</sup>	172,576	187,480	(14,904)	415,000	41.6%
External Audit <sup>3</sup>	157,000	157,000	-	157,000	100.0%
Legal Fees <sup>4</sup>	98,861	118,640	(19,779)	273,000	36.2%
<b>Total Professional Fees</b>	<b>\$ 593,537</b>	<b>\$ 629,500</b>	<b>\$ (35,963)</b>	<b>\$ 1,178,000</b>	<b>50.4%</b>

	<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>2019 Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
<b><sup>1</sup> CONSULTANT FEES - OPERATIONS AND PROJECTS:</b>					
<b>Benefits</b>					
Alameda County HRS (Benefit Services)	63,000	63,000	-	126,000	50.0%
Segal (Benefit Consultant/Retiree Open Enrollment)	63,600	64,980	(1,380)	130,000	48.9%
<b>Total Benefits</b>	<b>126,600</b>	<b>127,980</b>	<b>(1,380)</b>	<b>256,000</b>	<b>49.5%</b>
<b>Human Resources</b>					
Lakeside Group (County Personnel)	38,500	38,400	100	77,000	50.0%
<b>Total Human Resources</b>	<b>38,500</b>	<b>38,400</b>	<b>100</b>	<b>77,000</b>	<b>50.0%</b>
<b>Total Consultant Fees - Operations</b>	<b>\$ 165,100</b>	<b>\$ 166,380</b>	<b>\$ (1,280)</b>	<b>\$ 333,000</b>	<b>49.6%</b>
<b><sup>2</sup> ACTUARIAL FEES</b>					
Actuarial valuation	39,500	39,500	-	79,000	50.0%
GASB 67 & 68 Valuation	20,000	24,500	(4,500)	49,000	40.8%
GASB 74 & 75 Actuarial	7,500	7,500	-	15,000	50.0%
Actuarial Standard of Practice 51 Pension Risk	-	-	-	40,000	0.0%
Supplemental Consulting	84,576	94,980	(10,404)	190,000	44.5%
Supplemental Retiree Benefit Reserve valuation	21,000	21,000	-	42,000	50.0%
<b>Total Actuarial Fees</b>	<b>\$ 172,576</b>	<b>\$ 187,480</b>	<b>\$ (14,904)</b>	<b>\$ 415,000</b>	<b>41.6%</b>
<b><sup>3</sup> EXTERNAL AUDIT</b>					
External audit	132,000	132,000	-	132,000	100.0%
GASB 67 & 68	13,000	13,000	-	13,000	100.0%
GASB 74 & 75-External Audit	12,000	12,000	-	12,000	100.0%
<b>Total External Audit Fees</b>	<b>\$ 157,000</b>	<b>\$ 157,000</b>	<b>\$ -</b>	<b>\$ 157,000</b>	<b>100.0%</b>
<b><sup>4</sup> LEGAL FEES</b>					
<b><u>Fiduciary Counseling &amp; Litigation</u></b>					
Nossaman - Fiduciary Counseling	6,955	6,892	63	44,000	
Reed Smith - Fiduciary Counseling	3,156	3,168	(13)	10,000	
Nossaman - Litigation	16,374	16,640	(266)	42,000	
Reed Smith - Litigation	54,317	43,400	10,917	80,000	
<b>Subtotal</b>	<b>80,802</b>	<b>70,100</b>	<b>10,702</b>	<b>176,000</b>	<b>45.9%</b>
<b><u>Tax and Benefit Issues</u></b>					
Hanson Bridgett	11,001	14,500	(3,499)	29,000	
<b>Subtotal</b>	<b>11,001</b>	<b>14,500</b>	<b>(3,499)</b>	<b>29,000</b>	<b>37.9%</b>
<b><u>Miscellaneous Legal Advice</u></b>					
Meyers Nave	7,058	34,040	(26,982)	68,000	
<b>Subtotal</b>	<b>7,058</b>	<b>34,040</b>	<b>(26,982)</b>	<b>68,000</b>	<b>10.4%</b>
<b>Total Legal Fees</b>	<b>\$ 98,861</b>	<b>\$ 118,640</b>	<b>\$ (19,779)</b>	<b>\$ 273,000</b>	<b>36.2%</b>






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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: August 4, 2021  
TO: Members of the Operations Committee  
FROM: Margo Allen, Fiscal Services Officer   
SUBJECT: Quarterly Unaudited Financial Statements as of June 30, 2021

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**Executive Summary**

Attached for review and discussion is the unaudited financial statements for the period ended June 30, 2021.

The Fiduciary Net Position Held in Trust and the Change in Fiduciary Net Position compared to the same period in 2020 increased by \$2.38 billion.

**Financial Highlights**

- Net Position Restricted (Held in Trust for Benefits), as reported on the Statement of Fiduciary Net Position totaled \$10.58 billion. Total Receivables increased by \$2 million, Investments at fair value<sup>1</sup> increased by \$3.19 billion, Capital Assets increased by \$1 million, Cash decreased by \$1 million, Total Liabilities without Security Lending Liability increased by \$1 million, and Advance Contribution Payments<sup>1</sup> increased by \$813 million.
- The year-over-year Change in Net Position increased by \$1.54 billion. This is due to increase in additions of \$1.55 billion and increase in deductions of \$13 million as explained below:
  - Total Additions year-over-year increased by \$1.55 billion. This includes, increase in net investment income of \$1.54 billion, increase in contributions of \$7 million, and increase in miscellaneous income of \$1 million.
  - Total Deductions year-over-year increased by \$13 million. The amount is mainly attributable to the growth in payments of service retirement and disability benefits.

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

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**As of 6/30/2021**

	<b>Year-To-Date 2021</b>	<b>Year-To-Date 2020</b>
<b>ASSETS</b>		
Cash (Note 1)	1,427,969	2,594,530
Securities Lending Cash Collateral (Note 2)	104,861,755	137,397,419
Receivables:		
Contributions (Note 3)	21,103,825	19,290,340
Investment Receivables (Note 4a)	19,019,941	17,415,478
Unsettled Trades - Investments Sold	6,836,905	4,566,329
Futures Contracts (Note 5a)	0	1,302,887
Foreign Exchange Contracts (Note 7a)	2,240	2,046,120
Other Receivables (Note 8)	348,353	204,588
Total Receivables	47,311,264	44,825,741
Prepaid Expenses	463,829	399,775
Total Current Assets	154,064,817	185,217,464
Investments - at Fair Value:		
Short-Term Investments (Note 9)	1,013,390,886	192,278,428
Domestic Equity	647,172,911	452,750,987
Domestic Equity Commingled Funds	2,424,929,028	1,918,619,528
International Equity	1,366,076,548	1,042,461,963
International Equity Commingled Funds (Note 10)	1,521,907,631	1,084,831,570
Domestic Fixed Income	1,230,923,074	894,503,858
International Fixed Income	152,369,389	174,374,576
International Fixed Income - Commingled Funds (Note 11)	152,792,940	141,257,512
Real Estate - Separate Properties (Note 12)	73,491,749	72,414,973
Real Estate - Commingled Funds (Note 13)	559,883,870	535,081,678
Real Assets	519,392,511	395,781,046
Absolute Return (Note 14a)	715,070,209	690,851,691
Private Equity (Note 14b)	887,530,280	566,619,340
Private Credit	120,449,372	35,404,659
Total Investments	11,385,380,399	8,197,231,808
Capital Assets at Cost (Net of Accumulated Depreciation and Amortization) (Note 15)	4,784,091	3,717,489
<b>Total Assets</b>	<b>11,544,229,307</b>	<b>8,386,166,761</b>
<b>LIABILITIES</b>		
Securities Lending Liability (Note 2)	104,861,755	137,397,419
Unsettled Trades - Investments Purchased	19,111,752	22,503,212
Investment-Related Payables (Note 4b)	13,954,768	11,499,248
Futures Contracts (Note 5b)	1,168,328	763,447
Swap Contracts (Note 6b)	0	56,028
Foreign Exchange Contracts (Note 7b)	528,629	600
Accrued Administration Expenses (Note 16)	2,665,151	2,419,683
Members Benefits & Refunds Payable (Note 17a)	5,207,834	4,099,192
Retirement Payroll Deductions Payable (Note 17b)	8,151	11,345
Lease Liability	124,156	155,974
<b>Total Liabilities</b>	<b>147,630,525</b>	<b>178,906,146</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Advance Contribution Payments	812,611,250	0
<b>Net Position</b>		
<b>Restricted - Held in Trust for Benefits</b>	<b>10,583,987,533</b>	<b>8,207,260,615</b>
<b>Total Net Position</b>	<b>10,583,987,533</b>	<b>8,207,260,615</b>

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Six Months Ending 6/30/2021**

	<b>Year-To-Date 2021</b>	<b>Year-To-Date 2020</b>
<b>ADDITIONS</b>		
Contributions: (Note 18)		
Members	53,993,580	54,323,883
Employers	162,036,507	154,630,311
Total Contributions	216,030,086	208,954,194
From Investment Activities:		
Net Appreciation/(Depreciation) in Fair Value of Investments (Note 19a)	983,151,791	(508,497,164)
Interest	22,164,962	18,172,848
Dividends	25,176,320	18,763,423
Real Estate - Net	10,997,915	11,581,549
Private Equity and Alternatives	41,168,030	(12,490,334)
Brokers Commissions - Directed Brokerage	8,472	18,186
Sub-Total of Dividends, Interest, Other Investment Income (Note 19b)	99,515,698	36,045,672
Total Income from Investment Activities	1,082,667,488	(472,451,492)
Total Investment Expenses (Note 20)	(41,022,170)	(26,971,461)
Net Income from Investment Activities (Note 21)	1,041,645,319	(499,422,953)
From Securities Lending Activities:		
Securities Lending Income	494,359	703,223
Securities Lending Expenses	(98,903)	(366,416)
Net Income from Securities Lending Activities (Note 22)	395,456	336,807
Total Net Investment Income	1,042,040,775	(499,086,146)
Miscellaneous Income (Note 23)	851,324	126,890
<b>Total Additions</b>	<b>1,258,922,185</b>	<b>(290,005,061)</b>
<b>DEDUCTIONS</b>		
Benefits:		
Service Retirement and Disability Benefits (Note 24)	268,091,229	254,993,585
Death Benefits (Note 25)	1,605,078	1,547,766
Supplemental Cost of Living Allowance	493,648	572,128
Retiree Healthcare Program	22,903,758	22,877,279
Total Benefit Payments	293,093,713	279,990,758
Member Refunds	3,575,031	3,936,896
Administration: (Note 26)		
Administrative Expenses	6,027,709	5,885,221
Actuarial Expenses	151,576	163,526
Business Continuity Expenses	304,840	297,981
Legal Expenses	430,243	579,264
Technology Expenses	430,390	420,171
401(h) Expenses	688,500	727,500
Total Administration	8,033,258	8,073,663
<b>Total Deductions</b>	<b>304,702,002</b>	<b>292,001,317</b>
<b>Net Increase(Decrease)</b>	<b>954,220,183</b>	<b>(582,006,378)</b>
<b>Net Position Held in Trust for Benefits:</b>		
<b>Net Position - January 1</b>	<b>9,629,767,350</b>	<b>8,789,266,993</b>
<b>Net Position - June 30</b>	<b>10,583,987,533</b>	<b>8,207,260,615</b>

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2021

*Basis of Accounting*

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

*(Note 1)*

*Cash - \$1.43 million*

Cash balance is the sum of the funds in the Wells Fargo Bank operating accounts. The decrease of \$1.16 million from 2.59 million in June 30, 2020, is primarily due to the timing difference between receipt of contributions and the transfer of funds for retiree payroll and investment.

*(Note 2)*

*Securities Lending Cash Collateral - \$104.86 million*

Cash collateral of \$104.86 million and \$137.40 million was held by ACERA related to securities on loan as of June 30, 2021, and June 30, 2020, respectively. This amount is reported as an asset with a corresponding liability for the same amount in compliance with the GASB Statement No. 28. The decrease in securities lending collateral is due to decrease in the balances of traditional active manager accounts in passive index funds.

*(Note 3)*

*Contributions Receivables - \$21.10 million*

The receivable balances of June 30, 2021, increased approximately \$1.81 million from \$19.29 million in June 30, 2020. This is primarily due to increase in the member and employer contribution rates.

*(Note 4a)*

*Investment Receivables - \$19.02 million*

The investment receivables balance as of June 30, 2021, increased by \$1.60 million from \$17.42 million for June 30, 2020. The increase is mainly attributed to interest receivables.

*(Note 4b)*

*Investment Related Payables - \$13.95 million*

The increase of \$2.45 million in investment related payables balance as of June 30, 2021, from \$11.50 million for June 30, 2020 is primarily due to increase in investment managers and incentive fees payable.

*(Note 5)*

*Futures Contracts Receivables – none and Payables - \$1.17 million*

5a. The receivable represents unrealized gains on open future contracts. The balance for unrealized gains as of June 30, 2021, and June 30, 2020, were none and \$1.30 million, respectively.

5b. The Payables represents the unrealized losses on open future contracts. The balance for unrealized losses as of June 30, 2021, and June 30, 2020, were \$1.17 and \$0.76 million, respectively.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2021

*(Note 6)*

*Swap Contracts Payables – none*

6b. The payables represents the amount to be paid to counterparties of the swap contracts. The total payable as of June 30, 2021, were none and June 30, 2020, were \$0.06 million.

*(Note 7)*

*Foreign Exchange Contracts Receivables - \$0.002 million and Payables - \$0.53 million*

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

7a. The receivables represents unrealized gains on foreign exchange contracts. As of June 30, 2021, and June 30, 2020, unrealized gains on FX contracts were \$0.002 million and \$2.05 million, respectively. The decrease of \$2.04 million is due to change in number and valuation of contracts and market volatility.

7b. The payables represents unrealized losses on foreign exchange contracts. As of June 30, 2021, and June 30, 2020, unrealized losses on FX contracts were \$0.53 million and none, respectively. The decrease in unrealized losses of \$0.53 million is due to change in number and valuation of contracts and market volatility.

*(Note 8)*

*Other Receivables - \$0.35 million*

Other receivables as of June 30, 2021, are comprised primarily of funds due from deceased retirees' estates for overpayment of benefits and from insurance for ACERA legal claims.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2021

*(Note 9)*

**Short-Term Investments - \$1,013.39 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. The cash amount of \$837.25 million in below table includes additional contribution payments made by the County of Alameda for \$800 million and by the Livermore Area Recreation and Park District for \$13 million in June 2021.

*(Dollars in Millions)*

<b><i>Fund Name</i></b>	<b><i>6/30/2021</i></b>
Cash	\$ 837.25
Brandywine	89.23
Baird Investors	26.74
Capital Guardian	17.19
Loomis	12.38
Mondrian	11.69
Aristotle Capital	5.47
Kennedy	4.89
William Blair Small Cap Growth	2.53
TCW	2.25
Bivium - Arga Investment Management	1.39
Bivium - Dundas Partners	0.68
Bivium - Radin Capital Partners	0.58
Bivium - Denali Advisors	0.56
Bivium - Global Alpha Capital Mgmt	0.30
AQR Capital Management, LLC	0.09
Bivium - Applied Research Management	0.09
Bivium RVX Asset Management LLC	0.03
Next Century Investors Ultra	0.02
Transition	0.02
Pzena	0.01
<b>Total</b>	<b>\$ 1,013.39</b>

*(Note 10)*

**International Equity Commingled Funds - \$1,521.91 million**

As of June 30, 2021, and June 30, 2020, the International Equity Commingled Funds were \$1,444.93 million and \$905.27 million, respectively. The increase of \$437.08 million is mainly due to market appreciation and additional investments net of distributions.

*(Note 11)*

**International Fixed Income Commingled Funds - \$152.79 million**

The increase of \$11.54 million from the prior year is due to market appreciation. Disclosure of credit ratings on mutual fund holdings of fixed income portfolio is not required per GASB Statement No. 40.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2021

(Note 12)

Real Estate Separate Properties - \$73.49 million

The following is a summary of Real Estate – Separate Property investments as of June 30, 2021, and June 30, 2020. The year over year increase of \$1.08 million is due to the market appreciation of the Oakland 14<sup>th</sup> Street property.

(Dollars in Millions)

<i>Investment Manager</i>	<i>Net Mkt. Value 6-30-2021</i>	<i>Net Mkt. Value 6-30-2020</i>	<i>No. of Properties 2021</i>	<i>No. of Properties 2020</i>
RREEF	\$ 73.49	\$ 72.41	1	1

Note 13)

Real Estate Commingled Funds - \$559.88 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under the California Government Code Section 6254.26. The increase of \$24.80 million in 2021 as compared to 2020 is mainly due to market appreciation and additional investments net of distributions.

(Note 14a)

Absolute Return - \$715.07 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$24.42 million in 2021 as compared to 2020 is predominantly due to net gain on investments.

(Note 14b)

Private Equity - \$887.53 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$320.91 million in 2021 as compared to 2020 is mainly due to additional investments net of distributions; and net gain on investments.

(Note 15)

Capital Assets at Cost (Net of Accumulated Depreciation and Amortization) - \$4.78 million

(Dollars in Millions)

<i>Net Capital Assets</i>	<i>6/30/2021</i>	<i>6/30/2020</i>
Retirement Information System and Others - Construction-In-Process	\$ 3.40	\$ 2.22
Equipment, Furniture & Information Systems	13.56	13.54
Electronic Document Management System	4.18	4.16
Right-to-Use Leased Office Equipments	0.21	0.21
Less: Accumulated Depreciation and Amortization	(17.79)	(17.72)
Net Book Value	3.56	2.41
Leasehold Improvements	2.59	2.59
Less: Accumulated Depreciation	(1.37)	(1.28)
Net Book Value	1.22	1.31
<b>Total Capital Assets, Net</b>	<b>\$ 4.78</b>	<b>\$ 3.72</b>

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2021

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

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

(Note 16)

Accrued Administration Expenses - \$2.67 million

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

(Note 17)

17a. Members' Benefits & Refunds Payable - \$5.21 million

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

<i>Accrued Benefits and Refunds</i>	<i>6/30/2021</i>	<i>6/30/2020</i>
Basic Active Death Benefits	\$ 0.96	\$ 0.60
Active Death Contribution Refunds	1.50	1.67
Retired Death Benefits	2.65	1.83
Members' Contribution Refunds	0.10	-
<b>Total Members' Benefit &amp; Refunds Payable</b>	<b>\$ 5.21</b>	<b>\$ 4.10</b>

17b. Retirement Payroll Deductions Payables - \$0.01 million

The balance for June 30, 2021, includes health premium prepayments for 11 retirees. The corresponding balance for June 30, 2020, included health premium prepayments for 11 retirees.

(Note 18)

Contributions - \$216.03 million

The increase in contributions of \$7.08 million in 2021 as compared to 2020 is primarily due to increases in employer and member contribution rates.



**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2021

(Note 19)

(Note 19a) Net Appreciation/ (Depreciation) in Fair Value of Investments – \$983.15 million  
(Dollars in Millions)

	<i>For the Period Ended</i>	
	6/30/2021	6/30/2020
<i>Actual / Realized Gains/(Losses)</i>		
Domestic Equities	\$ 61.16	\$ (11.83)
International Equities	87.41	(28.41)
Domestic Bonds	0.73	19.55
International Bonds	4.10	6.06
Real Estate Commingled Funds	(14.08)	1.00
Real Estate Sep. Props.	0.04	-
Private Equity & Alternative	106.02	(3.60)
Real Assets	3.83	(3.21)
Private Credit	0.12	-
Swaps and Others	4.05	(5.01)
Futures	5.59	(15.56)
Currency	-	3.30
<i>Total Realized Gains/(Losses)</i>	258.97	(37.71)
<i>Paper / Unrealized Gains/(Losses)</i>		
Domestic Equities	357.91	(93.82)
International Equities	160.73	(224.98)
Domestic Bonds	(29.72)	22.13
International Bonds	(15.80)	(2.86)
Real Estate Commingled Funds	32.87	2.08
Real Estate Sep. Props.	(0.04)	(2.33)
Private Equity & Alternative	175.32	(98.23)
Real Assets	49.04	(66.32)
Private Credit	2.05	(6.17)
Swaps and Others	(1.40)	0.36
Futures	(6.78)	(3.09)
Currency	-	2.44
<i>Total Unrealized Gains/(Losses)</i>	724.18	(470.79)
<b>Total Net Realized and Unrealized Gains/(Losses)</b>	<b>\$ 983.15</b>	<b>\$ (508.50)</b>

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2021

*(Note 19b) Dividend, Interest, and Other Investment Income - \$99.52 million*

*(Dollars in Millions)*

<i>Dividend, Interest, and Other Investment Income</i>	<i>For the Period Ended</i>	
	<i>6/30/2021</i>	<i>6/30/2020</i>
Interest Income	\$ 22.16	\$ 18.17
Dividend Income	25.18	18.76
Real Estate Income	11.00	11.58
Private Equity, Absolute Return, Private Credit and Real Asset Income/(Loss) <sup>(1)</sup>	41.17	(12.49)
Directed Brokerage Commission Recapture	0.01	0.02
<b>Total Net Income<sup>(2)</sup></b>	<b>\$ 99.52</b>	<b>\$ 36.04</b>

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

<sup>(2)</sup> The increase in Net Income of \$63.48 million in current year as compared to last year is mostly due to Private Equity gains in 2021 and Absolute Return losses in 2020.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2021

(Note 20)

Investment Expenses - \$41.02 million

(Dollars in Millions)

<i>Investment Expenses</i>	<i>For the Period Ended</i>			
	<i>Basis Points</i>	<i>6/30/2021</i>	<i>Basis Points</i>	<i>6/30/2020</i>
Investment Manager and Incentive Fees	34.51	\$ 39.29	30.11	\$ 24.68
Investment Custodian	0.25	0.28	0.34	0.28
Investment Consultants & Other Expenses(*)	0.10	0.12	0.86	0.71
Subtotal	34.86	39.69	31.31	25.67
Investment Allocated Cost	1.16	1.33	1.59	1.30
<b>Total Investment Expenses(**)</b>	<b>36.02</b>	<b>\$ 41.02</b>	<b>32.90</b>	<b>\$ 26.97</b>

(\*) *Investment Consultant and Other Expenses*

(Dollars in Millions)

	<i>For the Period Ended</i>			
	<i>Basis Points</i>	<i>6/30/2021</i>	<i>Basis Points</i>	<i>6/30/2020</i>
Investment Advising & Performance (Pearls, Alternative Investment)	0.42	\$ 0.48	0.56	\$ 0.46
Consultant - Portfolio Rebalancing	0.02	0.03	0.04	0.03
Consultant - Legal (Alternative Investment)	0.14	0.15	0.16	0.13
Subtotal – Consultants Expenses	0.58	0.66	0.76	0.63
Proxy Services	0.02	0.03	0.03	0.03
Transaction Cost Analysis	0.02	0.02	0.03	0.02
Other Investment Expenses/(Income) ***	(0.52)	(0.59)	0.04	0.03
Subtotal – Other Investment Expenses	(0.48)	(0.54)	0.10	0.08
<b>Total Investment Consultants and Other Expenses</b>	<b>0.10</b>	<b>\$ 0.12</b>	<b>0.86</b>	<b>\$ 0.71</b>

(\*\*) The increase in total investment expenses of \$14.05 million in 2021 as compared to 2020 is primarily due to Private Equity incentive fees which is based on funds' performance.

(\*\*\*) There is decrease in other investment expenses of \$0.62 million in 2021 as compared to 2020.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2021

*(Note 21)*

Net Investment Income/ (Losses) - \$1,041.65 million

*(Dollars in Millions)*

	<i>For the Period Ended</i>		<i>Inc./ (Dec.)</i>
	<i>3/31/2021</i>	<i>3/31/2020</i>	<i>from previous period</i>
Paper / Unrealized Gains/(Losses)	\$ 724.19	\$ (470.78)	\$ 1,194.97
Actual / Realized Gains/(Losses)	258.97	(37.72)	296.69
Investment Income (Interest/Dividend/RE/Other) - Net of Expenses	58.49	9.08	49.41
<b>Total Net Income/ (Losses)</b>	<b>\$ 1,041.65</b>	<b>\$ (499.42)</b>	<b>\$ 1,541.07</b>

*(Note 22)*

Securities Lending Net Income - \$0.40 million

The securities lending net income balance as of June 30, 2021, and June 30, 2020, were \$0.40 million and \$0.34 million, respectively. There is slight increase of \$0.06 million in securities lending income.

*(Note 23)*

Miscellaneous Income - \$0.85 million

The miscellaneous income of \$0.85 million is predominantly from prior year investment income and recovery.

*(Note 24)*

Service Retirement and Disability Benefits - \$268.09 million

The increase of \$13.10 million was predominantly due to the higher average benefit paid to the newly added retirees as compared to that of deceased retirees with lower average benefits as well as a modest increase of 219 in the total number of retirees and beneficiaries receiving benefits, from 10,208 on June 30, 2020 to 10,427 on June 30, 2021.

*(Note 25)*

Death Benefits - \$1.61 million

The death benefits paid out during the six months ended June 30, 2021, were comprised of \$0.13 million of Retired Death Benefits, \$0.36 million of Active Death Benefits, and \$1.12 million of Survivorship Benefits.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2021

(Note 26)

Total Administration - \$8.03 million

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


The detail of total Administration Expenses are as follows:

(Dollars in Millions)

	6/30/2021	6/30/2020	<i>Inc./</i> (Dec.) <i>from previous</i> <i>period</i>
Administrative Expenses	\$ 6.03	\$ 5.89	\$ 0.14
Actuarial Expenses	0.15	0.16	(0.01)
Business Continuity Expenses	0.30	0.30	-
Legal Expenses	0.43	0.58	(0.15)
Technology Expenses	0.43	0.42	0.01
401(h) Administrative Expenses	0.69	0.73	(0.04)
<b>Total</b>	<b>\$ 8.03</b>	<b>\$ 8.08</b>	<b>\$ (0.05)</b>



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: August 4, 2021  
 TO: Members of the Operations Committee  
 FROM: Margo Allen, Fiscal Services Officer   
 SUBJECT: Quarterly Actual Cash and Forecast as of June 30, 2021

**Executive Summary**

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

- Table 1 is the annual cash forecast from July 2021 to June 2022, 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 2021 comprises the six months actual and six months forecast information.

*Table 1 Cash Forecast:* Table 1 provides the current forecasted negative cash position for the period spanning July 2021 to June 2022. The average monthly negative cash position for the referenced period is \$21,725,488. Excluding the two three-pay-period months i.e., October 2021 and April 2022, annotated by an \*. The year-over-year increase in average monthly forecasted negative cash position compared to the same period in 2020-2021 is \$3,437,445 mainly due to decrease in county contributions of approx. \$3 million per pay period due to amortization of additional contribution made by county in 2021.

<b>Table 1 Annual Cash Forecast from July 2021 to June 2022</b>			
<b>Month-Year</b>	<b>Total Receipts</b>	<b>Total Disbursements</b>	<b>Negative Cash Position</b>
Jul-21	\$ 33,250,000	\$ 53,014,549	\$ (19,764,549)
Aug-21	33,688,631	52,998,439	(19,309,808)
Sep-21	30,455,239	53,102,329	(22,647,090)
Oct-21*	45,665,806	53,781,219	(8,115,414)
Nov-21	30,632,502	53,310,110	(22,677,608)
Dec-21	30,721,133	53,414,000	(22,692,867)
Jan-22	32,026,610	54,022,580	(21,995,970)
Feb-22	32,115,241	54,126,470	(22,011,229)
Mar-22	32,203,872	54,230,360	(22,026,488)
Apr-22*	48,288,755	54,909,250	(6,620,495)
May-22	32,381,135	54,438,141	(22,057,006)
Jun-22	32,469,766	54,542,031	(22,072,265)
<b>Total</b>	<b>\$ 413,898,689</b>	<b>\$ 645,889,478</b>	<b>\$ (231,990,789)</b>
<b>Average</b>	<b>\$ 31,994,413</b>	<b>\$ 53,719,901</b>	<b>\$ (21,725,488)</b>

**Table 1 notes:** \*These are three-pay-period months which are excluded from the average.

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

Year	Total Contributions, Misc. Cash Receipts, etc.	Cash Draw from SSB*	Total Cash Inflow
2021	\$ 419,472,831	\$ 259,500,000	\$ 678,972,831
2020	413,586,022	247,200,000	660,786,022
2019	401,756,315	232,000,000	633,756,315
2018	361,633,074	224,000,000	585,633,074
2017	335,099,875	217,350,000	552,449,875

**Table 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.

Year	Retiree Payroll, Accounts Payable, ACERA Payroll, etc.	Cash Return to SSB*	Total Cash Outflow
2021	\$ 629,082,373	\$ 50,700,000	\$ 679,782,373
2020	597,872,011	64,013,096	661,885,107
2019	570,574,725	60,500,000	631,074,725
2018	534,704,781	66,503,646	601,208,427
2017	502,857,234	33,750,000	536,607,234

**Table 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 H11A account.

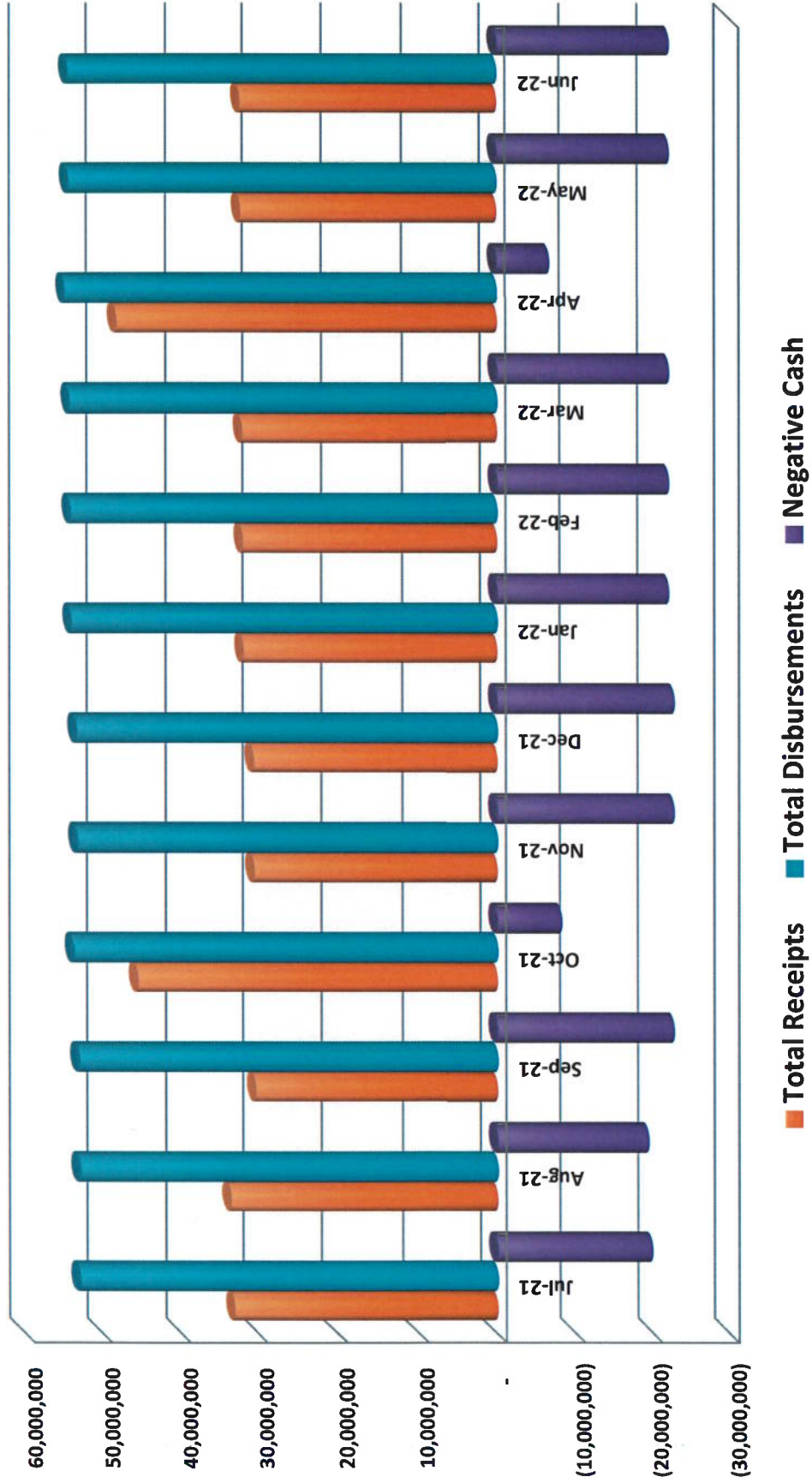
Year	Negative Cash	Net Cash Draw from SSB	Variance
2021	\$ (209,609,542)	\$ 208,800,000	\$ (809,542)
2020	(184,285,989)	183,186,904	(1,099,085)
2019	(168,818,410)	171,500,000	2,681,590
2018	(173,071,707)	157,496,354	(15,575,353)
2017	(167,757,359)	183,600,000	15,842,641

**Table 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.

### Cash Forecast July 2021 - June 2022







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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: August 4, 2021

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Board Conference and Training Expense Report for the period January 1, 2021, to June 30, 2021

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Attached is the Jan-Jun 2021 Board conference and training expense report. As of June 30, 2021, reported expenses totaled \$5,551.

ACERA Trustees  
Board Conference Expense Report  
January 1, 2021 to  
June 30, 2021

From	To	Attendee	Conference	Location	Total
05/11/21	05/14/21	Dale Amaral	SACRS Spring Conference	Virtual	\$ 120
		<b>Dale Amaral</b>			<b>\$ 120</b>
05/11/21	05/14/21	Darryl Walker	SACRS Spring Conference	Virtual	\$ 120
		<b>Darryl Walker Total</b>			<b>\$ 120</b>
05/11/21	05/14/21	George Wood	SACRS Spring Conference	Virtual	\$ 120
		<b>George Wood Total</b>			<b>\$ 120</b>
01/31/21	01/31/21	Henry Levy	ICGN Governance, Stewardship Course	Virtual	\$ 961
02/25/21	02/25/21	Henry Levy	NASP Diverse Manager Forum	Virtual	\$ 100
03/04/21	03/04/21	Henry Levy	Corporate Directors Forum	Virtual	\$ 25
03/08/21	03/09/21	Henry Levy	CALAPRS General Assembly	Virtual	\$ 250
05/06/21	05/06/21	Henry Levy	Corporate Secretary Forum-Governance Priorities	Virtual	\$ 45
05/10/21	05/10/21	Henry Levy	CALAPRS Trustees Roundtable	Virtual	\$ 50
05/11/21	05/14/21	Henry Levy	SACRS Spring Conference	Virtual	\$ 120
07/13/21	07/22/21	Henry Levy	SACRS UC Berkeley - Invest in Yourself	Virtual	\$ 500
		<b>Henry Levy Total</b>			<b>\$ 2,051</b>
05/11/21	05/14/21	Jaime Godfrey	SACRS Spring Conference	Virtual	\$ 120
		<b>Jaime Godfrey Total</b>			<b>\$ 120</b>
		Keith Carson			
		<b>Keith Carson total</b>			<b>\$ -</b>
05/11/21	05/14/21	Liz Koppenhaver	SACRS Spring Conference	Virtual	\$ 120
		<b>Liz Koppenhaver Total</b>			<b>\$ 120</b>
05/11/21	05/14/21	Nancy Reilly	SACRS Spring Conference	Virtual	\$ 120
		<b>Nancy Reilly Total</b>			<b>\$ 120</b>
		Ophelia Basgal			\$ -
		<b>Ophelia Basgal Total</b>			<b>\$ -</b>
01/25/21	06/25/21	Tarrell Gamble	Berkeley Law Course:Sustainable Capitalism and ESG Online	Virtual	\$ 1,250
02/25/21	02/25/21	Tarrell Gamble	NASP Diverse Manager Forum and Kick Off Reception	Virtual	\$ 100
02/19/21	03/26/21	Tarrell Gamble	National Association of Investment Companies NAIC Conference	Virtual	\$ 250
05/11/21	05/14/21	Tarrell Gamble	SACRS Spring Conference	Virtual	\$ 120
05/12/21	05/12/21	Tarrell Gamble	NASP Women's Forum	Virtual	\$ 100
07/19/21	07/21/21	Tarrell Gamble	Callen Institute's National Conference	Salt Lake City, UT	\$ 960
		<b>Tarrell Gamble Total</b>			<b>\$ 2,780</b>
		<b>Grand Total</b>			<b>\$ 5,551</b>



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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: August 4, 2021

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Senior Managers Conference and Training Expense Report for the period  
January 1, 2021, to June 30, 2021

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Attached is the Jan-Jun 2021 senior managers' conference and training expense report. As of June 30, 2021, reported expenses totaled \$2,774.

**ACERA Sr. Managers**  
**SM Conference and Training Expense Report**  
**January 1, 2021 to June 30, 2021**

From	To	Senior Manager	Training or Conference	Name	Amount
<b>Conferences</b>					
02/22/21	02/24/21	Dave Nelsen	Conference	NASRA Virtual Winter Systems Roundtable and Joint Legislative Conference	\$ 350
03/08/21	03/09/21	Dave Nelsen	Conference	CALAPRS Virtual General Assembly	\$ 250
05/11/21	05/14/21	Dave Nelsen	Conference	SACRS Spring Conference	\$ 120
<b>Trainings</b>					
02/11/21	02/11/21	Dave Nelsen	Training	CALAPRS Administrators Roundtable	\$ 50
04/23/21	04/23/21	Dave Nelsen	Training	SACRS Legislative Committee - Parking	\$ 24
06/25/21	06/25/21	Dave Nelsen	Training	CALAPRS Administrators Roundtable	\$ 50
<b>Dave Nelsen Total</b>					<b>\$ 844</b>
<b>Conferences</b>					
03/08/21	03/09/21	Kathy Foster	Conference	CALAPRS Virtual General Assembly	\$ 250
05/11/21	05/14/21	Kathy Foster	Conference	SACRS Spring Conference	\$ 120
<b>Trainings</b>					
06/25/21	06/25/21	Kathy Foster	Training	CALAPRS Administrators Roundtable	\$ 50
<b>Kathy Foster Total</b>					<b>\$ 420</b>
<b>Conferences</b>					
02/11/21	02/11/21	Jeffrey Rieger	Conference	SACRS Spring Conference	\$ 120
<b>Trainings</b>					
02/19/21	02/19/21	Jeffrey Rieger	Training	CALAPRS Virtual Attorney Roundtable	\$ 50
<b>Jeffrey Rieger Total</b>					<b>\$ 170</b>
<b>Conferences</b>					
06/07/21	06/11/21	Harsh Jadhav	Conference	Disruptive Transformation Conference	\$ 980
<b>Harsh Jadhav Total</b>					<b>\$ 980</b>
<b>Conferences</b>					
05/11/21	05/14/21	Jessica Huffman	Conference	SACRS Spring Conference	\$ 120
<b>Jessica Huffman Total</b>					<b>\$ 120</b>
<b>Conferences</b>					
05/11/21	05/14/21	Sandra Dueñas	Conference	SACRS Spring Conference	\$ 120
<b>Sandra Dueñas Total</b>					<b>\$ 120</b>
<b>Conferences</b>					
05/11/21	05/14/21	Betty Tse	Conference	SACRS Spring Conference	\$ 120
<b>Betty Tse Total</b>					<b>\$ 120</b>
<b>Grand Total</b>					<b>\$ 2,774</b>




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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: August 4, 2021  
TO: Members of the Operations Committee  
FROM: Margo Allen, Fiscal Services Officer   
SUBJECT: 2021 Mid-year Budget Review

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**Executive Summary**

Staff has finalized the 2021 mid-year budget review. To facilitate the review, the committee is provided with two reports:

- Year-to-date operating expense variance analysis as of June 30, 2021 (Attachment 1)
- End-of-year operating expense forecast as of December 31, 2021 (Attachment 2)

*Year-to-Date Review (as of June 30, 2021)*

A variance analysis conducted for the six-month period ending June 30, 2021, reflects that ACERA's operating expenses are \$1,173K under budget. Temporary staffing is the only budget line item identified with *overages* exceeding the \$15K<sup>1</sup> threshold. This overage is attributable to the hiring of temporary staff to cover leaves and vacant positions.

*End-of-Year Review (June 30 – December 31, 2021)*

A forecast for remainder of the budget year ending December 31, 2021, indicates that ACERA's operating expenses will be approximately \$(-542K) under budget. This budget surplus is heavily weighted in staffing (\$-345K), but also includes: staff development (\$-44K), office expense (\$-33K), and board of retirement (\$-167K). Forecasted overages above the \$15K threshold include: temporary staffing (\$303K), consultant fees (\$63K), virtual call center (24K), and business continuity (\$36K).

*Temporary Staffing:* With regards to the end-of-year \$303K temporary staffing overage, this overage is attributable to temporary staff in Administration and Benefits for employee on leave and vacant positions.

*Consultant Fees:* With regards to the end-of-year \$63K consultant fees overage, this is primarily due to a commercial banking RFP project that started earlier than as planned.

*Virtual Call Center:* With regards to the end-of-year \$24K virtual call center overage, this is ongoing monthly licensing fees for the virtual call center that is created due to COVID-19 pandemic and now is rolled out to agency wide.

*Business Continuity:* With regards to the end-of-year \$36K business continuity overage, this is mainly due to higher staff usage of amazon workspaces for working from home.

<sup>1</sup> A \$15,000 threshold has been previously established for line item transfer consideration.

**Conclusion**

At this point in time, staff is not recommending any budget line item overage adjustments. In 2021, total operating expense budget (including depreciation) is projected to be \$0.54M under budget and total investment management portfolio expense is projected to be \$16.2M over budget, this overage is mainly due to the incentive fees incurred in the first quarter. Total operating and investment management portfolio expense budget is projected to be approximately \$15.6M over budget.

Attachment 1- Year-to-Date Review as of June 30, 2021 (Variance Analysis)

Attachment 2 - End-of-Year Review as of December 31, 2021 (Forecast)

## Year-to-Date Review as of June 30, 2021 (Variance Analysis)

<b>Operating Expense Budget</b>	<b>2021 Year-to- Date Actual</b>	<b>2021 Year-to- Date Budget</b>	<b>2021 Actual vs. 2021 Budget Over/(Under)</b>
<b>STAFFING</b>			
Salaries	\$ 4,602,000	\$ 4,806,000	\$ (204,000)
Fringe Benefits	2,308,000	2,822,000	(514,000)
Temporary Staffing/Miscellaneous Staffing	271,000	220,000	51,000
<b>Staffing Total</b>	<b>7,181,000</b>	<b>7,848,000</b>	<b>(667,000)</b>
<b>STAFF DEVELOPMENT</b>	<b>72,000</b>	<b>141,000</b>	<b>(69,000)</b>
<b>PROFESSIONAL FEES</b>			
Actuarial Fees	173,000	188,000	(15,000)
Audit Fees	157,000	157,000	-
Consultant Fees	165,000	166,000	(1,000)
Legal Fees	99,000	119,000	(20,000)
<b>Professional Fees Total</b>	<b>594,000</b>	<b>630,000</b>	<b>(36,000)</b>
<b>OFFICE EXPENSE</b>			
Bank Fees & Misc. Admin.	58,000	67,000	(9,000)
Building Expenses	40,000	42,000	(2,000)
Communications	46,000	48,000	(2,000)
Equipment Lease & Maint.	55,000	66,000	(11,000)
Minor Furniture & Equip.	1,000	9,000	(8,000)
Office Supplies & Maint.	17,000	42,000	(25,000)
Printing & Postage	5,000	14,000	(9,000)
<b>Office Expense Total</b>	<b>222,000</b>	<b>288,000</b>	<b>(66,000)</b>
<b>INSURANCE</b>	<b>394,000</b>	<b>396,000</b>	<b>(2,000)</b>
<b>MEMBER SERVICES</b>			
Disability - Legal Arbitration & Transcripts	-	30,000	(30,000)
Disability - Medical Expense	67,000	59,000	8,000
Disability Claims Management	23,000	23,000	-
Health Reimbursement Account (HRA)	30,000	30,000	-
Member Training & Education	3,000	5,000	(2,000)
Printing & Postage - Members	20,000	38,000	(18,000)
Virtual Call Center	29,000	18,000	11,000
<b>Member Services Total</b>	<b>172,000</b>	<b>203,000</b>	<b>(31,000)</b>
<b>SYSTEMS</b>			
Business Continuity Expenses	98,000	90,000	8,000
County Data Processing	59,000	57,000	2,000
Minor Computer Hardware	19,000	15,000	4,000
Software Maintenance & Support	361,000	457,000	(96,000)
<b>Systems Total</b>	<b>537,000</b>	<b>619,000</b>	<b>(82,000)</b>
<b>BOARD OF RETIREMENT</b>			
Board Conferences & Misc. Activity	128,000	347,000	(219,000)
Uncollectable Benefit Payments	-	-	-
<b>Total Operating Expenses Before Depreciation</b>	<b>9,300,000</b>	<b>10,472,000</b>	<b>(1,172,000)</b>
<b>DEPRECIATION</b>	<b>59,000</b>	<b>60,000</b>	<b>(1,000)</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>9,359,000</b>	<b>10,532,000</b>	<b>(1,173,000)</b>
<b>TOTAL PORTFOLIO MANAGEMENT INVESTMENT EXPENSE</b>	<b>39,697,000</b>	<b>25,684,000</b>	<b>14,013,000</b>
<b>TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES</b>	<b>\$ 49,056,000</b>	<b>\$ 36,216,000</b>	<b>\$ 12,840,000</b>

## End-of-Year Review as of December 31, 2021 (Forecast)

<b>Operating Expense Budget</b>	<b>2021 Forecast</b>	<b>2021 Budget</b>	<b>2021 Forecast vs. 2021 Budget Over/(Under)</b>
<b>STAFFING</b>			
Salaries	\$ 9,732,000	\$ 10,026,000	\$ (294,000)
Fringe Benefits	5,438,000	5,792,000	(354,000)
Temporary Staffing/Miscellaneous Staffing	534,000	231,000	303,000
<b>Staffing Total</b>	<b>15,704,000</b>	<b>16,049,000</b>	<b>(345,000)</b>
<b>STAFF DEVELOPMENT</b>	<b>230,000</b>	<b>274,000</b>	<b>(44,000)</b>
<b>PROFESSIONAL FEES</b>			
Actuarial Fees	412,000	415,000	(3,000)
Audit Fees	157,000	157,000	-
Consultant Fees	396,000	333,000	63,000
Legal Fees	251,000	273,000	(22,000)
<b>Professional Fees Total</b>	<b>1,216,000</b>	<b>1,178,000</b>	<b>38,000</b>
<b>OFFICE EXPENSE</b>			
Bank Fees & Misc. Admin.	129,000	135,000	(6,000)
Building Expenses	84,000	84,000	-
Communications	96,000	96,000	-
Equipment Lease & Maint.	122,000	130,000	(8,000)
Minor Furniture & Equip.	18,000	18,000	-
Office Supplies & Maint.	70,000	83,000	(13,000)
Printing & Postage	22,000	28,000	(6,000)
<b>Office Expense Total</b>	<b>541,000</b>	<b>574,000</b>	<b>(33,000)</b>
<b>INSURANCE</b>	<b>825,000</b>	<b>825,000</b>	<b>-</b>
<b>MEMBER SERVICES</b>			
Disability - Legal Arbitration & Transcripts	40,000	60,000	(20,000)
Disability - Medical Expense	122,000	119,000	3,000
Disability - Claims Management	46,000	46,000	-
Health Reimbursement Account (HRA)	60,000	60,000	-
Member Training & Education	20,000	22,000	(2,000)
Printing & Postage - Members	106,000	122,000	(16,000)
Virtual Call Center	59,000	35,000	24,000
<b>Member Services Total</b>	<b>453,000</b>	<b>464,000</b>	<b>(11,000)</b>
<b>SYSTEMS</b>			
Business Continuity Expenses	225,000	189,000	36,000
County Data Processing	120,000	114,000	6,000
Minor Computer Hardware	29,000	30,000	(1,000)
Software Maintenance & Support	856,000	869,000	(13,000)
<b>Systems Total</b>	<b>1,230,000</b>	<b>1,202,000</b>	<b>28,000</b>
<b>BOARD OF RETIREMENT</b>			
Board Conferences & Misc. Activity	508,000	675,000	(167,000)
<b>UNCOLLECTABLE BENEFIT PAYMENTS</b>	<b>62,000</b>	<b>68,000</b>	<b>(6,000)</b>
<b>Total Operating Expenses Before Depreciation</b>	<b>20,769,000</b>	<b>21,309,000</b>	<b>(540,000)</b>
<b>DEPRECIATION</b>	<b>116,000</b>	<b>118,000</b>	<b>(2,000)</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>20,885,000</b>	<b>21,427,000</b>	<b>(542,000)</b>
<b>TOTAL PORTFOLIO MANAGEMENT INVESTMENT EXPENSE</b>			
	67,561,000	51,373,000	16,188,000
<b>TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES</b>	<b>\$ 88,446,000</b>	<b>\$ 72,800,000</b>	<b>\$ 15,646,000</b>





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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: August 4, 2021

TO: Members of the Operations Committee

FROM: Sandra Dueñas-Cuevas, Benefits Manager 

SUBJECT: **Managed Medical Review Organization (MMRO) Update**

The attached information regarding disability applications processed by Managed Medical Review Organization (MMRO) will be presented at the August Operations Committee meeting.

Attachment

# Status Report on Managed Medical Review Organization (MMRO)

Operations Committee Meeting  
August 4, 2021

Sandra Dueñas-Cuevas– Benefits Manager



# MMRO Performance - Standard Cases

Duration of time to review, exhibit, conduct member outreach before disability packet is distributed to applicant and employer for comment review period	<b>Average 59 days</b>
Duration of time from completion of comment period to production and receipt of medical recommendation report	<b>Average 27 days</b>

- Duration periods were calculated based on cases completed from June 1, 2020 to present
- Total days consistent from a total of **86 to 86 days** when compared to the report previously provided to the Operations Committee in June 2020.
- Cases included in average numbers did not need an Independent Medical Examination (IME), Peer Review, or submit additional records after the initial file was deemed complete

# MMRO Performance (continued)

<b>Completed Cases</b>	<b>36</b>
<b>Cases in Progress</b>	<b>19</b>
<b>Cases Requiring Annual Examination</b>	<b>1</b>

# Non-Standard Cases

Type of Cases	Number
<b>Cases in need of IME, IPE or Peer Review</b> ➤ These cases will take longer to process due to scheduling of examinations, receipt of report, review time of parties and final completion of medical recommendations	5
<b>Employer Filed Applications</b> ➤ These cases may take longer to process due to additional information needed to make a determination.	3
<b>Contested Cases</b> ➤ The recommendation for these cases are being contested by the employer or the applicant and anticipated to be scheduled for hearing	2

# Year Over Year Performance

	<b>ACERA/ Dr. Wagner 2016 – 2017 Average</b>	<b>MMRO 2017 – 2018 Average</b>	<b>MMRO 2018 – 2019 Average</b>	<b>MMRO 2019 – 2020 Average</b>	<b>MMRO 2020 – 2021 Average</b>
<b>Phase 1 Exhibiting</b>	263	69	54	52	59
<b>Phase 2 Medical Advisor Report</b>	45	28	40	34	27
<b><i>Total Days</i></b>	<b>308</b>	<b>97</b>	<b>94</b>	<b>86</b>	<b>86</b>