



**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, October 7, 2020  
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: 815 6869 5858 Password: 581224 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>OPHELIA BASGAL, CHAIR</b>	<b>APPOINTED</b>
	<b>LIZ KOPPENHAVER, VICE CHAIR</b>	<b>ELECTED RETIRED</b>
	<b>DALE AMARAL</b>	<b>ELECTED SAFETY</b>
	<b>JAIME GODFREY</b>	<b>APPOINTED</b>
	<b>ELIZABETH ROGERS</b>	<b>ELECTED GENERAL</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 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 – October 7, 2020

**Call to Order:** 10:30 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 August 31, 2020**

Report on the status of ACERA's budget vs. actual as of 8/31/20

- Margo Allen

**2. Statement of Reserves as of June 30, 2020**

Statement of Reserves as of 6/30/20

- Margo Allen

**3. Passage of AB 2101**

Discussion about the provisions of AB 2101

- Dave Nelsen

**4. Participating Employer Meeting**

Oral report on the September 30, 2020 Meeting

- Dave Nelsen

**Trustee Remarks**

**Future Discussion Items**

**Establishment of Next Meeting Date**

December 2, 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.



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GAVIN NEWSOM  
Governor of California

**ATTEST:**

\_\_\_\_\_  
ALEX PADILLA  
Secretary of State



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
MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: October 7, 2020

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Operating Expenses Budget Summary for the period ended August 31, 2020

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ACERA's operating expenses are \$1,766K under budget for the period ended August 31, 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 \$129K primarily due to confidential professional services related to employment advice, which are offset by surplus in actuarial fees of (\$1K), operations consultant fees of (\$18K) due to delay in benchmarking project, and savings in external audit fees of (\$4K).

**Budget Surpluses**

2. *Staffing*: Staffing is \$1,132K under budget. This amount comprises surplus in staff vacancies of (\$296K) and fringe benefits of (\$1,081K), which are offset by overage in temporary staffing of \$245K due to vacant positions filled by temporary staff.
3. *Staff Development*: Staff Development is \$202K under budget primarily due to cancellation and delay in staff trainings and conferences caused by COVID-19.
4. *Office Expense*: Office Expense is 67K under budget. This amount comprises surpluses in office maintenance and supplies of (\$34K) due to majority staff is working from home, printing and postage of (\$12K), building expenses of (\$15K) due to credit from CBRE related to 2019 escalation charges, bank charges and miscellaneous administration of (\$14K), equipment lease and maintenance of (\$2K) and minor equipment and furniture of (\$10K). Which are offset by overage in communication expenses of \$20K mainly due to teleconference services e.g. departmental calls, coaching, check-ins, are all being done remotely due to COVID-19.
5. *Insurance*: Insurance is \$6K under budget, which is related to Alameda County Risk Management Program.
6. *Member Services*: Member Services are \$126K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$46K) and disability medical expense of (\$71K) due to reduction in number of disability cases, health reimbursement account of (\$4K), and members printing and postage of (\$8K), which are offset by overage in member training and education of \$1K, and virtual call center of \$2K established due to COVID-19.



## Operating Expenses Budget Summary for the period ended August 31, 2020

7. *Systems*: Systems are \$75K under budget. This amount comprises surpluses in software maintenance and support of (\$94K) primarily due to delay in the start of projects caused by COVID-19, minor computer hardware of (\$3K), which are offset by overage in business continuity of \$21K mainly due to COVID-19 expenses e.g. laptops, amazon workspaces, IT equipment, etc. for working from home, and county data processing of \$1K.
8. *Depreciation*: Depreciation is \$4K under budget, which is mainly related to the computer software.
9. *Board of Retirement*: Board of Retirement is \$260K under budget. This amount comprises surpluses in board conferences and trainings of (\$154K) primarily due to cancelation and delay in trainings and conferences caused by COVID-19, board election expense<sup>1</sup> of (\$79K) due to savings from last year accrual, board employer reimbursement of (\$3K), board compensation of (\$9K), board miscellaneous expenses of (\$14K) and board software maintenance and support of (\$1K).

**Staffing Detail**

Permanent vacant positions as of August 31, 2020:

Department	Position	QTY	Comments
Administration	Staff Development Specialist	1	Vacant - currently budgeted until 12/2020
Benefits	Administrative Specialist II	1	Transferred to Administration Department - 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
<b>Total Positions</b>		<b>7</b>	

Pension Administration System Project - As of 8/31/2020					
	Year-To-Date			Annual	
	Actual	Budget	Variance	2020 Budget	2019 Actual
<b>Consultant Fees</b>					
Levi, Ray and Shoup	629,004	1,696,000	(1,066,996)	2,544,000	224,153
LRWL / Segal	248,148	266,640	(18,493)	400,000	398,160
Leap Technologies	-	-	-	-	98,970
Total	877,151	1,962,640	(1,085,489)	2,944,000	721,283
<b>Staffing</b>	312,555	444,000	(131,445)	665,000	387,808
<b>TOTAL</b>	<b>1,189,706</b>	<b>2,406,640</b>	<b>(1,216,934)</b>	<b>3,609,000</b>	<b>1,109,091</b>

Attachments:

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

<sup>1</sup> 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 EXPENSES SUMMARY**

YEAR TO DATE - ACTUAL VS. BUDGET					
<u>August 31, 2020</u>					
	<u>Actual</u>	<u>Budget</u>	<u>YTD</u>	<u>2020</u>	<u>% Actual to</u>
	<u>Year-To-Date</u>	<u>Year-To-Date</u>	<u>Variance</u>	<u>Annual</u>	<u>Annual Budget</u>
			<u>(Under)/Over</u>	<u>Budget</u>	
<b>Staffing</b>	\$ 9,363,005	\$ 10,494,940	\$ (1,131,935)	\$ 15,745,000	59.5%
<b>Staff Development</b>	99,194	301,320	(202,126)	482,000	20.6%
<b>Professional Fees (Next Page)</b>	1,041,797	935,840	105,957	1,215,000	85.7%
<b>Office Expense</b>	286,132	353,620	(67,488)	531,000	53.9%
<b>Insurance</b>	630,702	636,440	(5,738)	967,000	65.2%
<b>Member Services</b>	181,211	306,980	(125,769)	527,000	34.4%
<b>Systems</b>	684,258	759,920	(75,662)	1,128,000	60.7%
<b>Depreciation</b>	79,410	83,130	(3,720)	123,000	64.6%
<b>Board of Retirement</b>	198,274	458,220	(259,946)	660,000	30.0%
<b>Uncollectable Benefit Payments</b>	-	-	-	22,000	0.0%
<b>Total Operating Expense</b>	<b>\$ 12,563,983</b>	<b>\$ 14,330,410</b>	<b>\$ (1,766,427)</b>	<b>\$ 21,400,000</b>	<b>58.7%</b>



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET

August 31, 2020

	<u>Actual Year-To-Date</u>	<u>Budget Year-To-Date</u>	<u>YTD Variance (Under)/Over</u>	<u>2020 Annual Budget</u>	<u>% Actual to Annual Budget</u>
<b><u>Professional Fees</u></b>					
Consultant Fees - Operations and Projects <sup>1</sup>	\$ 238,973	\$ 257,200	\$ (18,227)	\$ 366,000	65.3%
Actuarial Fees <sup>2</sup>	370,620	371,640	(1,020)	466,000	79.5%
External Audit <sup>3</sup>	148,795	153,000	(4,205)	153,000	97.3%
Legal Fees <sup>4</sup>	283,409	154,000	129,409	230,000	123.2%
<b>Total Professional Fees</b>	<b>\$ 1,041,797</b>	<b>\$ 935,840</b>	<b>\$ 105,957</b>	<b>\$ 1,215,000</b>	<b>85.7%</b>

	<u>Actual Year-To-Date</u>	<u>Budget Year-To-Date</u>	<u>YTD Variance (Under)/Over</u>	<u>2019 Annual Budget</u>	<u>% Actual to Annual Budget</u>
<b><u>1 CONSULTANT FEES - OPERATIONS AND PROJECTS:</u></b>					
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)	84,000	84,000	-	126,000	66.7%
Segal (Benefit Consultant/Retiree Open Enrollment)	83,640	82,000	1,640	123,000	68.0%
Segal (Dental and Vision Consulting)	20,000	20,000	-	20,000	100.0%
Total Benefits	187,640	186,000	1,640	269,000	69.8%
Human Resources					
Lakeside Group (County Personnel)	51,333	51,200	133	77,000	66.7%
Total Human Resources	51,333	51,200	133	77,000	66.7%
<b>Total Consultant Fees - Operations</b>	<b>\$ 238,973</b>	<b>\$ 257,200</b>	<b>\$ (18,227)</b>	<b>\$ 366,000</b>	<b>65.3%</b>
<b><u>2 ACTUARIAL FEES</u></b>					
Actuarial valuation	77,000	77,000	-	77,000	100.0%
GASB 67 & 68 Valuation	47,500	24,000	23,500	48,000	99.0%
GASB 74 & 75 Actuarial	14,000	7,000	7,000	14,000	100.0%
Actuarial Standard of Practice 51 Pension Risk	10,000	60,000	(50,000)	60,000	16.7%
Supplemental Consulting	145,120	126,640	18,480	190,000	76.4%
Triennial Experience Study	36,000	36,000	-	36,000	100.0%
Supplemental Retiree Benefit Reserve valuation	41,000	41,000	-	41,000	100.0%
<b>Total Actuarial Fees</b>	<b>\$ 370,620</b>	<b>\$ 371,640</b>	<b>\$ (1,020)</b>	<b>\$ 466,000</b>	<b>79.5%</b>
<b><u>3 EXTERNAL AUDIT</u></b>					
External audit	128,720	129,000	(280)	129,000	99.8%
GASB 67 & 68	10,815	12,000	(1,185)	12,000	90.1%
GASB 74 & 75-External Audit	9,260	12,000	(2,740)	12,000	77.2%
<b>Total External Audit Fees</b>	<b>\$ 148,795</b>	<b>\$ 153,000</b>	<b>\$ (4,205)</b>	<b>\$ 153,000</b>	<b>97.3%</b>
<b><u>4 LEGAL FEES</u></b>					
<b><u>Fiduciary Counseling</u></b>					
Nossaman	31,315	88,000	(56,685)	130,000	
Subtotal	31,315	88,000	(56,685)	130,000	24.1%
<b><u>Tax and Benefit Issues</u></b>					
Hanson Bridgett	10,134	26,000	(15,866)	40,000	
Subtotal	10,134	26,000	(15,866)	40,000	25.3%
<b><u>Litigation &amp; Miscellaneous Legal Advice</u></b>					
Meyers Nave	192,692	30,669	162,023	46,003	
Nossaman	32,312	5,143	27,169	7,714	
Reed Smith	26,318	4,189	22,129	6,283	
Preferred Custody Services (class action settlement)	(9,361)	-	(9,361)	-	
Subtotal	241,960	40,000	201,960	60,000	403.3%
<b>Total Legal Fees</b>	<b>\$ 283,409</b>	<b>\$ 154,000</b>	<b>\$ 129,409</b>	<b>\$ 230,000</b>	<b>123.2%</b>



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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: October 7, 2020  
TO: Members of the Operations and Retiree Committee  
FROM: Margo Allen, Fiscal Services Officer ~~MA~~  
SUBJECT: Statement of Reserves and Supplemental Retirees Benefit Reserve (SRBR)  
Status as of June 30, 2020

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**Executive Summary**

The Statement of Reserves as of June 30, 2020, is attached for your review. The semi-annual interest crediting as of June 30, 2020, was completed on August 25, 2020.

For the six-month period ended June 30, 2020, approximately \$234.8 million of total interest was credited to all the valuation reserve accounts, including the 401(h) account and the SRBR.

- Regular earnings of \$234.8 million were credited to the valuation reserve accounts, the 401(h) account and the SRBR at the rate of return of 2.7537%, short of one half of the assumed crediting rate of return of 3.6250%.
- The earnings were below the expected rate of return and as a result there was no crediting of earnings above the assumed rate of return (excess earnings).

The total interest crediting rate to the valuation reserve accounts and the 401(h) account as well as the SRBR was 2.7537% (see table below).

Earnings Classification	Valuation Reserve & 401(h) Accounts		SRBR	
	Amount	Rate	Amount	Rate
Regular Earnings	\$209,382,175	2.7537%	\$25,464,093	2.7537%
Excess Earnings	0	0.0000%	0	0.0000%
<b>Total Interest Credited</b>	<b>\$209,382,175</b>	<b>2.7537%</b>	<b>\$25,464,093</b>	<b>2.7537%</b>

The process for crediting interest as of June 30, 2020, is presented in the table on the next page. Note that for this semi-annual interest crediting period, the Contingency Reserve Account (CRA) was restored to 1% of total assets as of June 30, 2020, and the entire balance of \$83,861,668 was subsequently withdrawn from the CRA to fund the interest crediting shortfall. Without the use of the CRA funds the interest crediting rate would've been 1.7704%.



<b>Interest Crediting Methodology as of June 30, 2020</b>	
Expected Actuarial Earnings for the period	\$ 317,318,138.87
10 % Amortization of deferred amounts – (Sum of the last 10 periods)	(82,471,870.30)
<b>Actuarial earnings on a smoothed basis</b>	<b>234,846,268.57</b>
CRA adjustment to 1% of total assets as of 06/30/2020	(83,861,667.61)
<b>Actuarial earnings available for interest crediting at the rate 1.7704%</b>	<b>150,984,600.96</b>
CRA usage to cover the interest crediting shortfall	83,861,667.61
<b>Total amount to credit interest at 2.7537%</b>	<b>\$ 234,846,268.57</b>

There was a market *loss* of approximately \$507.1 million for the six-month period ended June 30, 2020, which was lower than the expected actuarial earnings of approximately \$317.3 million. As a result, \$824.4 million in *losses* were added to the market stabilization reserve (the sum of the actual market *loss* and the expected actuarial earnings). In addition, \$82.5 million of net *losses* from the previous ten (10) interest crediting cycles were recognized in the current interest crediting period. Thus, the market stabilization reserve decreased from deferred *gains* of \$260.7 million as of December 31, 2019, to \$481.2 million in deferred *losses* as of June 30, 2020.

### **Supplemental Retiree Benefit Reserve (SRBR) Status Report**

The 10-year history of SRBR activity through December 31, 2019, and the six-month period ended June 30, 2020, is attached for your review. The June 30, 2020, ending balance of the SRBR account is approximately \$921.8 million.

The break-down of the total interest crediting rate is as follows:

- Regular earnings were credited at the assumed rate of return of 2.7537%.
- No earnings above the assumed rate of return (excess earning) were credited.

The total interest credited to the SRBR for the six-month period ended June 30, 2020, was approximately \$25.5 million of regular earning and \$0.0 of excess earnings.

For the six-month period ended June 30, 2020, the net deductions from SRBR were approximately \$28.4 million. These deductions include the net transfer to/from the employer advance reserve for 401(h) contributions of \$27.7 million as well as payments of supplemental COLA and retired death benefits of \$0.7 million.

Attachments:

- Statement of Reserves as of June 30, 2020.
- SRBR Status as of June 30, 2020.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**STATEMENT OF RESERVES**  
**For the Six Months Ended June 30, 2020**

	Beginning Balances 1/1/2020	Net Contributions Benefits, Refunds & Transfers 1/1 - 6/30/2020	Interest Crediting Process 1/1 - 6/30/2020 (2.7537%)	Allocation of Excess Earnings 1/1 - 6/30/2020 (0.0000%)	Ending Balances 6/30/2020
<b>Member Reserves:</b>					
Active Member Reserves	\$ 1,581,322,252	\$ (28,339,971)	\$ 40,782,855 <sup>1</sup>	- <sup>1</sup>	\$ 1,593,765,136
Employer Advance Reserve	1,159,079,408	18,221,463	29,496,937	-	1,206,797,808
401(h) Account - OPEB	10,415,538	(1,602,471)	286,817	-	9,099,884
Total Employer Reserves	1,169,494,946	16,618,992	29,783,754 <sup>1</sup>	- <sup>1</sup>	1,215,897,692
Retired Member Reserves	4,853,063,581	(34,852,718)	138,815,566 <sup>1</sup>	- <sup>1</sup>	4,957,026,429
Supplemental Retiree Benefit Reserve:	924,709,823	(28,399,762)	25,464,094 <sup>1</sup>	- <sup>1</sup>	921,774,155
Contingency Reserve	-		- <sup>2</sup>		-
Market Stabilization Reserve	260,688,449			(741,891,246)	(481,202,797)
<b>Total Reserves at Fair Value</b>	<b>\$ 8,789,279,051</b>	<b>\$ (74,973,459)</b>	<b>\$ 234,846,269</b>	<b>\$ (741,891,246)</b>	<b>\$ 8,207,260,615</b>

Notes: 1. Interest credited as of 06/30/20 includes \$234,846,268.57 of regular earnings and no excess earning allocation to either the SRBR Reserve or Non-SRBR reserves.

2. Amount includes an increase of the CRA by \$83,861,667.61 to restore the balance at 1% total assets as of 06/30/20; and subsequent withdrawal of the entire \$83,861,667.61 to cover the semi-annual interest crediting shortfall at 06/30/20. As a result, the CRA balance at 06/30/20 was 0.0% of total assets.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**SUPPLEMENTAL RETIREES' BENEFIT RESERVE (SRBR)**  
**For the Ten Years Ended December 31, 2010 - December 31, 2019 and the Six Months Ended June 30, 2020**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>6/30/2020</u>
<b>Beginning Balance</b>	\$ 658,702,779	\$624,166,664	\$ 602,906,726	\$570,878,929	\$ 643,056,500	\$ 789,826,877	\$ 853,842,371	\$ 874,385,246	\$ 893,770,614	\$ 919,488,617	\$ 924,709,823
<b>Deductions:</b>											
Transferred to Employers Advance Reserve	29,459,690	31,858,291	33,353,151	32,240,449	34,039,593	36,528,264	33,818,832	38,327,914	43,777,409	44,858,371	22,002,308
Employers Implicit Subsidy	5,287,767	4,402,603	4,411,206	7,370,466	6,992,822	5,320,953	6,021,451	8,787,596	5,800,563	6,899,139	6,446,702
Supplemental Cost of Living	2,984,499	2,556,221	2,345,527	2,067,218	1,849,140	1,555,924	1,350,784	1,231,500	1,134,613	1,181,244	572,128
Death Benefit - Burial - SRBR	810,675	746,102	791,492	5,525	223,529	213,909	187,081	187,060	196,576	216,834	106,124
ADEB (Active Death)	828,274	936,133	426,640	-	-	-	-	-	-	-	-
<b>Total Deductions</b>	<u>39,370,904</u>	<u>40,499,351</u>	<u>41,328,016</u>	<u>41,683,658</u>	<u>43,105,084</u>	<u>43,619,050</u>	<u>41,378,148</u>	<u>48,534,070</u>	<u>50,909,161</u>	<u>53,155,588</u>	<u>29,127,262</u>
<b>Additions:</b>											
Interest Credited to SRBR	4,834,790	19,239,412	9,300,219	38,786,516	54,031,947	62,722,797	60,730,023	66,715,938	64,827,682	57,022,294	25,464,093
Excess Earnings Allocation	-	-	-	75,074,713 (1)	132,455,002	43,770,247	-	-	10,574,982	-	-
Transferred from Employers Advance Reserve	-	-	-	-	3,388,512 (2)	1,141,500	1,191,000	1,203,500	1,224,500	1,354,500	727,500
<b>Total Additions</b>	<u>4,834,790</u>	<u>19,239,412</u>	<u>9,300,219</u>	<u>113,861,229</u>	<u>189,875,461</u>	<u>107,634,544</u>	<u>61,921,023</u>	<u>67,919,438</u>	<u>76,627,164</u>	<u>58,376,794</u>	<u>26,191,593</u>
<b>Ending Balance</b>	<u>\$ 624,166,664</u>	<u>\$602,906,726</u>	<u>\$ 570,878,929</u>	<u>\$643,056,500</u>	<u>\$ 789,826,877</u>	<u>\$ 853,842,371</u>	<u>\$ 874,385,246</u>	<u>\$ 893,770,614</u>	<u>\$ 919,488,617</u>	<u>\$ 924,709,823</u>	<u>\$ 921,774,155</u>

**Notes**

(1) The Excess Earnings allocation of \$75,074,713.03 is a total of \$72,013,436.53 from investment earning above the assumed rate of return and \$3,061,276.50 from additional excess earning made available from the dispersal of the Death Benefit-Burial Reserve as of 12/31/13.

(2) These amounts include reclassification of OPEB Administrative Expense contribution reimbursement activities and interest from January 2012 through June 2014; and normal activities for the six month period of July 2014 through December 2014. The SB 1479 reimbursements from the Employer Advance Reserve were inadvertently booked to the 401(h) account instead of SRBR. A total misclassified balance of

Amounts are rounded to the nearest dollar and include <\$1 rounding differences.





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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: October 7, 2020

TO: Members of the Operations Committee

FROM: Dave Nelsen, Chief Executive Officer *DN*

**SUBJECT: Passage of AB 2101**

**Introduction**

The Legislature has passed and the Governor has signed the provisions of the SACRS recommended CERL clean-up bill.

The SACRS community approved provisions contained in AB 783 to proceed as SACRS sponsored legislation. The bill was moving well until the pandemic closed down legislative operations. When the legislature got back to work this summer, the CERL provisions from AB 783 were included in a California pension clean-up omnibus bill, AB 2101. This bill included all the provisions of AB 783, as well as CalPERS and CALSTRS changes. AB 2101 was signed by the Governor last week.

Attached is a matrix of all the CERL provisions contained in the bill. These are the same provisions as were approved by SACRS.

AB 2101 -- Amendments to the County Employees Retirement Law of 1937

Section(s)	Gov Code	Topic	Issue/Justification
29	31454.7	Withdrawn Employer Liabilities	Affirms <i>Mijares vs. OCERS</i> ruling to emphasize Board's authority to set contributions for employers (even if they no longer have active members) to ensure sustainability of the fund.
30	31465	Member contributions	Removes incorrect reference to GC 31504, which was repealed
31	31627.1		
32	31627.2		
33	31631.5	Member contributions	Fixes incorrect cross reference to GC 31639 (currently 21639)
34	31641.45	Refunds	Removes incorrect cross reference to 20023.1, which was repealed in 1995.
35	31646	Service Purchase for Uncompensated Illness	Allows members to purchase parental leave time, similar to CalPERS (GC 21013) and CalSTRS (EC 22803). Current statute does not permit purchases for unpaid absences other than for illness. This amendment adds parity for county retirement systems in an area of law and practice that has been evolving regarding parental leave. Unlike current statute that requires only member contributions for service purchases related to unpaid medical leave, this amendment requires the member to pay ALL contributions (employee and employer). This provision also require BOS approval, and applies prospectively to future parental leave to ensure compliance with PEPRA's ban on retroactive benefit increases.
36	31649	Military Leave	Consolidates military service credit statutes to conform to federal laws to ensure members who have been called to duty and return to work can be made whole for retirement purposes due to their leave of absence. These amendments do not contain policy changes, but add clarity and remove potential conflict with federal law regarding the treatment of military service purchases.
37	31649.5		
38	31649.5		
39	31649.6		
40	31650		
41	31651		

<p>42 43</p>	<p>31662.2 31670</p>	<p>Board Approval of Retirements</p>	<p>Delegates authority to the system administrator or other personnel to accept and process service retirement applications, approve effective retirement dates, and pay members, and directs staff to notify Board at the next public meeting. The recent <i>Wilmot v. CCCERA</i> appellate ruling raised a question as to when a member officially retires. The court, citing section 31670, held that a member was not retired until the Board formally approved the member's retirement application. There are various approaches that retirement boards currently use to approve, ratify, or review service retirement applications. By formally delegating the authority to staff to process service retirements, current practices can be codified to comply with section 31670 to ensure members can be paid in a timely manner.</p>
<p>44 45 46 47</p>	<p>31672 31672.1 31672.2 31672.3</p>	<p>60-Day Advance Application Window</p>	<p>Allows each system to set an application window based on business needs/ability. Statute currently prohibits members from submitting applications more than 60 days before retirement, which will remain the default unless proactively changed by the Board. The 60-day rule is arbitrary and likely reflected the constraints on a manual processes. Technology solutions today can accommodate applications filed earlier, which can help facilitate retirement planning for the individual and succession planning for the employer.</p>
<p>48</p>	<p>31680.10</p>	<p>Reinstatement from Retirement</p>	<p>Reinstates to prior status members who had involuntarily termination overturned by administrative or judicial proceeding. This amendment clarifies that member return to previous benefit level, if the member was separated from service during the appeal that may have stretched for long periods. Similar to CalPERS (GC 21198)</p>



<p>49 54</p>	<p>31706 31776.3</p>	<p>Minimum Age Distribution</p>	<p>Conforms to IRC regulations the timing of notice for mandatory distribution by clarifying that member deadline to retire/take action is April 1 of year following the year in which the member attains age 72, under recent federal Secure Act changes. Also adds language for flexibility for lump sum distribution of contributions instead of an "allowance." There are frequent situations in which a deferred member who worked for the county many years ago may have a small amount of member contributions on file. It is cumbersome and inefficient to provide an annual pension on what may amount to a few dollars, instead of providing a lump sum distribution.</p>
<p>50 51 52 53 55 56 57 58 59 60 61 62 63</p>	<p>31760.1 31760.2 31765 31765.1 31781.1 31782.2 31785 31785.1 31786 31786.1 31787 31787.5 31853.3</p>	<p>Optional Retirement Allowances and Death Benefits: Age 21</p>	<p>Amends CERL sections to clarify survivor benefit are to be paid up to the child's 22nd birthday as long as the child remains unmarried and enrolled full time. CERL provides for a benefit to be paid to a child over the age of 18 who is regularly enrolled as a full-time student in an accredited school. The benefit is to be paid "through the age of 21." "Through the age of 21" could mean up to the date that the child turns 21 because as of that date the child is 21 plus one day. On the other hand, it could mean up to the child's 22nd birthday. This amendment reflects the majority interpretation and practice.</p>