



Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

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

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

ACERA MISSION:

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

Wednesday, August 5, 2020
9:30 a.m.

<p>ZOOM INSTRUCTIONS The public can view the Teleconference and comment via audio during the meeting. To join this Teleconference, please click on the link below: https://zoom.us/join Meeting ID: 889 1637 6555 Password: 248073 Or Telephone: Dial(for higher quality, dial a number based on your current location): US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 301 715 8592 or +1 312 626 6799 or +1 929 205 6099</p>	COMMITTEE MEMBERS	
	OPHELIA BASGAL, CHAIR	APPOINTED
	LIZ KOPPENHAVER, VICE CHAIR	ELECTED RETIRED
	DALE AMARAL	ELECTED SAFETY
	JAIME GODFREY	APPOINTED
ELIZABETH ROGERS	ELECTED GENERAL	

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

The order of agenda items is subject to change without notice. Board and Committee agendas and minutes are available online at www.acera.org.

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

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

Call to Order: 9:30 a.m.

Public Input

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

None

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

1. **Operating Expenses as of June 30, 2020**
Report on the status of ACERA's budget vs. actual as of June 30, 2019
- Margo Allen
2. **Quarterly Financial Statements as of June 30, 2020**
Report on ACERA's financial statements as of June 30, 2019
- Margo Allen
3. **Quarterly Cash Forecast Report**
Report on the cash forecast year-to-date for the period ending June 30, 2020
- Margo Allen
4. **Board Member Conference Expense Report as of June 30, 2020**
Report on Board Members' conference expenses year-to-date for the period ending June 30, 2020
- Margo Allen
5. **Senior Manager Conference and Training Expense Report as of June 30, 2020**
Report on Senior Managers' conference and training expenses year-to-date for the period ending June 30, 2020
- Margo Allen
6. **Mid-Year review of 2020 ACERA Operating Expense Budget**
- Margo Allen
7. **Website Redesign and Relaunch**
- Michael Fara

Future Discussion Items

Trustee Remarks

Establishment of Next Meeting Date

October 7, 2020, at 9:30 a.m.

Adjournment

**EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA**

EXECUTIVE ORDER N-29-20

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

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

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

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

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

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

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

IT IS HEREBY ORDERED THAT:

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

otherwise-applicable Medicaid time limits in emergency situations.

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

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

In particular, any otherwise-applicable requirements that

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

are hereby suspended.

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

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

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

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

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

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

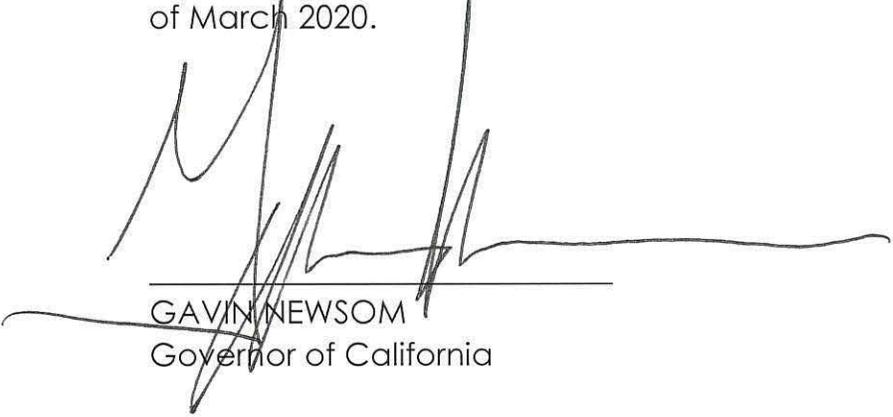
All of the foregoing provisions concerning the conduct of public meetings shall apply only during the period in which state or local public health officials have imposed or recommended social distancing measures.

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

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

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

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



GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: August 5, 2020

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer *MA*

SUBJECT: Operating Expenses Budget Summary for the period ended June 30, 2020

ACERA's operating expenses are \$1,205K under budget for the period ended June 30, 2020. Budget overages and surpluses worth noting are as follows:

Budget Overage

1. *Professional Fees*: Professional Fees are \$106K over budget. This amount comprises overage in legal fees of \$133K primarily due to confidential professional services related to employment advice, operations consultant fees of \$1K, which are offset by surplus in actuarial fees¹ of (\$28K) due to savings from last year accrual.

Budget Surpluses

2. *Staffing*: Staffing is \$724K under budget. This amount comprises surplus in staff vacancies of (\$138K) and fringe benefits of (\$773K), which are offset by overage in temporary staffing of \$187K due to vacant positions filled by temporary staff.
3. *Staff Development*: Staff Development is \$167K under budget primarily due to cancelation and delay in staff trainings and conferences caused by COVID-19.
4. *Office Expense*: Office Expense is 30K under budget. This amount comprises surpluses in office maintenance and supplies of (\$25K), printing and postage of (\$8K), bank charges and miscellaneous administration of (\$9K), equipment lease and maintenance of (\$2K) and minor equipment and furniture of (\$7K). Which are offset by overage in communication expenses of \$17K and building expenses of \$4K.
5. *Member Services*: Member Services are \$98K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$34K) and disability medical expense of (\$46K) due to reduction in number of disability cases, health reimbursement account of (\$2K), and members printing and postage of (\$18K), which are offset by overage in member training and education of \$2K.
6. *Systems*: Systems are \$62K under budget. This amount comprises surpluses in software maintenance and support of (\$62K) primarily due to delay in the start of projects caused by COVID-19, minor computer hardware of (\$2K), which are offset by overage in business continuity expense of \$2K.

¹ Surplus in actuarial fees of \$28K is due to savings from last year accrual related to Standard of Practice #51 Pension Risk and consulting services.

Operating Expenses Budget Summary for the period ended June 30, 2020

7. *Depreciation:* Depreciation is \$3K under budget, which is mainly related to the computer software.
8. *Board of Retirement:* Board of Retirement is \$227K under budget. This amount comprises surpluses in board conferences and trainings of (\$127K) primarily due to cancellation and delay in trainings and conferences caused by COVID-19, board election expense² of (\$79K) due to savings from last year accrual, board employer reimbursement of (\$3K), board compensation of (\$7K), board miscellaneous expenses of (\$10K) and board software maintenance and support of (\$1K).

Staffing Detail

Permanent vacant positions as of June 30, 2020:

Department	Position	QTY	Comments
Administration	Administrative Specialist II	1	Resigned - currently budgeted until 12/2020
Benefits	Retirement Technician	3	Filled by temporary staff - currently budgeted until 12/2020
Investments	Senior Investment Officer	1	Vacant - currently budgeted until 12/2020
Investments	Investment Officer	1	Vacant - currently budgeted until 12/2020
Total Positions		6	

Pension Administration System Project - As of 6/30/2020					
	Year-To-Date			Annual	
	Actual	Budget	Variance	2020 Budget	2019 Actual
Consultant Fees					
Levi, Ray and Shoup	629,004	1,060,000	(430,996)	2,544,000	224,153
LRWL / Segal	222,748	166,650	56,098	400,000	398,160
Leap Technologies	-	-	-	-	98,970
Total	851,751	1,226,650	(374,899)	2,944,000	721,283
Staffing	239,426	277,500	(38,074)	665,000	387,808
TOTAL	1,091,177	1,504,150	(412,973)	3,609,000	1,109,091

Attachments:

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

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



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

YEAR TO DATE - ACTUAL VS. BUDGET					
<u>June 30, 2020</u>					
	Actual	Budget	YTD	2020	% 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	\$ 6,962,854	\$ 7,686,880	\$ (724,026)	\$ 15,745,000	44.2%
Staff Development	79,674	246,590	(166,916)	482,000	16.5%
Professional Fees (Next Page)	790,220	683,880	106,340	1,215,000	65.0%
Office Expense	236,886	266,480	(29,594)	531,000	44.6%
Insurance	470,702	471,400	(698)	967,000	48.7%
Member Services	136,579	234,860	(98,281)	527,000	25.9%
Systems	514,107	575,740	(61,633)	1,128,000	45.6%
Depreciation	60,278	63,310	(3,032)	123,000	49.0%
Board of Retirement	127,149	354,660	(227,511)	660,000	19.3%
Uncollectable Benefit Payments	-	-	-	22,000	0.0%
Total Operating Expense	\$ 9,378,449	\$ 10,583,800	\$ (1,205,351)	\$ 21,400,000	43.8%
Investment Consultant Fees	625,620	708,540	(82,920)	1,418,000	44.1%
Investment Custodian Fees	276,565	294,000	(17,435)	588,000	47.0%
Investment Manager and Incentive Fees	24,684,489	25,173,360	(488,871)	50,227,000	49.1%
Other Investment Expenses	80,004	231,600	(151,596)	463,000	17.3%
Total Portfolio Management Investment Expense	\$ 25,666,678	\$ 26,407,500	\$ (740,822)	\$ 52,696,000	48.7%
Total Operating and Portfolio Management Investment Expense	\$ 35,045,127	\$ 36,991,300	\$ (1,946,173)	\$ 74,096,000	47.3%



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET

June 30, 2020

	<u>Actual</u> <u>Year-To-Date</u>	<u>Budget</u> <u>Year-To-Date</u>	<u>YTD Variance</u> <u>(Under)/Over</u>	<u>2020</u> <u>Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
Professional Fees					
Consultant Fees - Operations and Projects ¹	\$ 184,230	\$ 182,900	\$ 1,330	\$ 366,000	50.3%
Actuarial Fees ²	204,526	232,980	(28,454)	466,000	43.9%
External Audit ³	153,000	153,000	-	153,000	100.0%
Legal Fees ⁴	248,464	115,000	133,464	230,000	108.0%
Total Professional Fees	\$ 790,220	\$ 683,880	\$ 106,340	\$ 1,215,000	65.0%

	<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>
¹ CONSULTANT FEES - OPERATIONS AND PROJECTS:					
Administration					
Benchmarking	-	20,000	(20,000)	20,000	0.0%
Total Administration	-	20,000	(20,000)	20,000	0.0%
Benefits					
Alameda County HRS (Benefit Services)	63,000	63,000	-	126,000	50.0%
Segal (Benefit Consultant/Retiree Open Enrollment)	62,730	61,500	1,230	123,000	51.0%
Segal (Dental and Vision Consulting)	20,000	-	20,000	20,000	100.0%
Total Benefits	145,730	124,500	21,230	269,000	54.2%
Human Resources					
Lakeside Group (County Personnel)	38,500	38,400	100	77,000	50.0%
Total Human Resources	38,500	38,400	100	77,000	50.0%
Total Consultant Fees - Operations	\$ 184,230	\$ 182,900	\$ 1,330	\$ 366,000	50.3%
² ACTUARIAL FEES					
Actuarial valuation	38,500	38,500	-	77,000	50.0%
GASB 67 & 68 Valuation	19,500	24,000	(4,500)	48,000	40.6%
GASB 74 & 75 Actuarial	7,000	7,000	-	14,000	50.0%
Actuarial Standard of Practice 51 Pension Risk	-	30,000	(30,000)	60,000	0.0%
Supplemental Consulting	80,526	94,980	(14,454)	190,000	42.4%
Triennial Experience Study	18,000	18,000	-	36,000	50.0%
Supplemental Retiree Benefit Reserve valuation	41,000	20,500	20,500	41,000	100.0%
Total Actuarial Fees	\$ 204,526	\$ 232,980	\$ (28,454)	\$ 466,000	43.9%
³ EXTERNAL AUDIT					
External audit	129,000	129,000	-	129,000	100.0%
GASB 67 & 68	12,000	12,000	-	12,000	100.0%
GASB 74 & 75-External Audit	12,000	12,000	-	12,000	100.0%
Total External Audit Fees	\$ 153,000	\$ 153,000	\$ -	\$ 153,000	100.0%
⁴ LEGAL FEES					
<u>Fiduciary Counseling</u>					
Nossaman	27,426	66,000	(38,574)	130,000	
Subtotal	27,426	66,000	(38,574)	130,000	21.1%
<u>Tax and Benefit Issues</u>					
Hanson Bridgett	6,593	19,000	(12,407)	40,000	
Subtotal	6,593	19,000	(12,407)	40,000	16.5%
<u>Litigation & Miscellaneous Legal Advice</u>					
Meyers Nave	177,223	23,756	153,467	47,511	
Nossaman	28,424	3,810	24,614	7,620	
Reed Smith	18,160	2,434	15,725	4,868	
Preferred Custody Services (class action settlement)	(9,361)	-	(9,361)	-	
Subtotal	214,445	30,000	184,445	60,000	357.4%
Total Legal Fees	\$ 248,464	\$ 115,000	\$ 133,464	\$ 230,000	108.0%



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: August 5, 2020
TO: Members of the Operations Committee
FROM: Margo Allen, Fiscal Services Officer 
SUBJECT: June 30, 2020, Unaudited Financial Statements

Executive Summary

Attached for review and discussion is the unaudited financial statements for the period ended June 30, 2020.

The Fiduciary Net Position Held in Trust and the Change in Fiduciary Net Position compared to the same period in 2019 decreased by \$170 million.

Financial Highlights

- Net Position Restricted (Held in Trust for Benefits), as reported on the Statement of Fiduciary Net Position totaled \$8.21 billion. Total Receivables increased by \$1 million, Investments at fair value decreased by \$179 million, Capital Assets increased by \$2 million and Total Liabilities without Security Lending Liability decreased by \$7 million.
- The year-over-year Change in Net Position decreased by \$1.37 billion. This is due to decrease in additions of \$1.35 billion and increase in deductions of 13 million as explained below:
 - Total Additions year-over-year decreased by \$1.35 billion. This includes, increase in contributions of \$9 million and decrease in investments of \$1.36 billion.
 - Total Deductions year-over-year increased by \$13 million. The amount is mainly attributable to the growth in payments of service retirement, disability benefits, and retiree health programs.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF FIDUCIARY NET POSITION
As of 6/30/2020

	Year-To-Date 2020	Year-To-Date 2019
ASSETS		
Cash (Note 1)	2,594,530	2,460,668
Securities Lending Cash Collateral (Note 2)	137,397,419	251,449,490
Receivables:		
Contributions (Note 3)	19,290,340	16,437,154
Investment Receivables (Note 4a)	17,415,478	19,073,880
Unsettled Trades - Investments Sold	4,566,329	6,439,916
Futures Contracts - Equity Index (Note 5a)	1,302,887	628,408
Equity Index Swaps (Note 6a)	0	35,753
Foreign Exchange Contracts (Note 7a)	2,046,120	1,268,788
Other Receivables (Note 8)	204,588	98,820
Total Receivables	44,825,741	43,982,718
Prepaid Expenses	399,775	402,687
Total Current Assets	185,217,464	298,295,562
Investments - at Fair Value:		
Short-Term Investments (Note 9)	192,278,428	234,574,160
Domestic Equity	452,750,987	550,289,588
Domestic Equity Commingled Funds	1,918,619,528	2,038,635,050
International Equity	1,042,461,963	1,092,105,792
International Equity Commingled Funds (Note 10)	1,084,831,570	1,100,245,398
Domestic Fixed Income	894,503,858	947,051,635
International Fixed Income	174,374,576	116,993,351
International Fixed Income - Commingled Funds (Note 11)	141,257,512	147,170,416
Real Estate - Separate Properties (Note 12)	72,414,973	73,583,229
Real Estate - Commingled Funds (Note 13)	535,081,678	512,190,483
Real Assets	395,781,046	294,267,261
Absolute Return (Note 14a)	690,851,691	728,092,712
Private Equity (Note 14b)	566,619,340	541,321,025
Private Credit	35,404,659	0
Total Investments	8,197,231,808	8,376,520,101
Capital Assets at Cost (Net of Accumulated Depreciation or Amortization) (Note 15)	3,577,119	1,943,449
Intangible right-to-use Leased Assets (Net of - Accumulated Amortization)	140,370	0
Total Assets	8,386,166,761	8,676,759,112
LIABILITIES		
Securities Lending Liability (Note 2)	137,397,419	251,449,490
Unsettled Trades - Investments Purchased	22,503,212	31,867,435
Investment-Related Payables (Note 4b)	11,499,248	9,643,629
Futures Contracts - Equity Index (Note 5b)	763,447	251,301
Equity Index Swaps (Note 6b)	56,028	0
Foreign Exchange Contracts (Note 7b)	600	73,036
Accrued Administration Expenses (Note 16)	2,419,683	2,160,695
Members Benefits & Refunds Payable (Note 17a)	4,099,192	4,393,636
Retirement Payroll Deductions Payable (Note 17b)	11,345	17,798
Lease Liability	155,974	0
Total Liabilities	178,906,146	299,857,019
Net Position		
Restricted - Held in Trust for Benefits	8,207,260,615	8,376,902,093
Total Net Position	8,207,260,615	8,376,902,093

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Six Months Ending 6/30/2020

	Year-To-Date 2020	Year-To-Date 2019
ADDITIONS		
Contributions: (Note 18)		
Members	54,323,883	50,783,600
Employers	154,630,311	148,901,999
Total Contributions	208,954,194	199,685,599
From Investment Activities:		
Net Appreciation/(Depreciation) in Fair Value of Investments (Note 19a)	(508,497,164)	832,399,170
Interest	18,172,848	22,719,550
Dividends	18,763,423	35,974,336
Real Estate - Net	11,581,549	10,278,046
Private Equity and Alternatives	(12,490,334)	(17,491,173)
Brokers Commissions - Directed Brokerage	18,186	21,374
Sub-Total of Dividends, Interest, Other Investment Income (Note 19b)	36,045,672	51,502,133
Total Income from Investment Activities	(472,451,492)	883,901,302
Total Investment Expenses (Note 20)	(26,971,461)	(22,212,077)
Net Income from Investment Activities (Note 21)	(499,422,953)	861,689,226
From Securities Lending Activities:		
Securities Lending Income	703,223	3,486,389
Securities Lending Expenses	(366,416)	(2,787,217)
Net Income from Securities Lending Activities (Note 22)	336,807	699,172
Total Net Investment Income	(499,086,146)	862,388,398
Miscellaneous Income (Note 23)	126,890	791,157
Total Additions	(290,005,061)	1,062,865,154
DEDUCTIONS		
Benefits:		
Service Retirement and Disability Benefits (Note 24)	254,993,585	241,148,906
Death Benefits (Note 25)	1,547,766	1,327,372
Supplemental Cost of Living Allowance	572,128	587,012
Retiree Healthcare Program	22,877,279	21,594,127
Total Benefit Payments	279,990,758	264,657,418
Member Refunds	3,936,896	5,549,299
Administration: (Note 26)		
Administrative Expenses	5,885,221	5,967,496
Actuarial Expenses	163,526	159,997
Business Continuity Expenses	297,981	279,365
Legal Expenses	579,264	873,594
Technology Expenses	420,171	435,461
401(h) Expenses	727,500	627,000
Total Administration	8,073,663	8,342,913
Total Deductions	292,001,317	278,549,630
Net Increase(Decrease)	(582,006,378)	784,315,524
Net Position Held in Trust for Benefits:		
Net Position - January 1	8,789,266,993	7,592,586,569
Net Position - June 30	8,207,260,615	8,376,902,093

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of June 30, 2020

Basis of Accounting

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

(Note 1)

Cash - \$2.59 million

Cash balance is the sum of the funds in the Wells Fargo Bank operating accounts. The increase of \$0.13 million from \$2.46 million in June 30, 2019, is primarily due to difference in receipt of contributions and the transfer of funds for retiree payroll and investments.

(Note 2)

Securities Lending Cash Collateral - \$137.40 million

Cash collateral of \$137.40 million and \$251.45 million was held by ACERA related to securities on loan as of June 30, 2020, and June 30, 2019, respectively. This amount is reported as an asset with a corresponding liability for the same amount in compliance with the GASB Statement No. 28. The decrease in securities lending collateral is due to decrease in the balances of traditional active manager accounts into passive index funds.

(Note 3)

Contributions Receivables - \$19.29 million

The receivable balances of June 30, 2020, increased approximately \$2.85 million from \$16.44 million in June 30, 2019. This is primarily due to increase in the member and employer contribution rates.

(Note 4a)

Investment Receivables - \$17.42 million

The investment receivables balance as of June 30, 2020, decreased by \$1.65 million from \$19.07 million for June 30, 2019. The decrease is mainly attributed to interest and stock dividend receivables.

(Note 4b)

Investment Related Payables - \$11.50 million

The increase of \$1.86 million in investment related payables balance as of June 30, 2020, from \$9.64 million for June 30, 2019 is primarily due to investment managers'/consultants' fees payable.

(Note 5)

Future Contracts Equity Index Receivables - \$1.30 million and Payables - \$0.76 million

5a. The receivables represent unrealized gains on open future contracts. The balances for unrealized gains as of June 30, 2020, and June 30, 2019, were \$1.30 million and \$0.63 million, respectively.

5b. The payables represent unrealized losses on open future contracts. The balances for unrealized losses as of June 30, 2020, and June 30, 2019, were \$0.76 million and \$0.25 million, respectively.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of June 30, 2020

(Note 6)

Equity Index Swaps Receivables – none and Payables - \$0.06 million

6a. The receivables represent the amount to be received from the counterparties of the equity index swaps. The total receivables as of June 30, 2020, were none and June 30, 2019, were \$0.04 million.

6b. The payables represent the amount owed, but not yet paid, to the counterparties of equity index swaps. The total payables as of June 30, 2020, were \$0.06 million and June 30, 2019, were none.

(Note 7)

Foreign Exchange Contracts Receivables - \$2.05 million and Payables - \$0.0006 million

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

7a. The receivables represent unrealized gains on foreign exchange contracts. As of June 30, 2020, and June 30, 2019, unrealized gains on FX contracts were \$2.05 million and \$1.27 million, respectively. The increase of \$0.78 million is due to change in number and valuation of contracts and market volatility.

7b. The payables represent unrealized losses on foreign exchange contracts. As of June 30, 2020, and June 30, 2019, unrealized losses on FX contracts were \$0.0006 million and \$0.07 million, respectively. The decrease in unrealized losses of \$0.07 million is due to change in number and valuation of contracts and market volatility.

(Note 8)

Other Receivables - \$0.20 million

Other receivables as of June 30, 2020, 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, 2020

(Note 9)

Short-Term Investments - \$192.28 million

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

(Dollars in Millions)

Fund Name	6/30/2020
Unallocated Cash	\$ 62.17
Brandywine	28.17
AQR Capital Management, LLC	28.71
Baird Investors	29.41
Capital Guardian	12.43
Kennedy	3.64
TCW	6.10
Loomis	10.14
William Blair Small Cap Growth	3.44
Mondrian	3.30
Bivium - Arga Investment Management	0.33
Bivium - Dundas Partners	0.70
Pzena	2.42
Bivium - Radin Capital Partners	0.42
Bivium - Denali Advisors	0.21
Bivium - Applied Research Management	0.26
Bivium RVX Asset Management LLC	0.15
Bivium - Global Alpha Capital Mgmt	0.18
Transition	0.05
Next Century Investors Ultra	0.03
SSGA Liquid Pool	0.01
Next Century Growth Small Cap	0.01
Total	\$ 192.28

(Note 10)

International Equity Commingled Funds - \$1,084.83 million

As of June 30, 2020, and June 30, 2019, the International Equity Commingled Funds were \$1,084.83 million and \$1,100.24 million, respectively. The decrease of \$15.41 million is mainly due to market depreciation.

(Note 11)

International Fixed Income Commingled Funds - \$141.26 million

The decrease of \$5.91 million from the prior year is mainly due to market depreciation. 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, 2020

(Note 12)

Real Estate Separate Properties - \$72.41 million

The following is a summary of Real Estate – Separate Property investments as of June 30, 2020, and June 30, 2019. The year-over-year decrease of \$1.17 million is due to the market depreciation of the Oakland 14th Street property.

(Dollars in Millions)

Investment Manager	Net Mkt. Value 6-30-2020	Net Mkt. Value 6-30-2019	No. of Properties 2020	No. of Properties 2019
RREEF	\$ 72.41	\$ 73.58	1	1

(Note 13)

Real Estate Commingled Funds - \$535.08 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 \$22.89 million in 2020 as compared to 2019 is mainly due to market appreciation and additional investments, net of distributions.

(Note 14a)

Absolute Return - \$690.85 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The decrease of \$37.24 million in 2020 as compared to 2019 is mainly due to additional investments, net of distributions and market depreciation.

(Note 14b)

Private Equity - \$566.62 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$25.30 million in 2020 as compared to 2019 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) - \$3.58 million

(Dollars in Millions)

Net Capital Assets	6/30/2020	6/30/2019
Retirement Information System and EDMS - Construction-In-Process	\$ 2.22	\$ 0.47
Equipment, Furniture & Information Systems	13.54	13.54
Electronic Document Management System	4.16	4.16
Less: Accumulated Depreciation	(17.65)	(17.63)
Net Book Value	2.27	0.54
Leasehold Improvements	2.59	2.58
Less: Accumulated Depreciation	(1.28)	(1.18)
Net Book Value	1.31	1.40
Total Capital Assets, Net	\$ 3.58	\$ 1.94

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of June 30, 2020

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

<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"/>	Electronic Document Management System	5 years
<input type="checkbox"/>	Disaster Recovery	5 years
<input type="checkbox"/>	Leasehold Improvements	27.5 years

(Note 16)

Accrued Administration Expenses - \$2.42 million

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

(Note 17)

17a. Members' Benefits & Refunds Payable - \$4.10 million

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

(Dollars in Millions)

<i>Accrued Benefits and Refunds</i>	<i>6/30/2020</i>	<i>6/30/2019</i>
Basic Active Death Benefits	\$ 0.60	\$ 0.62
Active Death Contribution Refunds	1.67	1.83
Retired Death Benefits	1.83	1.34
Members' Contribution Refunds	-	0.60
Total Members' Benefit & Refunds Payable	\$ 4.10	\$ 4.39

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

The balance for June 30, 2020, includes health premium prepayments for 11 retirees. The corresponding balance for June 30, 2019, included health premium prepayments for 10 retirees.

(Note 18)

Contributions - \$208.95 million

The increase in contributions of \$9.26 million in 2020 as compared to 2019 is primarily due to increases in employer and member contribution rates.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of June 30, 2020

(Note 19)

(Note 19a) Net Appreciation/ (Depreciation) in Fair Value of Investments – (\$508.50) million
(Dollars in Millions)

	<i>For the Period Ended</i>	
	6/30/2020	6/30/2019
<i>Actual / Realized Gains/(Losses)</i>		
Domestic Equities	\$ (11.83)	\$ 7.06
International Equities	(28.41)	119.42
Domestic Bonds	19.55	2.06
International Bonds	6.06	2.24
Real Estate Commingled Funds	1.00	0.92
Private Equity & Alternative	(3.60)	28.79
Real Assets	(3.21)	0.22
Swaps and Others	3.31	(1.65)
Futures	(5.02)	1.45
Currency	(15.56)	(7.98)
<i>Total Realized Gains/(Losses)</i>	<i>(37.71)</i>	<i>152.53</i>
<i>Paper / Unrealized Gains/(Losses)</i>		
Domestic Equities	(93.81)	402.53
International Equities	(224.98)	166.26
Domestic Bonds	22.12	45.28
International Bonds	(2.86)	20.88
Real Estate Commingled Funds	2.08	9.14
Real Estate Sep. Props.	(2.33)	3.97
Private Equity & Alternative	(98.23)	8.59
Real Assets	(66.32)	16.72
Private Credit	(6.17)	-
Swaps and Others	2.44	0.28
Futures	0.36	1.37
Currency	(3.09)	4.85
<i>Total Unrealized Gains/(Losses)</i>	<i>(470.79)</i>	<i>679.87</i>
<i>Net Realized and Unrealized Gains/(Losses)</i>	<i>\$ (508.50)</i>	<i>\$ 832.40</i>

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of June 30, 2020

(Note 19b) Dividend, Interest, and Other Investment Income - \$36.05 million
(Dollars in Millions)

<i>Dividend, Interest, and Other Investment Income</i>	<i>For the Period Ended</i>	
	<i>6/30/2020</i>	<i>6/30/2019</i>
Interest Income	\$ 18.17	\$ 22.72
Dividend Income	18.77	35.97
Real Estate Income	11.58	10.28
Private Equity, Absolute Return, Private Credit and Real Asset Income/(Losses) ⁽¹⁾	(12.49)	(17.49)
Directed Brokerage Commission Recapture	0.02	0.02
Total Net Income⁽²⁾	\$ 36.05	\$ 51.50

⁽¹⁾ Losses in current year are mainly related to Absolute Return investments and losses in 2019 are mainly related to Real Asset investments.

⁽²⁾ The decrease in Net Income of \$15.45 million in current year as compared to 2019 is majorly due to decrease in dividend income.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of June 30, 2020

(Note 20)

Investment Expenses - \$26.97 million

(Dollars in Millions)

<i>Investment Expenses</i>	<i>For the Period Ended</i>			
	<i>Basis Points</i>	<i>6/30/2020</i>	<i>Basis Points</i>	<i>6/30/2019</i>
Investment Manager and Incentive Fees	30.11	\$ 24.68	24.23	\$ 20.30
Investment Custodian	0.34	0.28	0.32	0.27
Investment Consultants & Other Expenses(*)	0.86	0.71	0.18	0.14
Subtotal	31.31	25.67	24.73	20.71
Investment Allocated Cost	1.59	1.30	1.79	1.50
Total Investment Expenses(**)	32.90	\$ 26.97	26.52	\$ 22.21

(*) *Investment Consultants and Other Expenses*

(Dollars in Millions)

	<i>For the Period Ended</i>			
	<i>Basis Points</i>	<i>6/30/2020</i>	<i>Basis Points</i>	<i>6/30/2019</i>
Investment Advising & Performance (Pearls, Alternative Investment)	0.56	\$ 0.46	0.54	\$ 0.45
Consultant - Portfolio Rebalancing	0.04	0.03	0.03	0.02
Consultant - Legal (Alternative Investment)	0.16	0.14	0.10	0.09
Subtotal – Consultants Expenses	0.76	0.63	0.67	0.56
Proxy Services	0.03	0.03	0.03	0.02
Transaction Cost Analysis	0.03	0.02	0.03	0.02
Other Investment Expenses/(Income) ***	0.04	0.03	(0.55)	(0.46)
Subtotal – Other Investment Expenses	0.10	0.08	(0.49)	(0.42)
Total Investment Consultants and Other Expenses	0.86	\$ 0.71	0.18	\$ 0.14

(**) The increase in total investment expenses of \$4.76 million in 2020 as compared to 2019 is primarily due to investment management and incentive fees in Private Equity, Real Assets and Absolute Return.

(***) The increase in other investment expenses of \$0.49 million in 2020 as compared to 2019 is primarily due to foreign tax expense correction in 2019 resulted in the reduction of 2019 expenses.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of June 30, 2020

(Note 21)

Net Investment Income/ (Losses) - (\$499.42) million

(Dollars in Millions)

	<i>For the Period Ended</i>		<i>Inc./ (Dec.)</i>
	<i>6/30/2020</i>	<i>6/30/2019</i>	<i>from prior period</i>
Paper / Unrealized Gains/(Losses)	\$ (470.78)	\$ 679.86	\$ (1,150.64)
Actual / Realized Gains/(Losses)	(37.72)	152.54	(190.26)
Investment Income (Interest/Dividend/RE/Other) - Net of Expenses	9.08	29.29	(20.21)
Total Net Income/ (Losses)	\$ (499.42)	\$ 861.69	\$ (1,361.11)

(Note 22)

Securities Lending Net Income - \$0.34 million

The securities lending net income balances as of June 30, 2020, and June 30, 2019, were \$0.34 million and \$0.70 million, respectively. The decrease in securities lending income is due to decrease in the balances of traditional active manager accounts into passive index funds.

(Note 23)

Miscellaneous Income - \$0.13 million

The miscellaneous income of \$0.13 million is mainly from prior-year investment income and recovery.

(Note 24)

Service Retirement and Disability Benefits - \$254.99 million

The increase of \$13.84 million was mainly due to the higher average benefits paid to the newly added retirees as compared to that of deceased retirees with lower average benefits, as well as a modest increase of 235 in the total number of retirees and beneficiaries receiving benefits, from 9,973 on June 30, 2019 to 10,208 on June 30, 2020.

(Note 25)

Death Benefits - \$1.55 million

The death benefits paid out during the six months ended June 30, 2020, comprised \$0.11 million of Retired Death Benefits, \$0.35 million of Active Death Benefits, and \$1.09 million of Survivorship Benefits.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of June 30, 2020

(Note 26)

Total Administration - \$8.07 million

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

The detail of total Administration Expenses are as follows:

(Dollars in Millions)

	6/30/2020	6/30/2019	<i>Inc./(Dec.) from previous period</i>
Administrative Expenses	\$ 5.88	\$ 5.97	\$ (0.09)
Actuarial Expenses	0.16	0.16	0.00
Business Continuity Expenses	0.30	0.28	0.02
Legal Expenses	0.58	0.87	(0.29)
Technology Expenses	0.42	0.43	(0.01)
401(h) Administrative Expenses	0.73	0.63	0.10
Total	\$ 8.07	\$ 8.34	\$ (0.27)



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: August 5, 2020
TO: Members of the Operations Committee
FROM: Margo Allen, Fiscal Services Officer 
SUBJECT: Actual Cash and Forecast as of June 30, 2020

Executive Summary

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

- Table 1 is the annual cash forecast from July 2020 to June 2021, 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 2020 comprises six months of actual and six months of forecast information.

Table 1 Cash Forecast: Table 1 provides the current forecasted negative cash position for the period spanning July 2020 to June 2021. The average monthly negative cash position for the referenced period is \$18,471,142. Excluding the two three-pay-period months i.e., October 2020 and April 2021, annotated by an *. The year-over-year increase in average monthly forecasted negative cash position compared to the same period in 2019-2020 is \$1,470,157.

Table 1 Annual Cash Forecast from July 2020 to June 2021					
Month-Year	Total Receipts		Total Disbursements		Negative Cash Position
Jul-20	\$	31,900,000	\$	50,162,456	\$ (18,262,456)
Aug-20		32,203,102		50,779,484	(18,576,382)
Sep-20		32,557,164		50,878,512	(18,321,348)
Oct-20*		48,880,398		51,540,040	(2,659,642)
Nov-20		32,763,367		51,076,567	(18,313,201)
Dec-20		32,866,468		51,175,595	(18,309,127)
Jan-21		32,969,570		51,274,623	(18,305,053)
Feb-21		33,072,672		51,373,651	(18,300,979)
Mar-21		33,175,773		51,472,678	(18,296,905)
Apr-21*		49,808,312		52,860,471	(3,052,159)
May-21		33,381,976		52,396,999	(19,015,023)
Jun-21		33,485,078		52,496,027	(19,010,949)
Total	\$	427,063,879	\$	617,487,104	\$ (190,423,224)
Average	\$	32,837,517	\$	51,308,659	\$ (18,471,142)

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.

Year	Total Contributions, Misc. Cash Receipts, etc.	Cash Draw from SSB*	Total Cash Inflow
2020	\$ 420,018,763	\$ 228,000,000	\$ 648,018,763
2019	401,756,315	232,000,000	633,756,315
2018	361,633,074	224,000,000	585,633,074
2017	335,099,875	217,350,000	552,449,875
2016	325,836,998	196,400,000	522,236,998

Table 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
2020	\$ 601,520,538	\$ 48,500,000	\$ 650,020,538
2019	570,574,725	60,500,000	631,074,725
2018	534,704,781	66,503,646	601,208,427
2017	502,857,234	33,750,000	536,607,234
2016	475,743,162	45,900,000	521,643,162

Table 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.

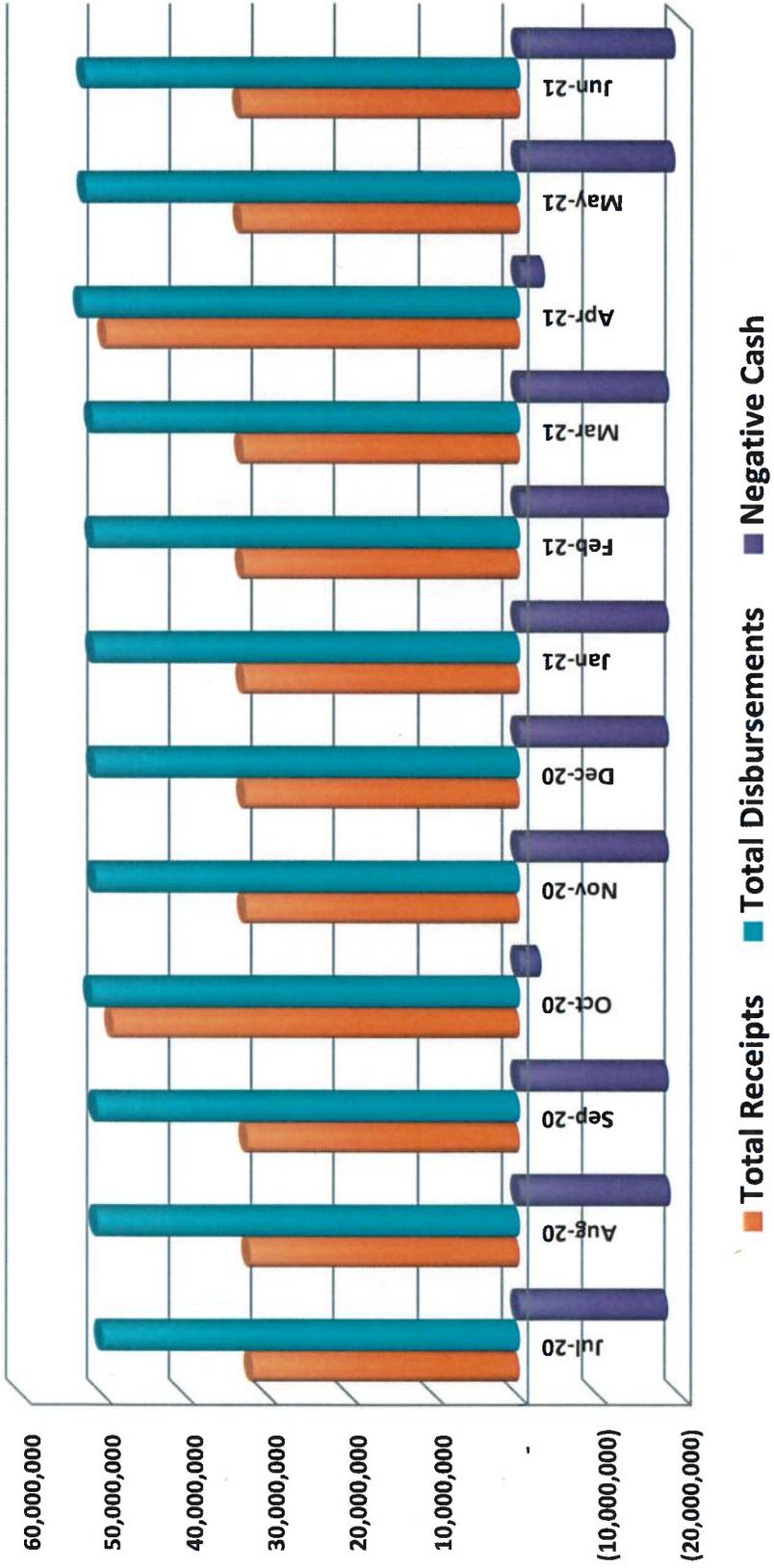
Year	Negative Cash	Net Cash Draw from SSB	Variance
2020	\$ (181,501,774)	\$ 179,500,000	\$ (2,001,774)
2019	(168,818,410)	171,500,000	2,681,590
2018	(173,071,707)	157,496,354	(15,575,353)
2017	(167,757,359)	183,600,000	15,842,641
2016	(149,906,164)	150,500,000	593,836

Table 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 the 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 2020 - June 2021





MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: August 5, 2020

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Board Conference Expense Report

Attached for your review is the Board Conference and Training Expense Report. As of June 30, 2020, reported expenses were \$ 13,918.

ACERA Trustees
Board Conference Expense Report
January 1, 2020 to June 30, 2020

From	To	Attendee	Conference	Location	Total
02/10/20	02/11/20	Darryl Walker	Super Return US West	Century City, CA	\$ 1,488
03/04/20	03/05/20	Darryl Walker	SEO Conference & AICON (Alternative Investments Conference)	New York, NY	\$ 967
		Darryl Walker Total			\$ 2,456
02/10/20	02/11/20	Elizabeth Rogers	Pension Bridge ESG Summit	San Diego, CA	\$ 891
		Elizabeth Rogers Total			\$ 891
02/10/20	02/11/20	Henry Levy	Pension Bridge ESG Summit	San Diego, CA	\$ 977
03/09/20	03/09/20	Henry Levy	CII - 2020 Spring Trustee Training	Washington, DC	\$ 2,740
03/09/20	03/09/20	Henry Levy	CII - 2020 Spring Master Class	Washington, DC	\$ 295
07/21/20	07/21/20	Henry Levy	Preparing for Your First Board Seat	Webinar	\$ 340
		Henry Levy Total			\$ 4,352
02/10/20	02/11/20	Jaime Godfrey	Pension Bridge ESG Summit	San Diego, CA	\$ 1,071
03/04/20	03/05/20	Jaime Godfrey	SEO Conference	New York, NY	\$ 1,364
		Jaime Godfrey Total			\$ 2,435
06/10/20	06/11/20	Ophelia Basgal	Investor Forum	Webinar	\$ 100
		Ophelia Basgal Total			\$ 100
01/16/20	01/16/20	Tarrell Gamble	NASP - Diverse and Emerging Manager Forum	Chicago, IL	\$ 1,427
03/03/20	03/04/20	Tarrell Gamble	SEO Conference	New York, NY	\$ 1,247
03/17/20	03/17/20	Tarrell Gamble	Corporate Directors Forum - Essentials of Corporate Directorship	San Diego, CA	\$ 1,010
		Tarrell Gamble Total			\$ 3,684
		Grand Total			\$ 13,918



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: August 5, 2020

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer *MA*

SUBJECT: Senior Managers' Conference and Training Expense Report

Attached is the year-to-date senior managers' conference and training expense report. As of June 30, 2020, reported expenses totaled \$10,707.

**ACERA Sr. Managers
SM Conference and Training Expense Report
January 1, 2020 to June 30, 2020**

From	To	Senior Manager	Training or Conference	Name	Amount
Trainings					
01/09/20	01/10/20	Betty Tse	Training	Pacific Center for Asset Management	\$ 979
Betty Tse Total					\$ 979
Conferences					
03/07/20	03/10/20	Dave Nelsen	Conference	CALAPRS General Assembly	\$ 1,381
Trainings					
02/06/20	02/07/20	Dave Nelsen	Training	CALAPRS Roundtable	\$ 758
01/17/20	01/17/20	Dave Nelsen	Training	SACRS Legislative Committee Meeting	\$ 48
Dave Nelsen Total					\$ 2,187
Trainings					
06/01/20	06/01/20	Harsh Jadhav	Training	Cyber Vista/Kaplan	\$ 49
Conferences					
01/24/20	01/28/20	Harsh Jadhav	Conference	Cybersecurity Conference	\$ 2,879
Harsh Jadhav Total					\$ 2,928
Conferences					
03/07/20	03/10/20	Kathy Foster	Conference	CALAPRS General Assembly	\$ 1,438
Trainings					
02/28/20	03/02/20	Kathy Foster	Training	Towers Watson Forum	\$ 1,386
Kathy Foster Total					\$ 2,824
Trainings					
01/22/20	01/22/20	Margo Allen	Training	Communicating with Tact and Finesse	\$ 149
03/04/20	03/05/20	Margo Allen	Training	Enterprise Risk Management	\$ 1,445
02/21/20	02/21/20	Margo Allen	Training	HR Metrics: A Critical Measurement of the impact of Human Resources Management	\$ 195
Margo Allen Total					\$ 1,789
Grand Total					\$ 10,707



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: August 5, 2020

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: 2020 Mid-year Budget Review

Executive Summary

Staff has finalized the 2020 mid-year budget review. As part of review process, the committee is provided with two attached reports:

- Year-to-date operating expense variance analysis as of June 30, 2020 (Attachment 1)
- End-of-year operating expense forecast as of December 31, 2020 (Attachment 2)

Highlights of each report are provided below to facilitate discussion and expedite review. In reviewing the year-to-date variance analysis, three budget line items were identified with overages exceeding \$15K¹; they are temporary staffing, legal fees and communication expense.

Year-to-Date Review (as of June 30, 2020)

The variance analysis conducted for six-month period ending June 30, 2020, reflects that ACERA's operating expenses are \$1,205K under budget. The year-over-year increase in budget surplus is mostly caused by COVID-19 within various expense categories.

Excluding Temporary Staffing, two line items exceed the \$15K overage threshold and they are \$133K overage in legal fees resulting from confidential professional services related to employment advice and \$17K overage in communication expense due to teleconference services for departmental conference calls, coaching, and check-ins conducted remotely due to the COVID-19 pandemic. All other expenses for the period are under the threshold. With regard to the temporary staffing costs, as of June 30, 2020, these expenses are \$186K over budget. This overage is attributable to the hiring of temporary staff to cover leaves and vacant positions.

End-of-Year Review (June 30 – December 31, 2020)

The forecast for remainder of the budget year ending December 31, 2020, indicates that ACERA's operating expenses will be approximately \$1,389K under budget. This budget surplus is heavily weighted in Staffing of (\$1,219K); Staff development of (\$146K); Insurance of (\$101K); and Board of Retirement of (\$76K), which are offset by overage in Professional Fees of \$145K. With the exception of overages in temporary staffing of \$221K; legal fees of \$199K; communications of \$33K; virtual call center of 20K; and business continuity of \$24K, all other operating expenses for the 2020 budget year are forecasted within the \$15K budget overage threshold.

Temporary Staffing: With regards to the end-of-year \$221K temporary staffing overage, this overage is attributable to temporary staff in PRISM, Benefits and Fiscal departments for employee on leave and vacant positions.

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

Legal Fees: With regards to the end-of-year \$199K legal fees overage, this is primarily due to confidential professional services related to employment advice.

Communications: With regards to the end-of-year \$33K communications overage, this is mainly due to teleconference services e.g. departmental calls, coaching, check-ins, are all being done remotely due to COVID-19 pandemic.

Virtual Call Center: With regards to the end-of-year \$20K virtual call center overage, this is ongoing monthly licensing fees for the virtual call center that is created due to COVID-19 pandemic.

Business Continuity: With regards to the end-of-year \$24K business continuity overage, this is mainly related to COVID-19 expenses e.g. laptops, amazon workspaces, IT equipment, etc. for working from home.

Conclusion

At this point in time, staff is not recommending any budget line item overage adjustments. In 2020, total operating expense budget (including depreciation) is projected to be \$1.39M under budget and total investment management portfolio expense is projected to be \$1.28M under budget. Total operating and investment management portfolio expense budget is projected to be approximately \$2.67M under budget.

Attachment 1- Year-to-Date Review as of June 30, 2020 (Variance Analysis)

Attachment 2 - End-of-Year Review as of December 31, 2020 (Forecast)

Year-to-Date Review as of June 30, 2020 (Variance Analysis)

Operating Expense Budget	2020 Year-to- Date Actual	2020 Year-to- Date Budget	2020 Actual vs. 2020 Budget Over/(Under)
STAFFING			
Salaries	\$ 4,576,000	\$ 4,713,000	\$ (137,000)
Fringe Benefits	2,151,000	2,924,000	(773,000)
Temporary Staffing/Miscellaneous Staffing	236,000	50,000	186,000
Staffing Total	6,963,000	7,687,000	(724,000)
STAFF DEVELOPMENT			
	80,000	247,000	(167,000)
PROFESSIONAL FEES			
Actuarial Fees	205,000	233,000	(28,000)
Audit Fees	153,000	153,000	-
Consultant Fees	184,000	183,000	1,000
Legal Fees	248,000	115,000	133,000
Professional Fees Total	790,000	684,000	106,000
OFFICE EXPENSE			
Bank Fees & Misc. Admin.	59,000	68,000	(9,000)
Building Expenses	45,000	40,000	5,000
Communications	49,000	32,000	17,000
Equipment Lease & Maint.	56,000	58,000	(2,000)
Minor Furniture & Equip.	3,000	10,000	(7,000)
Office Supplies & Maint.	19,000	45,000	(26,000)
Printing & Postage	6,000	14,000	(8,000)
Office Expense Total	237,000	267,000	(30,000)
INSURANCE			
	471,000	471,000	-
MEMBER SERVICES			
Disability - Legal Arbitration & Transcripts	4,000	38,000	(34,000)
Disability - Medical Expense	56,000	102,000	(46,000)
Disability Claims Management	23,000	23,000	-
Health Reimbursement Account (HRA)	28,000	30,000	(2,000)
Member Training & Education	6,000	4,000	2,000
Printing & Postage - Members	20,000	38,000	(18,000)
Member Services Total	137,000	235,000	(98,000)
SYSTEMS			
Business Continuity Expenses	85,000	83,000	2,000
County Data Processing	56,000	56,000	-
Minor Computer Hardware	16,000	18,000	(2,000)
Software Maintenance & Support	357,000	418,000	(61,000)
Systems Total	514,000	575,000	(61,000)
BOARD OF RETIREMENT			
Board Conferences & Misc. Activity	127,000	355,000	(228,000)
Uncollectable Benefit Payments	-	-	-
Total Operating Expenses Before Depreciation	9,319,000	10,521,000	(1,202,000)
DEPRECIATION			
	60,000	63,000	(3,000)
TOTAL OPERATING EXPENSE	9,379,000	10,584,000	(1,205,000)
TOTAL PORTFOLIO MANAGEMENT INVESTMENT EXPENSE			
	25,667,000	26,408,000	(741,000)
TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES	\$ 35,046,000	\$ 36,992,000	\$ (1,946,000)

End-of-Year Review as of December 31, 2020 (Forecast)

Operating Expense Budget	2020 Forecast	2020 Budget	2020 Forecast vs. 2020 Budget Over/(Under)
STAFFING			
Salaries	\$ 9,359,000	\$ 9,737,000	\$ (378,000)
Fringe Benefits	4,848,000	5,910,000	(1,062,000)
Temporary Staffing/Miscellaneous Staffing	319,000	98,000	221,000
Staffing Total	14,526,000	15,745,000	(1,219,000)
STAFF DEVELOPMENT	336,000	482,000	(146,000)
PROFESSIONAL FEES			
Actuarial Fees	410,000	466,000	(56,000)
Audit Fees	153,000	153,000	-
Consultant Fees	368,000	366,000	2,000
Legal Fees	429,000	230,000	199,000
Professional Fees Total	1,360,000	1,215,000	145,000
OFFICE EXPENSE			
Bank Fees & Misc. Admin.	132,000	136,000	(4,000)
Building Expenses	81,000	80,000	1,000
Communications	96,000	63,000	33,000
Equipment Lease & Maint.	122,000	116,000	6,000
Minor Furniture & Equip.	16,000	19,000	(3,000)
Office Supplies & Maint.	74,000	89,000	(15,000)
Printing & Postage	23,000	28,000	(5,000)
Office Expense Total	544,000	531,000	13,000
INSURANCE	866,000	967,000	(101,000)
MEMBER SERVICES			
Disability - Legal Arbitration & Transcripts	54,000	75,000	(21,000)
Disability - Medical Expense	203,000	203,000	-
Disability - Claims Management	46,000	46,000	-
Health Reimbursement Account (HRA)	59,000	60,000	(1,000)
Member Training & Education	23,000	21,000	2,000
Printing & Postage - Members	122,000	122,000	-
Virtual Call Center	20,000	-	20,000
Member Services Total	527,000	527,000	-
SYSTEMS			
Business Continuity Expenses	171,000	147,000	24,000
County Data Processing	113,000	113,000	-
Minor Computer Hardware	35,000	33,000	2,000
Software Maintenance & Support	808,000	835,000	(27,000)
Systems Total	1,127,000	1,128,000	(1,000)
BOARD OF RETIREMENT			
Board Conferences & Misc. Activity	584,000	660,000	(76,000)
UNCOLLECTABLE BENEFIT PAYMENTS	21,000	22,000	(1,000)
Total Operating Expenses Before Depreciation	19,891,000	21,277,000	(1,386,000)
DEPRECIATION	120,000	123,000	(3,000)
TOTAL OPERATING EXPENSE	20,011,000	21,400,000	(1,389,000)
TOTAL PORTFOLIO MANAGEMENT			
INVESTMENT EXPENSE	51,418,000	52,696,000	(1,278,000)
TOTAL OPERATING AND PORTFOLIO			
MANAGEMENT INVESTMENT EXPENSES	\$ 71,429,000	\$ 74,096,000	\$ (2,667,000)



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: August 5, 2020

TO: Members of the Operations Committee

FROM: Mike Fara, Communications Manager

SUBJECT: **Website Redesign and Relaunch**

ACERA has completed the project to rethink and redesign the ACERA website. Staff partnered with web design firm Digital Deployment of Sacramento. The project achieved its two primary goals:

1. To optimize users' mobile experience by converting the website to a "responsive design," which is a design that responds to and looks good on any sized device. Previously, the website was optimized for PC users, and mobile users received an inferior experience.
2. To optimize the navigation, making it obvious where to find things, and easy to find the most used things. Previously, the website was described by users as "a maze."

The new website has many more enhancements including:

- Full rewrite of retirement planning content for greater comprehension
- Video retirement planning seminars
- Welcome page for new members, summarizing key topics and providing a new-member checklist
- Expanded section on planning for future retirement income, with information on how to save enough to achieve sufficient income replacement
- Electronic retirement packet with video retirement application instructions
- Enhanced information for beneficiaries / survivors
- Enlarged body text size for readers of all vision levels
- Color scheme optimized for a variety of types of color blindness
- Optimization for screen readers used by people with vision disabilities
- Language translation into five languages