



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

HYBRID (IN-PERSON and VIRTUAL) NOTICE and AGENDA

**THIS MEETING WILL BE CONDUCTED IN PERSON AND VIA TELECONFERENCE
[PER GOV'T CODE § 54953(e).]**

ACERA MISSION:

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

**Thursday, November 18, 2021
2:00 p.m.**

| LOCATION AND TELECONFERENCE | BOARD OF RETIREMENT - MEMBERS | |
|---|--------------------------------------|------------------------|
| ACERA C.G. "BUD" QUIST BOARD ROOM 475 14TH STREET, 10TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574 https://zoom.us/join Meeting ID: 831 5019 6554 Password: 652927 Call-In Number: 1 (669) 900-6833 US For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193 | DALE AMARAL | ELECTED SAFETY |
| | CHAIR | |
| | JAIME GODFREY | APPOINTED |
| | FIRST VICE-CHAIR | |
| | LIZ KOPPENHAVER | ELECTED RETIRED |
| | SECOND VICE-CHAIR | |
| | OPHELIA BASGAL | APPOINTED |
| | | |
| | KEITH CARSON | APPOINTED |
| | TARRELL GAMBLE | APPOINTED |
| HENRY LEVY | TREASURER | |
| DARRYL WALKER | ELECTED GENERAL¹ | |
| GEORGE WOOD | ELECTED GENERAL | |
| NANCY REILLY | ALTERNATE RETIRED² | |
| VACANT | ALTERNATE SAFETY | |

¹ Alternate Safety Member Trustee Walker is filling the vacancy created by Trustee Rogers' retirement. See Gov't Code §§ 31524, 31520.1(b).

² The Alternate Retired Member votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General members, or the Safety Member and an Elected General member, are absent.

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.

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

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

The Board of Retirement welcomes you to its meeting and your interest is appreciated. Due to the pandemic, in-person public participation at the meeting may be limited on a first-come-first-served basis to maintain social distancing. You may also observe the meeting and address the Board by Zoom as follows:

VIA ZOOM (TELECONFERENCE)

***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: 831 5019 6554

Password: 652927

Call-In Number:

1 (669) 900-6833 US

For help joining a Zoom meeting, see: <https://support.zoom.us/hc/en-us/articles/201362193>

1. CALL TO ORDER

2. ROLL CALL

3. PUBLIC COMMENT

4. CONSENT CALENDAR:

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

A. REPORT OF SERVICE RETIREMENTS:

Appendix A

B. APPROVE APPLICATIONS FOR RETIREMENT, DEFERRED:

Appendix B

Appendix B-1

C. APPROVE APPLICATIONS FOR DEFERRED TRANSFER:

None

D. LIST OF DECEASED MEMBERS:

Appendix D

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

None

F. APPROVE STAFF RECOMMENDATIONS (UNCONTESTED) FOR DISABILITY RETIREMENTS:

Appendix F

G. APPROVE HEARING OFFICER RECOMMENDATIONS FOR DISABILITY RETIREMENTS:

None

H. APPROVAL of BOARD and COMMITTEE MINUTES:

October 21, 2021 Actuarial Committee Minutes

October 21, 2021 Audit Committee Minutes

October 21, 2021 Minutes of the Regular Board Meeting

November 3, 2021 Investment Committee Minutes

I. MISCELLANEOUS MATTERS:

Proposed Findings Regarding State of Emergency Pursuant to Gov't Code § 54953(e)(3):

Staff Recommendation: *Staff Recommendation: The Board find that it has reconsidered the circumstances of the state of emergency and (1) the state of emergency continues to directly impact the ability of the members to meet safely in person, and (2) state or local officials continue to impose or recommend measures to promote social distancing.*

Ratify “Extraordinary Contribution” definition, as added to Actuarial Funding Policy and Interest Crediting Policy.

Operating Expenses as of 9/30/21

Quarterly Cash Forecast as of 9/30/21

Quarterly Unaudited Financial Statements as of 9/30/21

September Board Conference Expense Report as of 9/30/21

Senior Manager Conference & Training Report as of 9/30/21

Quarterly Report on Member Under/Overpayments

3rd Quarter Call Center Report

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

REGULAR CALENDAR
REPORTS AND ACTION ITEMS

5. DISABILITIES, RECOMMENDATIONS AND MOTIONS:

None.

6. COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS:

A. Investment: [See November 3, 2021 Investment Committee Agenda Packet for public materials related to the below listed items.]

1. Summary of November 3, 2021 Meeting.
2. Motion to approve the Timeline, Minimum Qualifications, and Scoring Matrix for the Emerging Markets Equity Manager Search.
3. Motion to adopt an Amended Real Estate Investment Guidelines, Policies, and Procedures.
4. Motion to adopt a New Investment Plan for ACERA's Real Estate Asset Class.
5. Discussion and possible motion to direct Staff to send proposed letter to ACERA's Real Estate Managers regarding the expiration of the Eviction Moratorium.

B. Operations: [See November 18, 2021 Operations Committee Agenda Packet for public materials related to the below listed items.]

1. Summary of November 18, 2021 Meeting.
2. Motion to approve the proposed 2022 ACERA Operating Expense Budget.

7. NEW BUSINESS:

A. Discussion and possible motion to determine an interest rate for monthly installment plan payments of lump sum death benefits, per Gov't Code § 31784.

B Chief Executive Officer's Report.

8. CONFERENCE/ORAL REPORTS

9. ANNOUNCEMENTS

10. BOARD INPUT

11. ESTABLISHMENT OF NEXT MEETING:

Thursday, December 16, 2021 at 2:00 p.m.

12. CLOSED SESSION:

- A. Conference With Legal Counsel--Existing Litigation (Gov't Code § 54956.9(d)(1)):
Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association, Contra Costa County Superior Court, Case No. MSN12-1870.
- B. Government Code Section 54957(b)(1): Public Employee Evaluation (Chief Executive Officer).

13. REPORT ON ACTION TAKEN IN CLOSED SESSION

14. ADJOURNMENT

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

AGUILERA, David
Effective: 9/11/2021
Health Care Services Agency

LEE, Kristen
Effective: 8/2/2021
Housing Authority

BURKS, Marva
Effective: 9/14/2021
General Services Agency

LOUIE, Elyse
Effective: 8/21/2021
District Attorney

CHUBA, Chudi
Effective: 9/18/2021
Social Services Agency

MARTINEZ, Julio
Effective: 8/7/2021
Alameda Health System

DANIELS, Charlotte
Effective: 9/4/2021
Sheriff's Office

MC COMAS, Justin
Effective: 9/4/2021
Sheriff's Office

DE LONG, Gregg
Effective: 7/12/2021
Alameda Health System

MCGOLDRICK, Mark
Effective: 9/18/2021
Public Defender

FOFANA SIMIEN, Ava
Effective: 8/21/2021
Social Services Agency

MORRIS, Michael
Effective: 9/19/2021
Probation Department

HALL, Theresa
Effective: 9/11/2021
Alameda Health System

NOWELL, Keith
Effective: 9/18/2021
Health Care Services Agency

HENRICKS, Gregory
Effective: 9/8/2021
Health Care Services Agency

PARISH, Brenda
Effective: 8/16/2021
Health Care Services Agency

HERTING, Susanne
Effective: 8/5/2021
Alameda Health System

PILOT, Melanie
Effective: 9/4/2021
Social Services Agency

HUMPHRIES, William
Effective: 8/20/2021
Sheriff's Office

PRASAD, Uma
Effective: 8/7/2021
Alameda Health System

JAMMALAMADAKA, Kameswari
Effective: 8/10/2021
Health Care Services Agency

PRYOR, Carolyn
Effective: 9/1/2021
Social Services Agency

KIMBROUGH, Judith
Effective: 7/30/2021
Alameda Health System

RASMUSSEN, Jan
Effective: 8/13/2021
Human Resource Services

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

ROGERS, Sharonne
Effective: 8/2/2021
Alameda Health System

SUVA, Teresite
Effective: 9/4/2021
Auditor-Controller

ROSAS, Jose
Effective: 8/7/2021
Sheriff's Office

THOMAS, Janice
Effective: 8/21/2021
Health Care Services Agency

SMITH, George
Effective: 7/31/2021
Housing Authority

TORRENCE, Susan
Effective: 8/13/2021
District Attorney

SMITH, William
Effective: 8/25/2021
Superior Court

TURNER, Carol
Effective: 9/11/2021
Social Services Agency

STREETER, Arthur
Effective: 8/21/2021
Sheriff's Office

VELARDE, Andre
Effective: 7/24/2021
Housing Authority

YAFFE, Deborah
Effective: 9/8/2021
Health Care Services Agency

**APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT**

ALLEN, Margaret M.
ACERA
Effective Date: 10/1/2021

CALHOUN, Leslie R.
Social Services Agency
Effective: 9/3/2021

AMAYA, Brian C.
Public Defender
Effective: 7/16/2021

CHAO, Vernching J.
Social Services Agency
Effective: 7/23/2021

BERKHEIM, Sydnee A.
District Attorney
Effective: 7/26/2021

CUTILLO, Thomas J.
Alameda Health System
Effective: 8/15/2021

BULANAN, Vincent L.
Social Services Agency
Effective: 8/20/2021

DOVEY, Quinallison J.
Social Services Agency
Effective: 8/20/2021

BUSSE, Stephanie E.
Sheriff's Office
Effective: 9/11/2021

FRYE, Brittney S.
Human Resource Services
Effective: 9/24/2021

**APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT**

SAMPSON, Dana
Alameda Health System
Effective: 8/18/2021

MASANJE, Caroline N.
Alameda Health System
Effective: 8/25/2021

WANG, Xia
Information Technology Department
Effective: 9/10/2021

MESQUITA, Ana C.
Health Care Services Agency
Effective: 9/24/2021

WHITE, Babara A.
Superior Court
Effective: 9/17/2021

MINSUK, Michele
Superior Court
Effective: 8/13/2021

KAUFMAN, Karen A.
Social Services Agency
Effective: 7/9/2021

PERKINS, Damon I.
Social Services Agency
Effective: 9/17/2021

LABAT, Aimee N.
Health Care Services Agency
Effective: 9/3/2021

RANDOLPH, Melanie L.
Alameda Health System
Effective: 9/3/2021

LEE, Kwang Y.
District Attorney
Effective: 8/6/2021

RE, Steve M.
Information Technology
Effective: 9/17/2021

LOCKE, Sincerie
Superior Court
Effective: 8/27/2021

ROCKER, Tara M.
Social Services Agency
Effective: 9/10/2021

LUTSKY, Marta
Health Care Services Agency
Effective: 8/6/2021

ROMERO, Mayra
Sheriff's Office
Effective: 8/6/2021

**APPENDIX B-1
APPLICATION FOR NON-VESTED DEFERRED**

ABRAHAMSON, Lauren E.
Alameda Health System
Effective Date: 9/19/2021

JAMES, Bria C.
Alameda Health System
Effective: 9/15/2021

ALVAREZ, Ayanna A.
Auditor-Controller
Effective: 9/3/2021

JENNINGS, Vanessa K.
Health Care Services Agency
Effective: 8/27/2021

ASHTON, Jonathan C.
Alameda Health System
Effective: 7/15/2021

LAM, Vuong Q.
Alameda Health System
Effective: 8/27/2021

**APPENDIX B-1
APPLICATION FOR NON-VESTED DEFERRED**

LAZARO, Szarlene P.
Alameda Health System
Effective: 7/26/2021

POFF, Laurel
Sheriff's Office
Effective: 8/19/2021

MAPPES, Donna L.
Sheriff's Office
Effective: 9/17/2021

QUEIROLO, Michelle
Public Defender
Effective: 9/17/2021

MARTENS, Maria C.
Sheriff's Office
Effective: 8/6/2021

RAMOS RODRIGUEZ, Silvia D.
Alameda Health System
Effective: 9/1/2021

MELO, Ellen
Alameda Health System
Effective: 8/27/2021

ROHRER, Cynthia D.
Alameda Health System
Effective: 6/25/2021

MERAZ, Alejandro J.
Alameda Health System
Effective: 8/12/2021

ROMERO, Eugenia B.
Sheriff's Office
Effective: 9/29/2021

MILLER, Laura A.
Sheriff's Office
Effective: 8/6/2021

SACHWITZ, Drew S.
Alameda Health System
Effective: 6/27/2021

MONTES, Jose L.
Sheriff's Office
Effective: 8/31/2021

SAEPHAN May P.
Social Services Agency
Effective: 7/29/2021

MOSS, Joshua K.
Public Works Agency
Effective: 9/28/2021

SANCHEZ, Alma M.
Social Services Agency
Effective: 7/23/2021

NEWMAN, Blair R.
Social Services Agency
Effective: 7/30/2021

SHIPMAN, Tiffany L.
Alameda Health System
Effective: 9/17/2021

NGUYEN, Bill
Public Defender
Effective: 9/17/2021

SINGH, Misha M.
Social Services Agency
Effective: 8/6/2021

OROZCO, Tiffany T.
Health Care Services Agency
Effective: 8/20/2021

TRIMMER, Jack K.
General Services Agency
Effective: 9/30/2021

PANCHAL, Avni
Social Services Agency
Effective: 7/9/2021

VAN DYKE, Elyse D.
Alameda Health System
Effective: 9/9/2021

**APPENDIX B-1
APPLICATION FOR NON-VESTED DEFERRED**

VELAZQUEZ, Kristin J.
Sheriff's Office
Effective: 9/18/2021

WONG, Tiffany R.
Auditor-Controller
Effective: 10/13/2021

VILLEGAS, Michael A.
Social Services Agency
Effective: 9/17/2021

ZUNIGA, PAOLA O.
Health Care Services Agency
Effective: 8/10/2021

**APPENDIX D
LIST OF DECEASED MEMBERS**

BROOKS, Darleen
Social Services Agency
10/11/2021

RYAN, Timothy
Sheriff's Office
9/26/2021

CALHOUN, Ella
Alameda Health System
5/15/2021

SELF, Marie
Superior Court
10/11/2021

COMSTOCK, Charles
Non-Mbr Survivor of Jean Comstock
9/30/2021

SIOCO, Antonio
General Services Agency
10/13/2021

GREENHOUSE, Gretel
Health Care Services Agency
9/30/2021

STILLWATER, Kokil
Social Services Agency
9/19/2021

MORTON, Helen
Alameda Health System
10/5/2021

TSUJI, Dorothy
Non-Mbr Survivor of Kenneth Tsuji
9/26/2021

**APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT**

Name: Bock, Thomas
Type of Claim: Service-Connected

Staff's Recommendation:

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

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: Coleman, Bridgette
Type of Claim: Service-Connected

Staff’s Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor’s report, including but not limited to, granting Ms. Coleman’s application for a service-connected disability, and waiving future annual medical examinations and questionnaires at this time.

Name: McGill, Phil
Type of Claim: Service-Connected

Staff’s Recommendation:

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

Name: Neal, Nakia
Type of Claim: Service-Connected

Staff’s Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor’s report, including but not limited to, granting Ms. Neal’s application for a service-connected disability, and waiving future annual medical examinations and questionnaires at this time.

Based on the Medical Advisor’s and Staff’s review and determination of Ms. Neal’s ability to determine the permanency of her incapacity, to grant Ms. Neal’s request for an earlier effective date.

October 21, 2021
Minutes of the Regular Board Meeting
For approval under November 18, 2021
Board “Consent Calendar”



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
MINUTES

THIS MEETING WAS CONDUCTED IN-PERSON and VIA TELECONFERENCE WITH VIDEO

Thursday, October 21, 2021

Chair Dale Amaral called the meeting to order at 2:01 p.m.

Trustees Present: Dale Amaral
Ophelia Basgal
Keith Carson
Tarrell Gamble (*Arrived After Roll Call*)
Jaime Godfrey
Liz Koppenhaver
Henry Levy
Darryl Walker
George Wood
Nancy Reilly (*Alternate*)

Staff Present: Victoria Arruda, Human Resource Officer
Angela Bradford, Executive Secretary
Sandra Dueñas-Cuevas, Benefits Manager
Kathy Foster, Assistant Chief Executive Officer
Jessica Huffman, Benefits Manager
Harsh Jadhav, Chief of Internal Audit
Vijay Jagar, Retirement Chief Technology Officer, ACERA
David Nelsen, Chief Executive Officer
Jeff Rieger, Chief Counsel
Betty Tse, Chief Investment Officer

PUBLIC INPUT

None.

**CONSENT CALENDAR
REPORTS AND ACTION ITEMS**

APPROVAL of APPLICATIONS FOR SERVICE RETIREMENT

Appendix A

APPROVAL of APPLICATIONS FOR RETIREMENT, DEFERRED

*Appendix B
Appendix B-1*

APPROVAL of APPLICATIONS FOR DEFERRED TRANSFER

None

LIST OF DECEASED MEMBERS

Appendix D

APPROVAL of REQUEST FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT

None

APPROVAL of STAFF RECOMMENDATIONS (UNCONTESTED) FOR DISABILITY RETIREMENTS

Appendix F

APPROVAL of HEARING OFFICER RECOMMENDATIONS FOR DISABILITY RETIREMENTS

None

APPROVAL of COMMITTEE and BOARD MINUTES

*September 16, 2021 Minutes of the Regular Board Meeting
October 6, 2021 Operations Committee Minutes
October 6, 2021 Retirees Committee Minutes
October 13, 2021 Investment Committee Minutes*

MISCELLANEOUS MATTERS

Confirm that the Board's September 16, 2021 action regarding the formal retirement of members applied to general and safety members.

21-72

It was moved by Ophelia Basgal and seconded by Liz Koppenhaver that the Board adopt the Consent Calendar. The motion carried 8 yes (*Amaral, Basgal, Carson, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstention. *Trustee Gamble was not present for the vote on the motion.*

REGULAR CALENDAR
REPORTS AND ACTION ITEMS

DISABILITIES, RECOMMENDATIONS AND MOTIONS

None.

COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS

This month's Committee reports were presented in the following order:

Operations:

Jaime Godfrey gave an oral report stating the Operations Committee met on October 6, 2021 and Staff and Segal Marco Advisors (Segal) presented and discussed information from ACERA's Request for Proposal (RFP) for a new Banking Provider. The Committee considered hiring JP Morgan Chase as ACERA's new Commercial Banking Service Provider, as JP Morgan Chase offered comparable services to that of ACERA's current Banking Provider, Wells Fargo Bank, and JP Morgan Chase could also provide its services at a substantial savings to ACERA at approximately sixty-percent (60%) per annum.

21-73

It was moved by Jaime Godfrey and seconded by Ophelia Basgal that the Board hire JP Morgan Chase as ACERA's new Commercial Banking Service Provider. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

Staff reported on the following Information Items: *1) Operating Expenses as of 08/31/2021; 2) Statement of Reserves as of 06/30/2021; 3) Pension Software Replacement Project Update; 4) Staff report on changes and enhancements to benefits processing, member services, and website; and 5) Board of Retirement Election Update.*

Minutes of the meeting were approved as part of the Consent Calendar.

Retirees:

Liz Koppenhaver gave an oral report stating that the Retirees Committee met on October 6, 2021 and discussed the annual Actuarial Valuation of the OPEB and non-OPEB Benefits provided by the Supplemental Retiree Benefit Reserve, including Sufficiency of Funds, as of December 31, 2020. December 31, 2020 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal.

21-74

It was moved by Liz Koppenhaver and seconded by George Wood that the Board accept the annual Actuarial Valuation of the OPEB and non-OPEB Benefits Provided by the Supplemental Retiree Benefit Reserve, including Sufficiency of Funds, as of December 31, 2020. December 31, 2020 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

At the Committee meeting, Assistant CEO Kathy Foster provided an update about the issue regarding retirees that are covered by the Operating Engineers Local 3 Union (OE3) Medical Plan (Plan). Ms. Foster stated that ACERA could soon start to incur a \$500.00 late fee because ACERA's payroll process takes place after OE3's premium payment deadline. Due to the late fee, Staff recommended that ACERA cease making retiree payroll deductions to pay premiums to the OE3 union medical plan, which would cause retirees to be terminated from the Plan. After discussing various options, the Committee instructed Staff to find out and bring back to the Board any alternatives that would allow retirees to remain enrolled in the Plan. It was noted that there are approximately 30 retirees currently enrolled in the OE3 Plan.

At the Board meeting, Ms. Foster reported she discussed other options with Michael McCall, OE3 Director of Benefits, and agreed the best solution would be to offer retirees a pre-payment premium option. This method would allow retirees to remain in the Plan with premiums being paid in advance to meet OE3's payment deadline. It was noted that the first pre-payment premium could be divided across a two or three-month period to lessen the impact on the retirees. Mr. McCall explained how the pre-pre-payment premium option works and responded to the Board's questions. Staff, with the assistance of Mr. McCall, will notify retirees of the pre-payment premium option so they can decide whether they want to remain in the Plan or enroll in a different ACERA-sponsored medical plan.

Tim Neep, OE3 Board Member and Director of Public Pension Employees Union, provided feedback regarding the Union's position. Trustees and Doug Brody, a retired Alameda County Sheriff's Office employee, expressed their appreciation to Mr. McCall and to Staff for all their hard work.

21-75

It was moved by Dale Amaral and seconded by Darryl Walker that the Board adopt the Operating Engineers Local 3 Union (OE3) Medical Plan Pre-Payment Premium Option, pending logistical feasibility with Staff and OE3. The motion carried 8 yes (*Amaral, Basgal, Gamble Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 1 abstention (*Carson*).

Trustee Koppenhaver further reported that the Committee discussed Staff's proposed revisions to the *Supplemental Retiree Benefit Reserve*.

21-76

It was moved by Liz Koppenhaver and seconded by Jaime Godfrey that the Board adopt the Retiree Committee's recommended revisions to the *Supplemental Retiree Benefit Reserve Policy*, which were shown in the redline in the Retiree Committee agenda packet. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

Staff reported on the following Information Items: *1) Supplemental Retiree Benefit Reserve Financial Status; 2) Final Report on Open Enrollment Preparation and Communications Material, and Virtual Retiree Health and Wellness Fair Arrangements; and 3) Miscellaneous Updates.*

Minutes of the meeting were approved as part of the Consent Calendar.

Investment:

George Wood gave an oral report stating the Investment Committee met on October 13, 2021 and discussed information regarding an investment in the Angelo Gordon Credit Solutions Fund II as part of ACERA's Private Equity Portfolio – Debt Related/Special Situations.

21-77

It was moved by George Wood and seconded by Ophelia Basgal that the Board adopt an up to \$36 million investment in Angelo Gordon Credit Solutions Fund II as part of ACERA's Private Equity Portfolio – Debt Related/Special Situations, pending completion of legal and investment due diligence and successful contract negotiations. The motion carried 8 yes (*Amaral, Basgal, Carson, Godfrey, Koppenhaver, Levy, Walker, Wood*), 1 no (*Gamble*), and 0 abstentions.

Trustee Wood further reported that the Committee discussed proposed changes to ACERA's *Private Equity Investment Policy*.

21-78

It was moved by George Wood and seconded by Jaime Godfrey that the Board adopt an updated *Private Equity Investment Policy*. The motion carried 7 yes (*Amaral, Basgal, Carson, Godfrey, Koppenhaver, Levy, Wood*), 2 no (*Gamble, Walker*), and 0 abstentions.

Trustee Wood also reported that the Committee discussed proposed amendments to the 2021-2024 Private Equity Investment Plan for ACERA.

21-79

It was moved by George Wood and seconded by Jaime Godfrey that the Board adopt an amended Private Equity Investment Plan 2021 – 2024. The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Wood*), 0 no, and 0 abstentions. *Trustee Walker was not present for the vote on the motion.*

Staff reported on an Information Item regarding ACERA’s Real Estate Funds – Update on Housing Sector, Eviction Moratorium, and Natural Disasters.

Minutes of the meeting were approved as part of the Consent Calendar.

Actuarial:

Tarrell Gamble gave an oral report stating that the Actuarial Committee met on October 21, 2021 and Staff and Segal Representatives discussed the proposed revisions to ACERA’s *Interest Crediting Policy* and ACERA’s *Actuarial Funding Policy*.

21-80

It was moved by Tarrell Gamble and seconded by Jaime Godfrey that the Board adopt the Actuarial Committee’s recommended revisions to ACERA’s *Interest Crediting Policy* and revisions to ACERA’s *Actuarial Funding Policy*, which were shown in the redlines in the Actuarial Committee agenda packet, and also included direction to Staff to update the Glossaries to include the definition for the term “extraordinary contribution” in both Policies as necessary. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

Tarrell Gamble further reported that Staff and Segal Representatives discussed the recommended revisions to ACERA’s *Declining Employer Policy* and ACERA’s *Withdrawing Employer Policy*.

21-81

It was moved by Tarrell Gamble and seconded by Liz Koppenhaver that the Board adopt the Actuarial Committee’s recommended revisions to ACERA’s *Declining Employer Policy* and revisions to ACERA’s *Withdrawing Employer Policy*, which were shown in the redlines in the Actuarial Committee agenda packet. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

Minutes of the meeting will be presented to the Board for adoption on the Consent Calendar at the November 18, 2021 Board meeting.

Audit:

Henry Levy gave an oral report stating that the Audit Committee met on October 21, 2021 and Staff reported on the following Information Items: **1)** Progress Update on the Internal Audit Plan; and **2)** Completed Audits: **a)** Alameda Health System PEPR Audit; and **b)** Pension Benefits Calculation Audit. Retirement Chief Technology Officer Vijay Jagar gave a presentation on the Cybersecurity Self-Assessment Plan.

Minutes of the meeting will be presented to the Board for adoption on the Consent Calendar at the November 18, 2021 Board meeting.

NEW BUSINESS:

Proposed Findings Regarding State of Emergency Pursuant to Gov't Code § 54953(e)(3):

Chief Executive Officer Dave Nelsen reported on the Bill (AB 361) that passed on October 1, 2021, which allows ACERA to continue to hold virtual Committee and/or Board meetings as may be necessary and appropriate due to a state of emergency (*i.e.*, COVID Pandemic). Mr. Nelsen explained the Bill requires the Board to recertify (declare) that there is still a need to meet virtually every 30 days, as necessary. If there are more than 30 days between Board meetings, recertification would have to be taken up at a Committee meeting. If there is no longer a state of emergency, the Board would be required to meet under the original *Brown Act* rules.

Chief Counsel Jeff Rieger further explained staff's recommendation and that recertification is expected to be done at future meetings under the Consent Calendar. Staff will work with the Board Chair to determine that recertification continues to be necessary.

21-84

It was moved by Liz Koppenhaver and seconded by Jaime Godfrey that the Board finds that it has reconsidered the circumstances of the state of emergency and (1) the state of emergency continues to directly impact the ability of the members to meet safely in person, and (2) state or local officials continue to impose or recommend measures to promote social distancing. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions.

State Association of County Retirement System (SACRS) Proxy Vote

Chief Executive Officer Dave Nelsen presented his October 21, 2021 memo requesting the Board's direction (or his Designee) on how to vote ACERA's Proxy on behalf of the Board of Retirement on the following action items at the SACRS Business meeting: **1) Receive and File the Secretary and Treasurer's Reports and 2) Vote in favor of SACRS sponsored proposed legislation to amend various sections of the County Employees' Retirement Law of 1937 (CERL).** Mr. Nelsen briefly described 12 proposed non-controversial provisions which are listed in SACRS' Chart and was distributed with the Board agenda packet. Mr. Rieger reported he reviewed the proposed changes and stated the proposed changes are intended to provide clarity, rather than substantive changes to the CERL.

21-85

It was moved by Liz Koppenhaver and seconded by Ophelia Basgal that the Board directs the Chief Executive Officer to vote to receive and file the Secretary and Treasurer's Reports and to vote in favor of SACRS sponsored proposed legislation to amend various sections of the County Employees' Retirement Law of 1937 (CERL). The motion carried 8 yes (*Amaral, Basgal, Gamble Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions. *Trustee Carson was not present for the vote on the motion.*

Signatory on Institutional Limited Partners Association's (ILPA) Fee Transparency Letter to the Securities and Exchange Commission (SEC)

Mr. Rieger explained that ACERA has certain transparency (and reporting) requirements regarding its alternative investments that are not universally required, as ACERA is a public entity. Mr. Rieger recommended that the Board authorize ACERA to sign-off on Institutional Limited Partners Association's (ILPA) written request (draft Letter) for SEC rulemaking action to mandate greater fee transparency and reporting, provided there are no material changes to the draft Letter. The draft Letter is included in the Board agenda packet. It was noted that several Retirement Systems have joined in as signatories regarding the draft Letter to the SEC.

21-86

It was moved by George Wood and seconded by Jaime Godfrey that the Board authorize ACERA to join the written request. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, and 0 abstentions. *Trustee Carson was not present for the vote on the motion.*

Update on Proxy Vote at the Council of Institutional Investors (CII) Business Meeting

Trustee Levy reported he did not cast a vote on behalf of the Board of Retirement at the CII Business meeting.

David Nelsen, Chief Executive Officer's Report

Chief Executive Officer Dave Nelsen presented his October 21, 2021, written CEO Report which provided an update on: **1)** Senior Manager Recruitment for Assistant CEO of Operations; **2)** Committee and Board Action Items; **3)** Conference/Event Schedule: Mr. Nelsen will be attending the SACRS Fall Conference November 9-12; **4)** Other Items: *a)* COVID-19 Responses; *b)* Pension Administration System Project; *c)* Board Election; *d)* Legislation of Interest: AB 1048 *e)* Other Recruitments for: **i)** Investment Operations Officer; and **ii)** 2 Retirement Benefit Specialists; and **5)** Key Performance Indicators.

Mr. Nelsen reported per the County's Policy, all County employees are required to disclose their vaccination status (in Alameda County's COVID-19 Tracking System) and/or must be fully vaccinated by November (19th). County employees who are not vaccinated by the due date, are subject to discipline up to termination unless they have a valid exemption. Mr. Nelsen reported, to date, only five of out 87 ACERA employees have not provided proof of their vaccination status. There was discussion regarding whether or not non-County employee Trustees and the public must be vaccinated in order to enter County buildings once the County is open to the public. Mr. Nelsen will obtain more information regarding the County's vaccination requirements and will follow-up with the Board. It was noted the new *Brown Act* provisions expire in January 2024.

CONFERENCE/ORAL REPORTS

During Board Input, Trustee Henry Levy reminded the Board that he organized the CALAPRS Trustees' Round Table (RT). The RT is at 9 a.m. to 2:30 p.m. on Friday, October 29, 2021. Topics of discussion are: Fiduciary Responsibility and Racial Justice/Impact Type of Investments.

ANNOUNCEMENTS

None.

BOARD INPUT

Trustee Ophelia Basgal reported that the U.S. Senate Committee on Banking, Housing, and Urban Affairs, chaired by Sherrod Brown and Ranking Member Pat Toomey, held a hearing this morning entitled: *How Private Equity Landlords Are Changing the Housing Market*. Trustee Basgal further reported that (Senator Elizabeth) Warren and (Senator Kyrsten) Sinema are also on the Committee. Trustee Basgal requested that Investment Staff determine the amount of private equity investments ACERA has in relation to real estate; specifically investments in housing.

CLOSED SESSION

- A. Conference With Legal Counsel--Existing Litigation (Gov't Code § 54956.9(d)(1)): *Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association*, Contra Costa County Superior Court, Case No. MSN12-1870.

- B. Government Code Section 54957(b)(1): Public Employee Evaluation (Chief Executive Officer).

The Board reconvened into Open Session and the following Trustees returned:
Basgal, Godfrey, Koppenhaver, Levy, Reilly and Wood

Vice-Chair Godfrey stated the Board took no reportable action on the *ACDSA v. ACERA* matter or on the matter regarding the Public Employee Evaluation (Chief Executive Officer).

ADJOURNMENT

The meeting adjourned at approximately 4:10 p.m.

Respectfully Submitted,



David Nelsen
Chief Executive Officer

11/18/21

Date Adopted

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

BAILEY, Nathalie
Effective: 7/1/2021
Alameda Health System

FOSTER, Lisa
Effective: 7/24/2021
Sheriff's Office

BLACK-ROBERTS, Vella
Effective: 8/7/2021
Health Care Services Agency

FRANKLIN, Rene
Effective: 8/7/2021
Health Care Services Agency

BLANSON, Lionel
Effective: 7/10/2021
Probation Department

GLASS, Mary
Effective: 8/7/2021
Sheriff's Office

CARLSON, Peter
Effective: 7/31/2021
District Attorney

HARDTKE, Ellen
Effective: 8/7/2021
Social Services Agency

CHEUNG, Darryl
Effective: 7/10/2021
Alameda Health System

HICKS BEARD, Dorothy
Effective: 7/6/2021
Social Services Agency

CRONBACH, Janet
Effective: 7/16/2021
Library

HORNES, Harold
Effective: 5/1/2021
Social Services Agency

DARDEN, Patricia
Effective: 8/7/2021
Sheriff's Office

JENSEN, Bruce
Effective: 7/31/2021
Community Development Agency

DAVIS, Doris
Effective: 5/10/2021
Alameda Health System

KALAHAR, Chris
Effective: 7/24/2021
Social Services Agency

DE LA CRUZ, Tamara
Effective: 7/31/2021
Superior Court

KANZAKI, Amy
Effective: 7/17/2021
ACERA

DUNLEAVY, Kevin
Effective: 8/17/2021
District Attorney

KIM, Inho
Effective: 7/24/2021
Alameda Health System

FEE, Philip
Effective: 6/30/2021
Sheriff's Office

KINT, Beverly
Effective: 7/10/2021
Probation Department

FISHER, Sandra
Effective: 7/24/2021
Social Services Agency

KLASSEN, Heidi
Effective: 7/21/2021
Probation Department

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

MADDOX, Carol
Effective: 8/7/2021
Health Care Services Agency

RODRIGUEZ, Ana
Effective: 7/10/2021
Alameda Health System

MARTINEZ, Albert
Effective: 8/5/2021
Sheriff's Office

STILL, Wendy
Effective: 7/31/2021
Probation Department

MAUS, Mark
Effective: 6/26/2021
Alameda Health System

SULLEN, Rhonda
Effective: 7/24/2021
Health Care Services Agency

MC CANNON, Mark
Effective: 8/1/2021
District Attorney

VAN WETTER, Kevin
Effective: 8/2/2021
General Services Agency

MURPHY, Timothy
Effective: 7/10/2021
Public Defender

VANEK, Dawn
Effective: 7/23/2021
Sheriff's Office

NALAGAN, Gerald
Effective: 7/24/2021
Information Technology Department

VIERRA, Barbara
Effective: 8/7/2021
Community Development Agency

NIXON, Thomas
Effective: 8/1/2021
Superior Court

WRIGHT, Michael
Effective: 8/8/2021
Probation Department

O'CONNOR, Michael
Effective: 8/21/2021
District Attorney

YAMIN, Raymond
Effective: 8/7/2021
Alameda Health System

**APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT**

AGBAYANI, Florante M.
Probation Department
Effective Date: 8/21/2021

BANES, Lanz C. C.
Social Services Agency
Effective: 7/30/2021

ASKEW, Bernita O.
Information Technology Department
Effective: 8/20/2021

DECOITE, Nelson E.
Sheriff's Office
Effective: 8/13/2021

**APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT**

HOBBS, Nathan L.
Health Care Services Agency
Effective: 8/20/2021

TUCKER, Ronnie L.
Social Services Agency
Effective: 8/20/2021

JONES, Malisha L.
District Attorney
Effective: 9/3/2021

WALIA, Gulnar
Alameda Health System
Effective: 8/24/2021

**APPENDIX B-1
APPLICATION FOR NON-VESTED DEFERRED**

COSTA, Amy M.
County Administrator
Effective Date: 8/13/2021

HEISHAN, Ashraf K.
Alameda Health System
Effective: 8/13/2021

DESAI, Usha A.
Alameda Health System
Effective: 8/12/2021

TITTERTON, Liliana
Superior Court
Effective: 7/16/2021

GONZALEZ CASTELLANOS, Rebecca
Sheriff's Office
Effective: 7/28/2021

TROUTT, Cortne E.
Alameda Health System
Effective: 7/14/2021

HARRINGTON, Lexi
District Attorney
Effective: 8/13/2021

TSEHAYE, Eseyas S.
Alameda Health System
Effective: 8/26/2021

HAY, Julia
Alameda Health System
Effective: 7/26/2021

WONG, Theodore
Social Services Agency
Effective: 7/9/2021

YANG, Amy
Alameda Health System
Effective: 6/16/2021

**APPENDIX D
LIST OF DECEASED MEMBERS**

ALBERT, Clyde
Non-Mbr Survivor of Erma Albert
8/30/2021

CROAN, Lynn
Sheriff's Office
8/28/2021

BERNAL, Sarah
Alameda Health System
9/25/2021

CURRAN, Anne
Superior Court
9/13/2021

COMIER, Margaret
Assessor
8/15/2021

DAVIS, Mary
Superior Court
9/19/2021

**APPENDIX D
LIST OF DECEASED MEMBERS**

DRISCOLL, Joan
Assessor
9/1/2021

PAINTER, Timothy
District Attorney
9/12/2021

EKBLAD, Jacquelyne
DRO - Robert Ekblad
8/19/2021

PASTOR, Mei-Ling
Probation Department
8/17/2021

FULLER, Brenda
Alameda Health System
9/23/2021

PERRY, Doris
Non-Mbr Survivor of Francis V. Perry
9/25/2021

GOODWIN, Charles
Probation Department
8/31/2021

PIERCE, Arnold
Non-Mbr Survivor of Sharon R. Pierce
8/14/2021

HIDALGO, Janice
Superior Court
8/14/2021

SALGUERO, Gloria
Alameda Health System
9/4/2021

JACKSON-FOSTER, Jacqueline
Non-Mbr Survivor of Keith Foster
9/6/2021

SERLES, Norma
General Services Agency
8/22/2021

JOHNSTON, John
Community Development Agency
9/9/2021

STAVERT, Dean
Sheriff's Office
9/4/2021

KENFIELD GRAF, Ann
District Attorney
9/20/2021

SULLIVAN, Kenneth
General Services Agency
9/4/2021

KITCHEN, Joseph
Sheriff's Office
9/9/2021

TAYLOR, Royal
Superior Court
8/23/2021

KYLE, Clarence
Sheriff's Office
8/28/2021

TRAN, Gina
Alameda Health System
8/31/2021

NGO, Van-The
Social Services Agency
5/1/2021

WHITE, Venus
Non-Mbr Survivor of Aldis N. White
8/18/2021

WILLIAMS, Joyce
Non-Mbr Survivor of Joyce L. Williams
8/24/2021

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: Covington, Daniel
Type of Claim: Service-Connected

Staff's Recommendation:

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

Name: Hankins, Bervin
Type of Claim: Service-Connected

Staff's Recommendation:

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

Name: Justice, Ronald
Type of Claim: Earlier Effective Date

Staff's Recommendation:

Based on the Medical Advisor's and Staff's review and determination of Mr. Justice's ability to determine the permanency of his incapacity, to grant Mr. Justice's request for an earlier effective date.
Mr. Justice's application for a service-connected disability, waiving at this time future annual medical examinations and questionnaires was previously approved at the June 17, 2021 meeting.

Name: Smith, Angie
Type of Claim: Service-Connected

Staff's Recommendation:

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

**November 18, 2021
Operations Committee Minutes
For approval under December 16, 2021
Board “Consent Calendar”**

November 3, 2021
Investment Committee Minutes
For approval under November 18, 2021
Board “Consent Calendar”



MINUTES OF THE NOVEMBER 3, 2021 INVESTMENT COMMITTEE MEETING

THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO

To: Members of the Board of Retirement
From: Jaime Godfrey – Vice Chair
Subject: Summary of November 3, 2021, Investment Committee Meeting

The Investment Committee (“Committee”) met on Wednesday, November 3, 2021, at 9:30 a.m. The Committee members present were Ophelia Basgal, Keith Carson, Tarrell Gamble, Jaime Godfrey, Liz Koppenhaver, Henry Levy, and Darryl Walker. Also present was Alternate Retired Member Nancy Reilly. ACERA Senior Managers and Presenting Staff present were David Nelsen – Chief Executive Officer, Jeff Rieger – Chief Counsel, Vijay Jagar – Chief Technology Officer, Harsh Jadhav – Chief of Internal Audit, Thomas Taylor – Investment Officer, and Betty Tse – Chief Investment Officer.

Action Items: Matters for discussion and possible motion by the Committee

1. Discussion and Possible Motion to Recommend to the Board the Timeline, Minimum Qualifications, and Scoring Matrix for the Emerging Markets Equity Manager Search
 - Staff, Verus and the Trustees discussed the new Emerging Markets Equity Manager search. The proposed Minimum Qualifications (MQ) and Scoring Matrix are very similar to the 2017-2018 Emerging Markets Equity Manager search, with a few exceptions. Staff and Verus have selected the focused-list approach as previously disclosed to the Board. The RFI will seek firms with AUM \$1.5 billion or more, at least \$900 million managed in the strategy, and with a minimum continuous three-year track record by the fund manager. The MQ now contains a verification regarding ESG documentation. The new Scoring Matrix has increased the scoring for “Organization” by 5 points and has reduced the scoring for “Performance” by 5 points. Verus discussed the prescreening process, *e.g.*, examining 3-year and 5-year excess returns, the information ratio, etc.
 - Staff, Verus, and the Trustees discussed how the focus-list is sourced and what consideration is being given to ACERA’s Investment Products and Service Introductions (IPSI) program. It was noted that the existing investment manager, Newton, may be considered if they meet the MQ.
 - After further discussion, Trustee Basgal moved, seconded by Trustee Koppenhaver, to recommend to the Board the Timeline, Minimum Qualifications, and Scoring Matrix for the Emerging Markets Equity Manager Search.

- The motion carried with 8 Yes (Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Reilly, and Walker) 0 No, and 0 Abstention.
2. Discussion and Possible Motion to Recommend that the Board Adopt an Amended Real Estate Investment Guidelines, Policies, and Procedures
- Staff and Callan discussed the proposed changes to ACERA's Real Estate Investment Policy as well as the reasoning for the proposed changes. As approved by the Board in its June 17, 2021 meeting, the allocation to the real estate asset class was increased from 8% to 9%. Staff and Callan recommended separating out the Core and Core-Plus sub-asset classes to better reflect ACERA's current mix of commingled real estate funds. Staff also recommended adding delegated authority of up to 5% of the asset class for new managers and up to 10% of the asset class for existing managers in good standing. This is consistent with the Private Equity policy language.
 - After further discussion, Supervisor Carson moved, seconded by Trustee Basgal, to recommend that the Board adopt an Amended Real Estate Investment Guidelines, Policies and Procedures.
 - The motion carried with 8 Yes (Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Reilly, and Walker) 0 No, and 0 Abstention.
3. Discussion and Possible Motion to Recommend that the Board Adopt a New Investment Plan for ACERA's Real Estate Asset Class
- Callan discussed the Real Estate Investment Plan for ACERA. In doing so, Callan briefly reviewed the prior commitments to real estate and the emphasis placed on Value-Add and Opportunistic fund partnerships. In 2019-2021, ACERA committed \$220 million to six real estate funds. The Investment Plan calls for net new commitments totaling approximately \$200 million in 2022 to help achieve and maintain the real estate allocation of 9%. The Investment Plan proposes to invest \$50 million per year to non-core investment opportunities in order to achieve and maintain vintage year diversification over the next couple of years.
 - After further discussion, Supervisor Carson moved, seconded by Trustee Basgal, to recommend that the Board adopt a new Investment Plan for ACERA's Real Estate Asset Class.
 - The motion carried with 7 Yes (Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, and Reilly) 0 No, and 0 Abstention. Trustee Walker was not present for the vote.

4. Discussion and Possible Motion to Recommend that the Board Direct Staff to Send Proposed Letter to ACERA's Real Estate Managers Regarding the Expiration of the Eviction Moratorium
 - Staff and Callan presented a proposed letter for the Trustees to sign or endorse, voicing their concerns relative to the expiration of the CDC eviction moratorium. Trustees suggested some changes to the letter but wanted additional time to submit their comments. Accordingly, Staff will collect all Trustees comments before amending the letter. The amended letter will be presented to the Trustees for consideration as an Action Item at the November Board Meeting.
 - After further discussion, no vote was taken. Staff will include an amended letter in the Board packet for consideration at the November 18, 2021 Board Meeting.

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

None

TRUSTEE REMARK

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

Wednesday, December 8, 2021, at 9:30 a.m.

ADJOURNMENT

The meeting ended at 10:24 a.m.

From: [Agnes Ducanes](#)
To: [Carson, Keith, Supv BOS Dist 5](#); [Dale Amaral \(damaral@acgov.org\)](#); [Darryl Walker \(dawalker@acgov.org\)](#); [Hank Levy](#); [Jaime Godfrey](#); [Liz Koppenhaver - ACERA Board of Retirement \(lkoppenh@comcast.net\)](#); [Nancy Reilly](#); [Ophelia Basgal](#); [Tarrell Gamble](#); [Wood, George, DA](#)
Cc: [Betty Tse](#); [Jeff Rieger](#); [John Ta](#); [Thomas Taylor](#)
Subject: proposed letter expressing concern regarding ACERA's real estate funds - ready for your edits
Date: Wednesday, November 3, 2021 4:29:00 PM
Attachments: [Staff proposed letter to RE Managers from Trustees \(5\).docx](#)

Dear Trustees:

Please find the word version of the proposed letter expressing concern regarding ACERA's real estate funds investing in multifamily and single family homes.

Staff has made one edit per ICM discussion: removed "remarkable".

Please provide any edits you wish to suggest (**redline**) and **return to Staff before the 8th of this month**. Staff will submit an mended letter for your consideration at the next Board Meeting. Lastly, per legal, do not copy other trustees with your suggestions (Brown Act). Staff will incorporate everyone's suggestion as best possible.

Board Distribution is the 12th of November.

Regards,
Agnes

Please copy:

Thomas Taylor, ttaylor@acera.org

John Ta, jta@acera.org

Betty Tse, btse@acera.org

Jeff Rieger, jrieger@acera.org



November 18, 2021

Dear ACERA Real Estate Fund Managers:

The Retirement Board of Alameda County Employees' Retirement Association is requesting that portfolio managers and their property managers who oversee rental housing sector properties continue treating tenants that have been affected by the COVID-19 pandemic in a thoughtful way. Now that the CDC moratorium has expired, we ask that the real estate funds and their property managers extend to tenants every reasonable accommodation and opportunity to work through unpaid rent issues to a reasonable resolution while continuing to maintain their fiduciary responsibilities to the real estate funds.

Please provide ACERA Staff, Thomas Taylor and John Ta, with notice of any significant changes in your operating practices on this subject matter on a timely basis.

Sincerely,

Dale Amaral
Chair of the Board of Retirement

cc: John Ta, Investment Officer (allinvestments@acera.org)
Thomas Taylor, Investment Officer (allinvestments@acera.org)
Betty Tse, Chief Investment Officer

From: [Thomas Taylor](#)
Cc: [Betty Tse](#); [Agnes Ducanes](#)
Subject: FW: Staff's Response to question about IPSI & the EM Equity Manager Search focused-list
Date: Friday, November 5, 2021 6:35:00 PM

Dear Trustees:

As a point of clarification, "EM" in the first paragraph below stands for Emerging Markets.

Have a good evening.

Thank you,

Thomas Taylor

From: Agnes Ducanes <aducanes@acera.org>
Sent: Friday, November 5, 2021 5:10 PM
Cc: Betty Tse <btse@acera.org>; Thomas Taylor <ttaylor@acera.org>
Subject: Staff's Response to question about IPSI & the EM Equity Manager Search focused-list

[Please see below email from Thomas Taylor.](#)

Dear Trustees:

At the November ICM, the question was asked about how ACERA and Verus source the investment managers for the Emerging Markets Equity Manager Search, specifically, if ACERA employs or uses the Investment Products and Service Introductions –IPSI, in the process. Additionally, how many EM managers from IPSI will participate in the focused-list search?

In answer to these questions, there were 5 EM managers who filled out and submitted the IPSI questionnaire in before September 2021 when the search was contemplated. One was declined because ACERA is not directly investing in the frontier markets. Four (4) submissions remain outstanding, i.e., we have not met or responded to yet due to limited resources and prioritizing our workload.

For the EM search focused-list prepared last month, there is only one name from IPSI that matches with the eVestment prescreened list. However, once the Board adopts the Investment Committees recommended timeline, minimum qualifications, and scoring matrix at the November Board Meeting, Staff and Verus will re-run the focused-list with the most current up-to-date data.

With regards to IPSI, Staff receives numerous requests for introductions. Typically, Staff hold 2-4 IPSI meetings per month. Staff maintains a log and provides quarterly reports to the Committee (non-agenized reports).

Thank you,

Thomas Taylor
Investment Officer
ACERA

[Agnes Ducanes | Administrative Specialist II](#)
[Investment Department – Qic Code 22901](#)

Alameda County Employees' Retirement Association
510-628-3109 | aducanes@acera.org
475 14th St., Suite 1000 | Oakland, CA 94612

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ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

475 14th Street, Suite 1000, Oakland, CA 94612 800/838-1932 510/628-3000 fax: 510/268-9574 www.acera.org

TO: Members of the Investment Committee
FROM: Agnes Ducanes - Administrative Specialist II
DATE: June 9, 2021
SUBJECT: Quarterly report on ACERA's Investment Products and Services Introductions (IPSI) Program

In the first quarter of 2021, Staff received 17 investment products and services inquiries from prospective providers. We met with 7 managers who presented through the IPSI process.

The purpose of IPSI is to provide prospective vendors an opportunity to gain a better understanding of ACERA's investment objectives and for Staff to learn about the vendors' investment products/services through face-to-face meetings, teleconferences, or video conferences. Staff has designated the morning of the third Wednesday of every month as ACERA's IPSI day. Each introductory session is approximately 45 minutes.

Below please find a chart depicting the types of IPSI sessions that were held in the first quarter of 2021.

Table with 6 columns: ASSET CLASS, Q1 '21, Q2 '21, Q3 '21, Q4'21, TOTAL. Rows include U.S. Equities, Int'l Equities, Fixed Income, Real Estate, Private Equities, Absolute Return, Real Assets, Private Credit, Other Services, and TOTAL: 7, 0, 0, 0, 7.



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

475 14th Street, Suite 1000, Oakland, CA 94612 800/838-1932 510/628-3000 fax: 510/268-9574 www.acera.org

TO: Members of the Investment Committee

FROM: Agnes Ducanes – Administrative Specialist II *Aducanes*

DATE: September 8, 2021

SUBJECT: Quarterly report on ACERA's Investment Products and Services
Introductions (IPSI) Program

In the second quarter of 2021, Staff received 19 investment products and services inquiries from prospective providers. We met with 13 managers who presented through the IPSI process.

The purpose of IPSI is to provide prospective vendors an opportunity to gain a better understanding of ACERA's investment objectives and for Staff to learn about the vendors' investment products/services through face-to-face meetings, teleconferences, or video conferences. Staff has designated the morning of the third Wednesday of every month as ACERA's IPSI day. Each introductory session is approximately 45 minutes.

Below please find a chart depicting the types of IPSI sessions that were held in the second quarter of 2021.

| ASSET CLASS | Q1 '21 | Q2 '21 | Q3 '21 | Q4'21 | TOTAL |
|-------------------------|---------------|---------------|---------------|--------------|--------------|
| U.S. Equities | 0 | 0 | 0 | 0 | 0 |
| Int'l Equities | 0 | 0 | 0 | 0 | 0 |
| Fixed Income | 0 | 0 | 0 | 0 | 0 |
| Real Estate | 0 | 1 | 0 | 0 | 1 |
| Private Equities | 0 | 0 | 0 | 0 | 0 |
| Absolute Return | 0 | 11 | 0 | 0 | 11 |
| Real Assets | 2 | 0 | 0 | 0 | 2 |
| Private Credit | 5 | 0 | 0 | 0 | 5 |
| Other Services | 0 | 1 | 0 | 0 | 1 |
| TOTAL: | 7 | 13 | 0 | 0 | 20 |

October 21, 2021
Actuarial Committee Minutes
For approval under November 18, 2021
Board “Consent Calendar”



MINUTES OF OCTOBER 21, 2021 ACTUARIAL COMMITTEE MEETING

THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO

To: Members of the Actuarial Committee

From: Tarrell Gamble, Chair

Subject: Summary of the October 21, 2021 Actuarial Committee Meeting

Committee Chair Tarrell Gamble called the October 21, 2021 Actuarial Committee Meeting to order at 11:01 a.m.

ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE

Committee members present were Tarrell Gamble and Liz Koppenhaver. Also present were Dale Amaral, Jaime Godfrey, Henry Levy and alternate member Nancy Reilly. Keith Carson, Darryl Walker and Committee Member Ophelia Basgal joined the meeting after roll call.

Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Jeff Rieger, Chief Counsel; Victoria Arruda, Human Resources Officer; Jessica Huffman, Benefits Manager; Betty Tse, Chief Investment Officer; Vijay Jagar, Chief Technology Officer; and Harsh Jadhav, Chief of Internal Audit.

PUBLIC INPUT

None.

ACTION ITEMS

1. Review of the Interest Crediting Policy

Staff and Segal representatives discussed the proposed revisions to ACERA's Interest Crediting Policy as shown in the redline included with the agenda packet. During the discussion, Trustee Basgal raised a question about the definition of "extraordinary contributions."

It was moved by Ophelia Basgal and seconded by Jaime Godfrey that the Actuarial Committee recommend to the Board of Retirement that the Board adopt the suggested revisions to the Interest Crediting Policy and update the policy to define what is meant by "extraordinary contributions," as appropriate.

The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker*), 0 no, 0 abstentions.

2. Review of the Actuarial Funding Policy

Staff and Segal Representatives discussed the proposed revisions to the Actuarial Funding Policy as shown in the redline included with the agenda packet.

It was moved by Ophelia Basgal and seconded by Jaime Godfrey that the Actuarial Committee recommend to the Board of Retirement that the Board adopt the revisions to the Actuarial Funding Policy and update the policy to define what is meant by “extraordinary” contributions,” as appropriate.

The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, and Walker*), 0 no, 0 abstentions.

3. Review of the Declining Employer Payroll Policy and the Withdrawing Employer Policy

Committee Chair Tarrell Gamble combined line items 3 and 4 for discussion.

Staff and Segal Representatives discussed the proposed revisions to both the Declining Employer Payroll Policy and the Withdrawing Employer Policy as shown in the redline included with the agenda packet.

It was moved by Jaime Godfrey and seconded by Ophelia Basgal that the Actuarial Committee recommend to the Board of Retirement that the Board adopt the revisions to the Declining Employer Payroll Policy and the Withdrawing Employer Policy.

The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, and Walker*), 0 no, 0 abstentions.

INFORMATION ITEMS

None

TRUSTEE REMARKS

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

TBD

MEETING ADJOURNED

The meeting adjourned at 11:37 a.m.



MINUTES OF OCTOBER 21, 2021 ACTUARIAL COMMITTEE MEETING

THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO

To: Members of the Actuarial Committee

From: Tarrell Gamble, Chair

Subject: Summary of the October 21, 2021 Actuarial Committee Meeting

Committee Chair Tarrell Gamble called the October 21, 2021 Actuarial Committee Meeting to order at 11:01 a.m.

ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE

Committee members present were Tarrell Gamble and Liz Koppenhaver. Also present were Dale Amaral, Jaime Godfrey, Henry Levy and alternate member Nancy Reilly. Keith Carson, Darryl Walker and Committee Member Ophelia Basgal joined the meeting after roll call.

Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Jeff Rieger, Chief Counsel; Victoria Arruda, Human Resources Officer; Jessica Huffman, Benefits Manager; Betty Tse, Chief Investment Officer; Vijay Jagar, Chief Technology Officer; and Harsh Jadhav, Chief of Internal Audit.

PUBLIC INPUT

None.

ACTION ITEMS

1. Review of the Interest Crediting Policy

Staff and Segal representatives discussed the proposed revisions to ACERA's Interest Crediting Policy as shown in the redline included with the agenda packet. During the discussion, Trustee Basgal raised a question about the definition of "extraordinary contributions."

It was moved by Ophelia Basgal and seconded by Jaime Godfrey that the Actuarial Committee recommend to the Board of Retirement that the Board adopt the suggested revisions to the Interest Crediting Policy and update the policy to define what is meant by "extraordinary contributions," as appropriate.

The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker*), 0 no, 0 abstentions.

2. Review of the Actuarial Funding Policy

Staff and Segal Representatives discussed the proposed revisions to the Actuarial Funding Policy as shown in the redline included with the agenda packet.

It was moved by Ophelia Basgal and seconded by Jaime Godfrey that the Actuarial Committee recommend to the Board of Retirement that the Board adopt the revisions to the Actuarial Funding Policy and update the policy to define what is meant by “extraordinary” contributions,” as appropriate.

The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, and Walker*), 0 no, 0 abstentions.

3. Review of the Declining Employer Payroll Policy and the Withdrawing Employer Policy

Committee Chair Tarrell Gamble combined line items 3 and 4 for discussion.

Staff and Segal Representatives discussed the proposed revisions to both the Declining Employer Payroll Policy and the Withdrawing Employer Policy as shown in the redline included with the agenda packet.

It was moved by Jaime Godfrey and seconded by Ophelia Basgal that the Actuarial Committee recommend to the Board of Retirement that the Board adopt the revisions to the Declining Employer Payroll Policy and the Withdrawing Employer Policy.

The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, and Walker*), 0 no, 0 abstentions.

INFORMATION ITEMS

None

TRUSTEE REMARKS

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

TBD

MEETING ADJOURNED

The meeting adjourned at 11:37 a.m.

October 21, 2021
Audit Committee Minutes
For approval under November 18, 2021
Board “Consent Calendar”



MINUTES OF OCTOBER 21, 2021 AUDIT COMMITTEE MEETING

THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO

Date: October 21, 2021
To: Members of the Audit Committee
From: Henry Levy, Chair
Subject: Summary of the October 21, 2021 Audit Committee Meeting

The Audit Committee Chair, Henry Levy called the October 21, 2021, Audit Committee meeting to order at 1:02 p.m.

ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE

Committee members present were Ophelia Basgal, Keith Carson, and Darryl Walker arrived after the roll call. Other Board members present were Dale Amaral, Jaime Godfrey, and alternate Nancy Reilly.

Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Harsh Jadhav, Chief of Internal Audit; Jeff Rieger, Chief Counsel; Jessica Huffman, Benefits Manager; Vijay Jagar, Retirement Chief Technology Officer; and Betty Tse, Chief Investment Officer.

PUBLIC COMMENT

None

ACTION ITEMS

None

INFORMATION ITEMS

Internal Audit

1. Progress report on the Internal Audit Plan

Staff reviewed the internal audit plan. The Committee Chair requested Trustees and ACERA's Auditor to provide any areas they feel should be looked at for possible audits.

2. Review completed audits

The following completed audits were reviewed:

- Alameda Health System PEPRA Audit and
- Pension Benefits Calculation Audit

Audit Committee Meeting Summary

October 21, 2021

Page 2 of 2

TRUSTEE INPUT AND DIRECTION TO STAFF

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

TBD

MEETING ADJOURNED

The meeting adjourned at 1:43 p.m.

CONSENT CALENDAR ITEM

Proposed Findings Regarding State of Emergency Pursuant to Gov't Code § 54953(e)(3):

Staff Recommendation: Staff Recommendation: The Board find that it has reconsidered the circumstances of the state of emergency and (1) the state of emergency continues to directly impact the ability of the members to meet safely in person, and (2) state or local officials continue to impose or recommend measures to promote social distancing.

CONSENT CALENDAR ITEM

Ratify “Extraordinary Contribution” definition, as added to Actuary Funding Policy and Interest Crediting Policy.



Actuarial Funding Policy

I. Purpose

The purpose of the Actuarial Funding Policy (Policy) is to record the funding objectives and policy set by the Board of Retirement (Board) for the Alameda County Employees' Retirement Association (ACERA). This Policy is to ensure the systematic funding of future benefit payments for members of ACERA. In addition, this Policy records guidelines established by the Board to assist in administering ACERA's retirement fund in a consistent and efficient manner.

II. Assumptions

- A. ACERA is a public employee retirement system that was established in 1948 to provide retirement allowances and other benefits to all permanent General and Safety employees of the County of Alameda and participating special districts.
- B. These benefits are financed through a combination of employee and employer contributions along with the investment return on those contributions. Benefit and contribution level may vary within ACERA depending on the member's classification (General or Safety), tier and by participating employer (the County or one of the Special Districts).
- C. ACERA is governed by the provisions of the County Employees Retirement Law of 1937 (1937 Act). Alameda County adopted Article 5.5 of the 1937 Act. This Article creates a Supplemental Retiree Benefit Reserve (SRBR) through which the Board may pay supplemental benefits to retirees and beneficiaries.
- D. An actuarial valuation is performed annually as of December 31 of each year to determine the contribution rates for the fiscal year that begins 6 months after the valuation date.
- E. This Policy applies to "regular benefits" which refer to the retirement, disability, survivor and withdrawal benefits, and all cost-of-living increases that were adopted by the County

of Alameda (or the special districts) and whose payments are guaranteed by those agencies. This Policy does not cover benefits financed by the SRBR. Also, this Policy does not cover the interest crediting procedure that is used by the Board to allocate earnings among the different reserves (i.e., the valuation reserves used for the “regular benefits” and SRBR for “excess earnings benefits”).

- F. This Policy supersedes any previous actuarial funding policies.

III. Objectives

- A. To achieve long-term full funding of the cost of “retiree benefits” provided by ACERA;
- B. To seek reasonable and equitable allocation of the cost of “retiree benefits” over time;
- C. To minimize volatility of the plan sponsor’s contribution to the extent reasonably possible, consistent with other policy goals; and
- D. To the extent that it does not conflict with the above goals, the Board will try to pool risks across all portions of ACERA to the extent that groups of members have similar benefit provisions, contribution provisions and contribution histories. Separate cost sharing groups will be set up to recognize meaningful differences in benefit structure (e.g., Safety or General), employer contribution history (e.g., payment of Extraordinary Contributions like Pension Obligation Bond payments and credit from reimbursement of implicit retiree health benefit subsidy) and benefit changes for a specific employer.

IV. Funding Requirements and Components

ACERA annual funding requirement for “regular benefits” is comprised of a payment of the Normal Cost and a payment towards the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost and the amount of payment on UAAL are determined by the following three components of this Policy:

- A. Actuarial Cost Method: the techniques to allocate the total Present Value of Future Benefits to each years of service, including all past years;

- B. Asset Smoothing Method: the techniques that spread the recognition of investment gains or losses over a period of time for the purposes of determining the Actuarial Value of Assets used in the actuarial valuation process; and
- C. Amortization Policy: the decisions on how, in terms of duration and pattern of contributions, to reduce the difference between the Actuarial Accrued Liability and the Valuation Value of Assets in a systematic manner.

Actuarial Cost Method:

The Entry Age method shall be applied to the projected retirement benefits in determining the Normal Cost and the Actuarial Accrued Liability. The Normal Cost shall be determined on an individual basis for each active member.

Asset Smoothing Method:

The investment gains or losses of each valuation period, as a result of comparing the actual market return and the expected market return, shall be recognized semi-annually in level amounts over 5 years in calculating the Actuarial Value of Assets. Total Net Deferred investment gains or losses cannot exceed 40% of the Market Value of Assets. Note that the Valuation Value of Assets is the Actuarial Value of Assets reduced by any applicable Non-Valuation Reserves, as defined in ACERA's Interest Crediting Policy.

A separate five-year asset smoothing schedule that excludes any known deferred investment gains or losses carried over from periods through June 30, 2021 before the County made a voluntary additional Safety UAAL contribution and the Livermore Area Recreation and Park District (LARPD) made a voluntary additional General UAAL contribution will apply to the amounts in the County Safety Voluntary Contribution Reserve and LARPD General Voluntary Contribution Reserve attributable to such voluntary contributions (including previously credited interest) until the contributions have been on deposit for five years. Thereafter, the same five-year asset smoothing schedule used for the other valuation reserves will be used for the outstanding balance of amounts attributable to those contributions.

Amortization Policy:

- A. The UAAL, (i.e., the difference between the Actuarial Accrued Liability and the Valuation Value of Assets), as of December 31, 2011 shall be amortized separately from any future changes in UAAL over a period of 21 years from December 31, 2011.

- B. After December 31, 2011, any new UAAL as a result of actuarial gains or losses identified in the annual valuation as of December 31 will be amortized over a period of 20 years.
- C. After December 31, 2011, any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period of 20 years.
- D. A County voluntary Safety UAAL contribution to the County Safety Voluntary Contribution Reserve, and accrued interest thereon, will be used to offset the County's Safety UAAL contributions that would otherwise be required of the County over a period determined by the Board. The annual actuarial valuation report will show both (1) the County's Safety contribution rate in the absence of such transfers, and (2) the County's actual Safety contribution rate, which takes account of such transfers.

An LARPD voluntary General UAAL contribution to the LARPD General Voluntary Contribution Reserve, and accrued interest thereon, will be used to offset LARPD's General UAAL contributions that would otherwise be required of LARPD over a period determined by the Board. The annual actuarial valuation report will show both (1) LARPD's General contribution rate in the absence of such transfers, and (2) LARPD's actual General contribution rate, which takes account of such transfers.

- E. Unless an alternative amortization period is recommended by the Actuary and accepted by the Board based on the results of an actuarial analysis:
 - 1. With the exception noted in 2., below, the change in UAAL as a result of any plan amendments will be amortized over a period of 15 years or less;
 - 2. The increase in UAAL resulting from a temporary retirement incentive, including the impact of benefits resulting from additional service permitted under Section 31641.04 of the 1937 CERL (Golden Handshake), will be funded over a period of up to 5 years.
- F. UAAL shall be amortized over "closed" amortization periods so that the remaining amortization period for each layer decreases by one year with each actuarial valuation.
- G. UAAL shall be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of

covered payroll, taking into consideration the current assumption for general payroll increase.

- H. If an overfunding exists (i.e., the total of all UAAL becomes negative so that there is a surplus) and the amount of such surplus is in excess of 20% of the AAL per Section 7522.52 of PEPRA, such surplus that is in excess of 20% of the AAL and any subsequent such surpluses will be amortized over an “open” amortization period of 30 years. Any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL will be amortized over 20 years as the first of a new series of amortization layers.
- I. These amortization policy components will apply separately to each of ACERA’s UAAL cost sharing groups.

V. Other Policy Considerations

A. Timing of Contributions

- 1. The contribution rates determined in each valuation (as of December 31) will apply to the fiscal year that begins after the date of the valuation. The UAAL contribution rates in the actuarial valuation are not adjusted in advance to account for this delay.
- 2. Any change in contribution rate requirement that results from a plan amendment (including a change in member contribution rates) is generally implemented as of the effective date of the plan amendment or as soon as administratively feasible.
- 3. For purposes of calculating employer contributions, the employer and member contributions are assumed to be made during consistent intervals throughout the year.

B. Cost Groups

Separate cost groups will be set up in order to recognize differences in benefit structure (e.g., General Tiers 1 through 4 and Safety Tiers 1, 2, 2C, 2D and 4), member contribution levels, employer contribution history (e.g., payment of Extraordinary Contributions like Pension Obligation Bond (POB) payments as well as any credit from reimbursement of

implicit retiree health benefit subsidy), and other differences that the Board deems significant, such as benefit changes for a specific employer.

An employer may be contributing to one or more different cost groups depending on the benefit structure adopted for its employees.

1. ACERA's total (employer and member) Normal Cost is determined separately for each group of members that have the same benefit formula (on a prospective basis) based on the Actuarial Cost Method described above. This means that to the extent that members have the same plan provisions for future benefit accruals, then the total Normal Cost (as a percentage of payroll) for those employers will be the same.
2. The net employer Normal Cost is calculated by reducing the total Normal Cost for expected member contributions. This is done separately for each of the different member contribution arrangements and benefit structures that exist for the various employers. The various member contribution arrangements are described in more detail in the actuarial valuation report.
3. ACERA's UAAL is determined separately based on contribution and benefit history. This means that there could be separate calculations of AAL for cost groups that have significantly different contribution histories, or prior benefit accrual provisions (e.g., General versus Safety). Plan assets are tracked separately for groups with different UAAL contribution histories unless otherwise established by the Board.
4. There is a further adjustment made to the UAAL contribution rate for LARPD General Tiers 3 and 4 to account for the District's Tier 3 employees receiving the 2.5% @ 55 formula for past service and the payment of the District's other UAAL as a level percent of payroll over a closed amortization period. This adjustment is described in more detail in the actuarial valuation report.
5. The outstanding balance in the County Safety Voluntary Contribution Reserve and the LARPD General Voluntary Contribution Reserve will be adjusted with interest under the Interest Crediting Policy and to account for transfers from those Reserves to the Employer Advance Reserve and the Cost-of-Living Reserve to offset the Safety UAAL contributions that would otherwise be required of the County and the General UAAL contributions that would otherwise be required of LARPD. The Actuary will monitor the available contribution offset and

recommend modifications to the Board if actual experience causes significant changes to the offset expected from those Reserves.

VI. Glossary of Funding Policy Terms

Present Value of Future Benefits (PVB): the present value at a particular point in time of all projected future benefit payments for current plan members. The future benefit payments and the present value of those payments are determined using actuarial assumptions as to future events. Examples of these assumptions are estimates of retirement patterns, salary increases, investment returns, etc. Another way to think of the PVB is that if the plan has assets equal to the PVB and all actuarial assumptions are met, then no future contributions would be needed to provide all future service benefits for all current members, including future service and salary increases for current active members.

Actuarial Cost Method: allocates a portion of the total cost (PVB) to each year of service, both past service and future service.

Normal Cost (NC): the cost allocated under the Actuarial Cost Method to each year of active member service.

Entry Age Actuarial Cost Method: A funding method that calculates the Normal Cost as a level percentage of pay over the working lifetime of the plan's members.

Actuarial Accrued Liability (AAL): the value at a particular point in time of all past Normal Costs. This is the amount of assets the plan would have today if the current plan provisions, actuarial assumptions and participant data had always been in effect, contributions equal to the Normal Cost had been made and all actuarial assumptions came true.

Market Value of Assets (MVA): the fair value of assets of the plan as reported in the plan's audited financial statements.

Actuarial Value of Assets (AVA) or smoothed value: a market-related value of the plan assets. The AVA tracks the market value of assets over time and smoothes out short-term fluctuations in market values.

Valuation Value of Assets (VVA): the value of assets used in the actuarial valuation to determine contribution rate requirements. It is equal to the Actuarial Value of Assets reduced by the value of any applicable Non-Valuation Reserves as defined in ACERA's Interest Crediting Policy. In particular, the VVA will not include assets allocated to the SRBR.

Unfunded Actuarial Accrued Liability (UAAL): the positive difference, if any, between the AAL and the VVA.

Surplus: the positive difference, if any, between the VVA and the AAL.

Actuarial Gains and Losses: changes in UAAL or surplus due to actual experience different from what is assumed in the actuarial valuation. For example, if during a given year the assets (after smoothing) earn more than the investment return assumption, the amount of earnings above the assumption will cause an unexpected reduction in UAAL, or “actuarial gain” as of the next valuation. Actuarial gains and losses include contribution gains and losses that result from actual contributions made being greater or less than the level determined under this Policy.

Extraordinary Contribution: A participating employer’s voluntary UAAL contribution to ACERA that is in addition to the employer’s required annual UAAL contributions.

VII. Policy Modification

The Actuarial Committee, or other committee designated by the Board, shall review this policy at least every three (3) years. The Committee shall make recommendations to the Board concerning any improvements or modifications it deems necessary.

VIII. Policy History

- A. The Board adopted this Policy on September 18, 2014.
- B. The Board approve this Policy, without revisions, November 8, 2018.
- C. The Board revised this Policy on May 20, 2021.
- D. The Board revised this Policy on October 21, 2021.



Interest Crediting Policy

I. Purpose

The purpose of this policy is to establish the process to be used by the Alameda County Employees' Retirement Association ("ACERA") to credit semi-annual interest to reserves. This policy shall include, but may not be limited to, the following:

- A. Defining the reserves maintained by ACERA;
- B. Determining the regular and excess rates of interest at which reserves are to be credited;
and
- C. Determining the priorities and sequence by which interest will be credited to the reserves.

II. Objectives

The policy has been developed with the following objectives:

- A. To comply with appropriate legal and regulatory requirements.
- B. To maintain consistency between the reserving structure and the actuarial funding of ACERA.
- C. To limit, to the extent possible, the volatility of interest crediting from period to period.
- D. To limit, to the extent possible, the charging of losses to valuation reserves.
- E. To assure that the reserve values track the market value of assets over the long term.

III. Governing Law

ACERA is governed by provisions of the County Employees Retirement Law of 1937 (“CERL”), as well as other federal and State laws relating to public retirement systems.

CERL generally governs interest crediting and excess earnings. Under CERL, interest is credited on June 30 and December 31 each year to all contributions, reserves, and accounts in the retirement fund which have been on deposit for 6 months. Various reserves and designations are established and maintained by the Board under procedures adopted by the Board pursuant to Article 5.5 of CERL.

IV. Reserves

ACERA maintains the following reserves:

A. Valuation Reserves

1. Member Deposit Basic and Cost-of-Living Reserves – The reserves to which member contributions are credited. These contributions may be refunded to the member upon separation from service or left on deposit by the member upon separation from service (deferred retirement). Upon retirement of a member, transfers are made to Annuity and Cost-of-Living Reserves.
2. Employer Advance (Basic) Reserve – The reserve to which basic employer contributions are credited, including amounts made directly to the retirement plan as well as amounts made to the 401(h) Reserve Account for payment of estimated retiree health benefits (OPEB) for the next fiscal year but reimbursed with a transfer from the SRBR. Upon retirement of a member, a transfer is made to Pension (Current and Prior) Reserves (Pension).
3. Cost-of-Living Reserve – The reserve to which cost-of-living employer contributions are credited and Member Cost-of-Living contributions for new retirees are transferred when the member retires.
4. Retired Member Reserves (Annuity & Pension) – The reserves to which transfers are made from Member Deposit Basic and Employer Advance (Basic) Reserve at the time of a member’s retirement. The total of these reserves should equal the present value of the total benefits (excluding cost-of-living increases) due all

retirees and eligible beneficiaries had there been no actuarial gains or losses and changes in actuarial assumptions.

5. Survivor Death Benefit Reserve – The reserve is credited with the present value of death and survivor benefits expected to be paid upon the death of an active member.
6. County Safety Voluntary Contribution Reserve and Livermore Area Recreation and Park District (LARPD) General Voluntary Contribution Reserve – The reserves to which the County's voluntary contributions to pay Unfunded Actuarial Accrued Liability (UAAL) associated with the County's past and present Safety employees and LARPD's voluntary contributions to pay UAAL associated with LARPD's past and present General employees are credited. Pursuant to the Board's Actuarial Funding Policy, the County Safety Voluntary Contribution Reserve and the LARPD General Voluntary Contribution Reserve will be subject to a separate five-year asset smoothing schedule that excludes any known deferred investment gains or losses carried over from periods through June 30, 2021 before the County and LARPD made their voluntary contributions. Five years after the County and LARPD made such contributions, the same five-year asset smoothing schedule that is used to calculate interest for the other valuation reserves will then be used for amounts in the County Safety Voluntary Contribution Reserve and LARPD General Voluntary Contribution Reserve that are attributable to such contributions.

B. Non-Valuation Reserves

- i. Contingency Reserve Account – The reserve is maintained in an amount equal to 1% of the total market value of assets to provide funds to offset future deficiencies in interest earnings, losses on investment or other contingencies. This reserve consists of the minimum 1% required pursuant to Section 31616. If the Contingency Reserve is negative, then it will be included as an offset to the valuation value of assets used to determine the employers' contribution rates in the annual actuarial valuation. The Board may transfer funds from the Contingency Reserve to different valuation reserves at different rates (including no transfer at all to one or more valuation reserves) in order to take account of the timing of the County and LARPD's Extraordinary Contributions to ACERA in a manner that is equitable to all employers and the SRBR.

2. 401(h) Reserve Account – The reserve is credited with employer contributions in an amount sufficient for payment of estimated retiree health benefits (OPEB) for the next fiscal year. Once the employers make the contributions to this Account, there will be a reimbursement to the Employer Advance Reserve through a transfer from the SRBR.
3. Supplemental Retiree Benefit Reserve (SRBR) – This reserve is used for the payment of benefits provided to members who are retired or beneficiaries as determined by the Board in accordance with Section 31618 of the CERL. For book-keeping purposes only, the SRBR Reserve is divided into two parts:
 - a. OPEB Reserve – This reserve is used to fund discretionary retiree health benefits.
 - b. Non-OPEB Reserve – This reserve is used to fund discretionary supplemental COLA benefits and to fund vested \$1,000 lump sum death benefits.

C. Financial Statement Reserves and Accounts

Market Stabilization Reserve – The difference between the current market value of assets and the actuarial value of assets used to establish the above reserves.

V. Guidelines

- A. “Available Earnings” are determined on current period earnings of the fund calculated on the actuarial value of assets as determined under the Board’s funding policy, plus any positive balance in the Contingency Reserve.
- B. Credit regular interest at the assumed annual valuation interest rate on the valuation reserves, the 401(h) Reserve Account and the SRBR. Earnings will be credited twice each year to all reserves that have been on deposit for six full months, in accordance with Section 31615 of the CERL. The crediting of interest will take effect on June 30 and December 31 of each year.
- C. Maintain a 1% Contingency Reserve Account required pursuant to Section 31616. (It should be noted that an additional amount up to 2% may be included at the discretion of

the Board as permitted by Section 31616. The Board's current policy is not to include any such additional discretionary amount.)

- D. Any Available Earnings remaining after crediting full interest to valuation reserves, the 401(h) Reserve Account, the SRBR, and restoring the Contingency Reserve Account to its target level constitute Excess Earnings. The Excess Earnings will be allocated in the following manner:
 - 1. Allocate one-half to the Unallocated SRBR.
 - 2. Allocate the other one-half of the remaining earnings to the valuation reserves and the 401(h) Reserve Account in proportion to the amounts in each of those reserves.
- E. The Glossary of terms is attached as Exhibit A.

VI. Regular Interest Crediting Process

Step 1 Determine "Available Earnings" for accounting period as the sum of:

- A. Earnings of the retirement fund for the period based on actuarial value of assets, expressed in dollars. This could be a negative amount.
- B. Any positive balance in the Contingency Reserve Account.
- C. If sum of A. and B. is negative, such negative amount is credited only to the Contingency Reserve Account but not to the valuation reserves, the 401(h) Reserve Account or the SRBR.

Step 2 Credit interest to the valuation reserves, the 401(h) Reserve Account, and the SRBR

- A. If in the prior accounting period the Contingency Reserve Account was reduced below 1% to meet the interest crediting requirements under Step 2 in the prior period, transfer Available Earnings from the current period into the Contingency Reserve Account to restore it to 1% of total assets.

- B. Credit the valuation reserves, the 401(h) Reserve Account and the SRBR at a rate up to one-half of the assumed annual valuation interest rate, if there are enough Available Earnings.

Available Earnings outlined in Step 1 (A) above for crediting to the County Safety Voluntary Contribution Reserve and the LARPD General Voluntary Contribution Reserve will be determined without regard to any known deferred investment gains or losses carried over from periods through June 30, 2021 before the County and LARPD made their additional UAAL contributions to those Reserves.

Interest will be credited to the County Safety Voluntary Contribution Reserve and LARPD General Voluntary Contribution Reserve using the weighted outstanding balance of those Reserves after taking into consideration periodic transfers made from those Reserves to the Employer Advance Reserve and the Cost-of-Living Reserve to offset the County's Safety UAAL and LARPD's General UAAL contribution requirements.

The Board may transfer funds from the Contingency Reserve to different valuation reserves at different rates (including no transfer at all to one or more valuation reserves) in order to take account of the timing of the County and LARPD's Extraordinary Contributions to ACERA in a manner that is equitable to all employers and the SRBR.

- C. Deduct the interest credited above from Available Earnings which includes the Contingency Reserve Account even if that Account was just restored to 1% in Step 2A¹. If the amount of interest credited is more than the Available Earnings, credit in Step 2B only up to the amount of the Available Earnings.

Step 3 Maintain a Contingency Reserve of 1%

Transfer from any remaining Available Earnings from Step 2C into the Contingency Reserve the amount required to maintain a Contingency Reserve of 1% of total assets.

¹ Restoring the Contingency Reserve to 1% in Step 2A and immediately including the amount in that Reserve as Available Earnings in Step 2C in the same interest crediting period would have the effect of not restoring the 1% Contingency Reserve for use in the subsequent interest crediting period until Step 3, i.e., until after crediting interest to all the reserves in Step 2B. This order of crediting interest to the Reserves has been researched by ACERA's legal counsel and determined to be a reasonable exercise of discretion available to the Board in accordance with Government Code Section 31616. It would also result in more stable pattern of interest crediting in some situations, based on scenarios developed by ACERA's actuary.

VII. Excess Interest Crediting Process

Apply any remaining available earnings (excess earnings) as follows:

- A. Allocate one-half of any remaining earnings to the SRBR.
- B. Allocate the other one-half of the remaining earnings to the valuation reserves and the 401(h) Reserve Account in proportion to the amounts in each of those reserves, on the balance in the fund for at least six full months.

The above allocation to the County Safety Voluntary Contribution Reserve and the LARPD General Voluntary Contribution Reserve will be determined without regard to any known deferred investment gains or losses carried over from periods through June 30, 2021 before the County and LARPD made their additional UAAL contributions to those Reserves.

The above allocation to the County Safety Voluntary Contribution Reserve and LARPD General Voluntary Contribution Reserve will be made using the weighted outstanding balance of those Reserves after taking into consideration periodic transfers made from those Reserves to the Employer Advance Reserve and the Cost-of-Living Reserve to offset the County's Safety UAAL and LARPD's General UAAL contribution requirements.

VIII. Policy Review

This policy has been adopted by a majority vote of the ACERA Board, and can be amended by the ACERA Board by a majority vote. This policy is effective with the six-month interest crediting period ending December 31, 2015. This policy will be reviewed as deemed necessary.

IX. Policy History

- A. The Board adopted this policy on December 17, 2015.
- B. The Board approved this policy, without revisions, on November 8, 2018.
- C. The Board revised this policy on May 20, 2021.
- D. The Board reviewed this policy on October 21, 2021.



Interest Crediting Policy – Exhibit A

Exhibit A

Glossary

Actuarial Terms and Definitions

The following list defines certain technical terms relevant to the Regular Interest and Excess Interest Crediting Policy for the convenience of the reader:

Investment Return

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain, and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return reflects a smoothing of market gains and losses to avoid significant swings in the value of assets from one year to the next.

Actuarial Value of Assets

Market value of assets less unrecognized market value gains and losses from each of the last five years. Market value gains and losses are equal to the difference between the actual market return and the expected return on the market value, and are recognized semi-annually over a five-year period. The actuarial value of assets is limited to no greater than 140% or less than 60% of the market value of assets.

Valuation Value of Assets

The actuarial value of assets reduced by the value of the Non-Valuation Reserves (401(h) Reserve Account, SRBR and Contingency Reserve (unless negative).

Assumed Annual Valuation Interest Rate

This is the interest rate adopted by the Board from the actuarial valuation that established the employer and employee contribution rates for that fiscal year.

Extraordinary Contribution

A participating employer's voluntary UAAL contribution to ACERA that is in addition to the employer's required annual UAAL contributions.


**Operating Expenses as of September 30, 2021
For review under November 18, 2021
Board “Consent Calendar”**



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: November 18, 2021

TO: Members of the Board of Retirement

FROM: David Nelsen, Chief Executive Officer 

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

ACERA's operating expenses are \$1,488K under budget for the period ended September 30, 2021. Budget overages and surpluses worth noting are as follows:

Budget Overage

1. *Professional Fees:* Professional Fees are \$42K over budget. This amount comprises overage in actuarial fees of \$107K mainly due to consultancy related to County and LARPD additional UAAL contributions, offset by surplus in legal fees of (\$59K) partially due to transfer from contingency fund, benefit consultant fees of (\$1K), and external audit fees of (\$5K).

Budget Surpluses

2. *Staffing:* Staffing is \$893K under budget. This amount comprises surplus in staff vacancies of (\$280K) and fringe benefits of (\$755K), offset by an overage in temporary staffing of \$142K due to vacant positions filled by temporary staff.
3. *Staff Development:* Staff Development is \$108K under budget due to savings from unattended staff trainings and conferences.
4. *Office Expense:* Office Expense is \$102K under budget. This amount comprises surpluses in printing and postage of (\$12K) and office maintenance and supplies of (\$35K) both due to savings in usage, communication expenses of (\$8K), building expenses of (\$2K), interest and amortization expense of (\$2K), bank charges and miscellaneous administration of (\$14K) mainly due to savings from security expense of investment committee meetings and active for life expenses, equipment lease and maintenance of (\$16K) mainly due to savings from overall equipment maintenance, and minor equipment and furniture of (\$13K) due to savings from ergonomic equipment and furniture expenses.
5. *Insurance:* Insurance is \$26K under budget.
6. *Member Services:* Member Services are \$31K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$45K) due to reduction in number of legal arbitration cases, members' printing and postage of (\$16K), and member training and education of (\$2K), offset by overages in virtual call center of \$18K due to increase in usage and additional functionality added, and disability medical expense of \$13K due to increase in disability cases.

Operating Expenses Budget Summary for the period ended September 30, 2021

7. *Systems:* Systems are \$71K under budget. This amount comprises surpluses in software maintenance and support of (\$101K) mainly due to delay in IT projects and capitalization of Great Plains upgrade expenses, offset by overages minor computer hardware of \$4K, business continuity expense of \$21K due to higher usage of amazon workspace, and county data processing of \$5K.
8. *Board of Retirement:* Board of Retirement is \$300K under budget. This amount comprises surpluses in board conferences and trainings of (\$154K) mainly due to unattended trainings and conferences, board employer reimbursement of (\$132K) mainly due to adjustment of previous year's overpayments, board miscellaneous expenses of (\$13K), and board compensation of (\$1K).

Staffing Detail

Permanent vacant positions as of September 30, 2021:

| Department | Position | QTY | Comments |
|------------------------|----------------------------------|----------|---|
| Administration | Administrative Assistant | 1 | Vacant - currently budgeted until 12/2021 |
| Benefits | Administrative Specialist II | 1 | Vacant - currently budgeted until 12/2021 |
| Benefits | Retirement Benefit Specialist | 1 | Vacant - currently budgeted until 12/2021 |
| Fiscal | Financial Services Specialist II | 1 | Vacant - currently budgeted until 12/2021 |
| Investments | Investment Operation Officer | 1 | Vacant - currently budgeted until 12/2021 |
| Investments | Investment Analyst | 1 | Vacant - currently budgeted until 12/2021 |
| Total Positions | | 6 | |

| Pension Administration System Project as of September 30, 2021 | | | | | |
|---|----------------|------------------|------------------|------------------|------------------|
| All amounts are in \$ | Year-To-Date | | | 2021 Budget | 2019-20 Actual |
| | Actual | Budget | Variance | | |
| Consultant Fees | | | | | |
| Levi, Ray and Shoup | 28,337 | 513,000 | (484,663) | 683,000 | 1,085,179 |
| Segal | 262,460 | 288,000 | (25,540) | 384,000 | 800,450 |
| Other expenses | - | 37,800 | (37,800) | 50,000 | 1,500 |
| Leap Technologies | - | - | - | - | 98,970 |
| Total | 290,797 | 838,800 | (548,003) | 1,117,000 | 1,986,099 |
| Staffing | 468,421 | 463,250 | 5,171 | 627,000 | 881,052 |
| TOTAL | 759,219 | 1,302,050 | (542,831) | 1,744,000 | 2,867,151 |

Attachments:

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



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

| YEAR TO DATE - ACTUAL VS. BUDGET | | | | | |
|--|----------------------|----------------------|-----------------------|----------------------|----------------------|
| <u>September 30, 2021</u> | | | | | |
| | Actual | Budget | YTD | 2021 | % Actual to |
| | <u>Year-To-Date</u> | <u>Year-To-Date</u> | <u>Variance</u> | <u>Annual</u> | <u>Annual Budget</u> |
| | | | <u>(Under)/Over</u> | <u>Budget</u> | |
| Staffing | \$ 11,067,990 | \$ 11,961,000 | \$ (893,010) | \$ 16,049,000 | 69.0% |
| Staff Development | 104,818 | 212,355 | (107,537) | 274,000 | 38.3% |
| Professional Fees (Next Page) | 1,012,031 | 969,760 | 42,271 | 1,178,000 | 85.9% |
| Office Expense | 325,241 | 427,400 | (102,159) | 574,000 | 56.7% |
| Insurance | 584,549 | 610,080 | (25,531) | 825,000 | 70.9% |
| Member Services | 315,654 | 346,700 | (31,046) | 464,000 | 68.0% |
| Systems | 843,982 | 914,950 | (70,968) | 1,202,000 | 70.2% |
| Depreciation | 88,776 | 89,000 | (224) | 118,000 | 75.2% |
| Board of Retirement | 183,990 | 484,110 | (300,120) | 675,000 | 27.3% |
| Uncollectable Benefit Payments | - | - | - | 68,000 | 0.0% |
| Total Operating Expense | \$ 14,527,031 | \$ 16,015,355 | \$ (1,488,324) | \$ 21,427,000 | 67.8% |
| Investment Consultant Fees | 985,885 | 1,047,900 | (62,015) | 1,399,000 | 70.5% |
| Investment Custodian Fees | 431,504 | 454,500 | (22,996) | 606,000 | 71.2% |
| Investment Manager and Incentive Fees | 52,371,752 | 36,704,250 | 15,667,502 | 48,942,000 | 107.0% |
| Other Investment Expenses | (463,902) | 319,500 | (783,402) | 426,000 | -108.9% |
| Total Portfolio Management Investment Expense | \$ 53,325,239 | \$ 38,526,150 | \$ 14,799,089 | \$ 51,373,000 | 103.8% |
| Total Operating and Portfolio Management Investment Expense | \$ 67,852,270 | \$ 54,541,505 | \$ 13,310,765 | \$ 72,800,000 | 93.2% |



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET

September 30, 2021

| | <u>Actual</u> <u>Year-To-Date</u> | <u>Budget</u> <u>Year-To-Date</u> | <u>YTD Variance</u> <u>(Under)/Over</u> | <u>2021</u> <u>Annual</u> <u>Budget</u> | <u>% Actual to</u> <u>Annual Budget</u> |
|--|--------------------------------------|--------------------------------------|--|---|--|
| Professional Fees | | | | | |
| Consultant Fees - Operations and Projects ¹ | \$ 248,434 | \$ 249,570 | \$ (1,136) | \$ 333,000 | 74.6% |
| Actuarial Fees ² | 475,148 | 367,470 | 107,678 | 415,000 | 114.5% |
| External Audit ³ | 152,127 | 157,000 | (4,873) | 157,000 | 96.9% |
| Legal Fees ⁴ | 136,322 | 195,720 | (59,398) | 273,000 | 49.9% |
| Total Professional Fees | \$ 1,012,031 | \$ 969,760 | \$ 42,271 | \$ 1,178,000 | 85.9% |

| | <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: | | | | | |
| Benefits | | | | | |
| Alameda County HRS (Benefit Services) | 94,500 | 94,500 | - | 126,000 | 75.0% |
| Segal (Benefit Consultant/Retiree Open Enrollment) | 95,400 | 97,470 | (2,070) | 130,000 | 73.4% |
| Total Benefits | 189,900 | 191,970 | (2,070) | 256,000 | 74.2% |
| Human Resources | | | | | |
| Lakeside Group (County Personnel) | 58,534 | 57,600 | 934 | 77,000 | 76.0% |
| Total Human Resources | 58,534 | 57,600 | 934 | 77,000 | 76.0% |
| Total Consultant Fees - Operations | \$ 248,434 | \$ 249,570 | \$ (1,136) | \$ 333,000 | 74.6% |
| ² ACTUARIAL FEES | | | | | |
| Actuarial valuation | 79,000 | 79,000 | - | 79,000 | 100.0% |
| GASB 67 & 68 Valuation | 49,000 | 49,000 | - | 49,000 | 100.0% |
| GASB 74 & 75 Actuarial | 14,500 | 15,000 | (500) | 15,000 | 96.7% |
| Actuarial Standard of Practice 51 Pension Risk | 25,000 | 40,000 | (15,000) | 40,000 | 62.5% |
| Supplemental Consulting | 265,648 | 142,470 | 123,178 | 190,000 | 139.8% |
| Supplemental Retiree Benefit Reserve valuation | 42,000 | 42,000 | - | 42,000 | 100.0% |
| Total Actuarial Fees | \$ 475,148 | \$ 367,470 | \$ 107,678 | \$ 415,000 | 114.5% |
| ³ EXTERNAL AUDIT | | | | | |
| External audit | 131,940 | 132,000 | (60) | 132,000 | 100.0% |
| GASB 67 & 68 audit | 10,819 | 13,000 | (2,181) | 13,000 | 83.2% |
| GASB 74 & 75 audit | 9,368 | 12,000 | (2,632) | 12,000 | 78.1% |
| Total External Audit Fees | \$ 152,127 | \$ 157,000 | \$ (4,873) | \$ 157,000 | 96.9% |
| ⁴ LEGAL FEES | | | | | |
| <u>Fiduciary Counseling & Litigation</u> | | | | | |
| Nossaman - Fiduciary Counseling | 14,657 | 14,933 | (276) | 44,000 | |
| Reed Smith - Fiduciary Counseling | 5,905 | 8,833 | (2,929) | 10,000 | |
| Nossaman - Litigation | 22,997 | 28,133 | (5,136) | 42,000 | |
| Reed Smith - Litigation | 64,521 | 71,000 | (6,479) | 80,000 | |
| Subtotal | 108,080 | 122,900 | (14,820) | 176,000 | 61.4% |
| <u>Tax and Benefit Issues</u> | | | | | |
| Hanson Bridgett | 11,811 | 21,800 | (9,989) | 29,000 | |
| Subtotal | 11,811 | 21,800 | (9,989) | 29,000 | 40.7% |
| <u>Miscellaneous Legal Advice</u> | | | | | |
| Meyers Nave | 16,432 | 51,020 | (34,588) | 68,000 | |
| Subtotal | 16,432 | 51,020 | (34,588) | 68,000 | 24.2% |
| Total Legal Fees | \$ 136,322 | \$ 195,720 | \$ (59,398) | \$ 273,000 | 49.9% |

CONSENT CALENDAR ITEM

**Quarterly Cash Forecast as of
September 30, 2021**

**For review under November 18, 2021
Board “Consent Calendar”**



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: November 18, 2021

TO: Members of the Board of Retirement

FROM: David Nelsen, Chief Executive Officer *DN*

SUBJECT: Quarterly Actual Cash and Forecast as of September 30, 2021

Executive Summary

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

- Table 1 is the annual cash forecast from October 2021 to September 2022, which roll forward monthly as the year progresses; and,
- Tables 2 through 4 is the annualized, 5-year actual cash management information. Please note that the current year 2021 comprises the nine months actual and three months forecast information.

Table 1 provides the current forecasted negative cash position for the period spanning October 2021 to September 2022. The average monthly negative cash position for the referenced period is \$22,575,858. Excluding the three three-pay-period months i.e., October 2021, April 2022, and September 2022, annotated by an *. The year-over-year increase in average monthly forecasted negative cash position compared to the same period in 2020-2021 is \$3,866,724 mainly due to decrease in county contributions of approximately \$3 million per pay period due to amortization of additional contribution made by the county in 2021.

| Table 1 Annual Cash Forecast from October 2021 to September 2022 | | | |
|---|-----------------------|----------------------------|-------------------------------|
| Month-Year | Total Receipts | Total Disbursements | Negative Cash Position |
| Oct-21* | \$ 43,356,410 | \$ 54,057,457 | \$ (10,701,047) |
| Nov-21 | 30,177,963 | 52,921,019 | (22,743,055) |
| Dec-21 | 29,870,142 | 53,014,580 | (23,144,438) |
| Jan-22 | 31,143,127 | 53,608,937 | (22,465,810) |
| Feb-22 | 31,235,307 | 53,702,499 | (22,467,192) |
| Mar-22 | 31,327,486 | 53,796,061 | (22,468,575) |
| Apr-22* | 46,954,498 | 54,477,122 | (7,522,624) |
| May-22 | 31,511,845 | 53,983,184 | (22,471,339) |
| Jun-22 | 31,604,024 | 54,076,745 | (22,472,722) |
| Jul-22 | 31,696,203 | 54,170,307 | (22,474,104) |
| Aug-22 | 31,788,382 | 54,263,869 | (22,475,486) |
| Sep-22* | 47,645,842 | 54,944,930 | (7,299,088) |
| Total | \$ 418,311,230 | \$ 647,016,710 | \$ (228,705,480) |
| Average | \$ 31,150,498 | \$ 53,726,356 | \$ (22,575,858) |

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

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

| Table 2 | | | |
|----------------------------------|---|----------------------------|--------------------------|
| 5-Year Annual Cash Inflow | | | |
| Year | Total Contributions, Misc. Cash Receipts, etc. | Cash Draw from SSB* | Total Cash Inflow |
| 2021 | \$ 416,550,403 | \$ 276,000,000 | \$ 692,550,403 |
| 2020 | 413,586,022 | 247,200,000 | 660,786,022 |
| 2019 | 401,756,315 | 232,000,000 | 633,756,315 |
| 2018 | 361,633,074 | 224,000,000 | 585,633,074 |
| 2017 | 335,099,875 | 217,350,000 | 552,449,875 |

Table 2. Annualized inflow of total cash receipts. The Cash Draw from SSB, in the second column is the actual net cash drawn from ACERA's investment portfolio.

| Table 3 | | | |
|-----------------------------------|---|----------------------------|---------------------------|
| 5-Year Annual Cash Outflow | | | |
| Year | Retiree Payroll, Accounts Payable, ACERA Payroll, etc. | Cash Return to SSB* | Total Cash Outflow |
| 2021 | \$ 626,534,037 | \$ 67,200,000 | \$ 693,734,037 |
| 2020 | 597,872,011 | 64,013,096 | 661,885,107 |
| 2019 | 570,574,725 | 60,500,000 | 631,074,725 |
| 2018 | 534,704,781 | 66,503,646 | 601,208,427 |
| 2017 | 502,857,234 | 33,750,000 | 536,607,234 |

Table 3. Annualized outflow of retirement and benefit payments, accounts payable, and ACERA payroll. Excess cash (Cash Return to SSB column) is wired to the SSB H11A account.

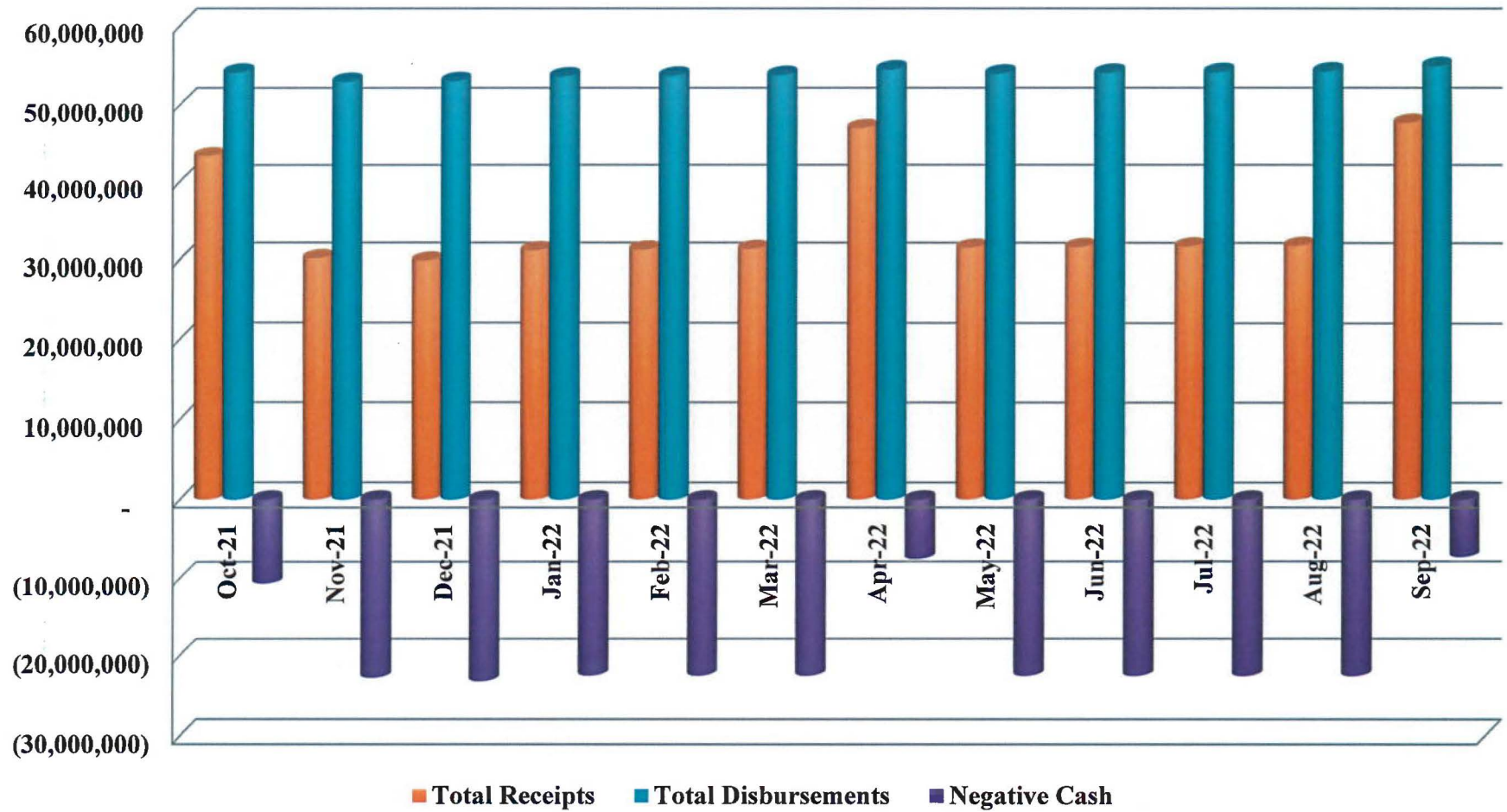
| Table 4 | | | |
|--|-------------------------|-----------------------------------|-----------------------|
| 5-Year Annual Net Cash Position | | | |
| Year | Negative Cash | Net Cash Draw from SSB | Variance |
| 2021 | \$ (209,983,634) | \$ 208,800,000 | \$ (1,183,634) |
| 2020 | (184,285,989) | 183,186,904 | (1,099,085) |
| 2019 | (168,818,410) | 171,500,000 | 2,681,590 |
| 2018 | (173,071,707) | 157,496,354 | (15,575,353) |
| 2017 | (167,757,359) | 183,600,000 | 15,842,641 |

Table 4. Annualized Negative Cash position and the SSB Net Cash Draw. Due to timing differences and end-of-year balance differences, the net cash draw can fluctuate several hundred-thousand dollars in a year-over-year comparison.

* State Street Bank (SSB)

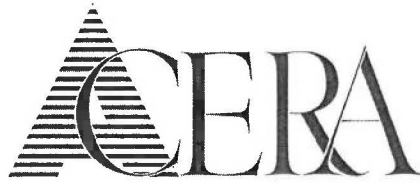
Conclusion: This information is not meant to be statistically inferential in nature; but rather, it presents facts about ACERA's negative cash position on a 5-year annualized basis. Future analysis of this information can be undertaken to evaluate specific tendency; however, the current presentation is intended to provide a factual assessment of the actual cash draw down of ACERA's investment portfolio.

Cash Forecast October 2021 - September 2022



CONSENT CALENDAR ITEM

**Quarterly Unaudited Financial Statements
as of September 30, 2021
For review under November 18, 2021
Board “Consent Calendar”**



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: November 18, 2021

TO: Members of the Board of Retirement

FROM: David Nelsen, Chief Executive Officer *DN*

SUBJECT: Quarterly Unaudited Financial Statements as of September 30, 2021

Executive Summary

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

The Fiduciary Net Position Held in Trust and the Change in Fiduciary Net Position compared to the same period in 2020 increased by \$2.70 billion.

Financial Highlights

- Net Position Restricted (Held in Trust for Benefits), as reported on the Statement of Fiduciary Net Position totaled \$11.39 billion. Total Receivables increased by \$23 million, Investments at fair value¹ increased by \$2.72 billion, Capital Assets increased by \$1 million, Cash increased by \$1 million, and Total Liabilities without Security Lending Liability increased by \$47 million.
- The year-over-year Change in Net Position increased by \$1.86 billion. This is due to increase in additions of \$1.88 billion and decrease in deductions of \$20 million as explained below:
 - Total Additions year-over-year increased by \$1.88 billion. This includes, increase in net investment income of \$1.06 billion, increase in contributions¹ of \$819 million, and increase in miscellaneous income of \$1 million.
 - Total Deductions year-over-year decreased by \$20 million. The amount is mainly attributable to the growth in payments of service retirement and disability benefits.

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

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF FIDUCIARY NET POSITION
As of 9/30/2021

| | Year-To-Date 2021 | Year-To-Date 2020 |
|---|------------------------------|------------------------------|
| ASSETS | | |
| Cash (Note 1) | 2,409,834 | 1,311,039 |
| Securities Lending Cash Collateral (Note 2) | 185,020,724 | 106,640,964 |
| Receivables: | | |
| Contributions (Note 3) | 26,471,439 | 27,416,718 |
| Investment Receivables (Note 4a) | 23,929,989 | 20,418,108 |
| Unsettled Trades - Investments Sold | 30,111,613 | 8,254,418 |
| Futures Contracts (Note 5a) | 536,955 | 1,451,926 |
| Swap Contracts (Note 6a) | 0 | 334,285 |
| Foreign Exchange Contracts (Note 7a) | 32,803 | 177,710 |
| Other Receivables (Note 8) | 412,646 | 308,381 |
| Total Receivables | 81,495,445 | 58,361,546 |
| Prepaid Expenses | 576,524 | 541,038 |
| Total Current Assets | 269,502,527 | 166,854,587 |
| Investments - at Fair Value: | | |
| Short-Term Investments (Note 9) | 243,815,337 | 170,105,819 |
| Domestic Equity | 636,222,635 | 444,139,449 |
| Domestic Equity Commingled Funds | 2,467,191,515 | 2,017,322,637 |
| International Equity | 1,415,765,326 | 1,114,433,975 |
| International Equity Commingled Funds (Note 10) | 1,603,276,404 | 1,210,999,536 |
| Domestic Fixed Income | 1,703,451,847 | 1,022,095,747 |
| International Fixed Income | 87,298,774 | 201,658,392 |
| International Fixed Income - Commingled Funds (Note 11) | 86,381,855 | 143,640,024 |
| Real Estate - Separate Properties (Note 12) | 71,936,664 | 72,138,410 |
| Real Estate - Commingled Funds (Note 13) | 560,789,392 | 531,612,286 |
| Real Assets | 700,477,191 | 409,459,337 |
| Absolute Return (Note 14a) | 735,610,816 | 628,892,615 |
| Private Equity (Note 14b) | 934,015,900 | 651,598,706 |
| Private Credit | 139,543,288 | 46,318,279 |
| Total Investments | 11,385,776,945 | 8,664,415,213 |
| Capital Assets at Cost (Net of Accumulated Depreciation and Amortization) (Note 15) | 4,992,727 | 3,879,158 |
| Total Assets | 11,660,272,199 | 8,835,148,958 |
| LIABILITIES | | |
| Securities Lending Liability (Note 2) | 185,020,724 | 106,640,964 |
| Unsettled Trades - Investments Purchased | 54,249,576 | 18,821,852 |
| Investment-Related Payables (Note 4b) | 18,625,149 | 11,089,074 |
| Futures Contracts (Note 5b) | 2,613,250 | 709,183 |
| Foreign Exchange Contracts (Note 7b) | 2,852,879 | 3,423,319 |
| Accrued Administration Expenses (Note 16) | 2,638,261 | 2,479,152 |
| Members Benefits & Refunds Payable (Note 17a) | 7,054,939 | 4,749,688 |
| Retirement Payroll Deductions Payable (Note 17b) | 8,943 | 14,662 |
| Lease Liability | 113,513 | 154,052 |
| Total Liabilities | 273,177,234 | 148,081,944 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Net Position | | |
| Restricted - Held in Trust for Benefits | 11,387,094,964 | 8,687,067,014 |
| Total Net Position | 11,387,094,964 | 8,687,067,014 |

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Nine Months Ending 9/30/2021

| | Year-To-Date 2021 | Year-To-Date 2020 |
|--|------------------------------|------------------------------|
| ADDITIONS | | |
| Contributions: (Note 18) | | |
| Members | 82,559,226 | 80,457,488 |
| Employers | 1,049,223,508 | 232,490,444 |
| Total Contributions | 1,131,782,734 | 312,947,932 |
| From Investment Activities: | | |
| Net Appreciation/(Depreciation) in Fair Value of Investments (Note 19a) | 1,007,407,415 | 12,853,781 |
| Interest | 35,182,694 | 30,693,636 |
| Dividends | 35,940,449 | 27,266,132 |
| Real Estate - Net | 12,248,555 | 16,773,038 |
| Private Equity and Alternatives | 50,326,020 | (20,324,223) |
| Brokers Commissions - Directed Brokerage | 13,651 | 24,574 |
| Sub-Total of Dividends, Interest, Other Investment Income (Note 19b) | 133,711,368 | 54,433,156 |
| Total Income from Investment Activities | 1,141,118,783 | 67,286,937 |
| Total Investment Expenses (Note 20) | (55,313,631) | (41,171,726) |
| Net Income from Investment Activities (Note 21) | 1,085,805,153 | 26,115,212 |
| From Securities Lending Activities: | | |
| Securities Lending Income | 704,282 | 989,349 |
| Securities Lending Expenses | (139,666) | (532,221) |
| Net Income from Securities Lending Activities (Note 22) | 564,616 | 457,129 |
| Total Net Investment Income | 1,086,369,769 | 26,572,340 |
| Miscellaneous Income (Note 23) | 932,075 | 127,441 |
| Total Additions | 2,219,084,578 | 339,647,713 |
| DEDUCTIONS | | |
| Benefits: | | |
| Service Retirement and Disability Benefits (Note 24) | 404,704,225 | 385,447,306 |
| Death Benefits (Note 25) | 2,596,497 | 2,429,014 |
| Supplemental Cost of Living Allowance | 724,258 | 849,778 |
| Retiree Healthcare Program | 34,333,641 | 34,374,010 |
| Total Benefit Payments | 442,358,620 | 423,100,108 |
| Member Refunds | 6,859,702 | 6,516,063 |
| Administration: (Note 26) | | |
| Administrative Expenses | 9,219,562 | 8,953,565 |
| Actuarial Expenses | 433,148 | 345,450 |
| Business Continuity Expenses | 480,619 | 465,353 |
| Legal Expenses | 625,176 | 781,323 |
| Technology Expenses | 667,135 | 614,080 |
| 401(h) Expenses | 1,113,000 | 1,071,750 |
| Total Administration | 12,538,640 | 12,231,521 |
| Total Deductions | 461,756,963 | 441,847,692 |
| Net Increase(Decrease) | 1,757,327,614 | (102,199,979) |
| Net Position Held in Trust for Benefits: | | |
| Net Position - January 1 | 9,629,767,350 | 8,789,266,993 |
| Net Position - September 30 | 11,387,094,964 | 8,687,067,014 |

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

Basis of Accounting

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

(Note 1)

Cash - \$2.41 million

Cash balance is the sum of the funds in the Wells Fargo Bank operating accounts. The increase of \$1.10 million from 1.31 million in September 30, 2020, is primarily due to the timing difference between receipt of contributions and the transfer of funds for retiree payroll and investment.

(Note 2)

Securities Lending Cash Collateral - \$185.02 million

Cash collateral of \$185.02 million and \$106.64 million was held by ACERA related to securities on loan as of September 30, 2021, and September 30, 2020, respectively. This amount is reported as an asset with a corresponding liability for the same amount in compliance with the GASB Statement No. 28.

(Note 3)

Contributions Receivables - \$26.47 million

The receivable balances of September 30, 2021, decreased approximately \$0.95 million from \$27.42 million in September 30, 2020. This is primarily due to a decrease in the County's employer contribution rate for safety membership and the decrease in LARPD's employer contribution rate.

(Note 4)

4a. Investment Receivables - \$23.93 million

The investment receivables balance as of September 30, 2021, increased by \$3.51 million from \$20.42 million for September 30, 2020. The increase is mainly attributed to interest and dividend receivables.

4b. Investment Related Payables - \$18.63 million

The increase of \$7.54 million in investment related payables balance as of September 30, 2021, from \$11.09 million for September 30, 2020 is primarily due to increase in investment managers and incentive fees payable.

(Note 5)

5a. Futures Contracts Receivables - \$0.54 million

The receivable represents unrealized gains on open future contracts. The balance for unrealized gains as of September 30, 2021, and September 30, 2020, were \$0.54 million and \$1.45 million, respectively.

5b. Futures Contracts Payables - \$2.61 million

The payables represents the unrealized losses on open future contracts. The balance for unrealized losses as of September 30, 2021, and September 30, 2020, were \$2.61 million and \$0.71 million, respectively.

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

(Note 6)

6a. Swap Contracts Receivables – none

The receivables represents the amount to be received from counterparties of the swap contracts. The total receivables as of September 30, 2021, were none and September 30, 2020, were \$0.33 million.

(Note 7)

7a. Foreign Exchange Contracts Receivables - \$0.03 million

The receivables represents unrealized gains on foreign exchange contracts. Foreign exchange (FX) contracts include currency forward contracts and spot contracts. As of September 30, 2021, and September 30, 2020, unrealized gains on FX contracts were \$0.03 million and \$0.18 million, respectively. The decrease of \$0.15 million is due to change in number and valuation of contracts and market volatility.

7b. Foreign Exchange Contracts Payables - \$2.85 million

The payables represents unrealized losses on foreign exchange contracts. Foreign exchange (FX) contracts include currency forward contracts and spot contracts. As of September 30, 2021, and September 30, 2020, unrealized losses on FX contracts were \$2.85 million and \$3.42 million, respectively. The decrease in unrealized losses of \$0.57 million is due to change in number and valuation of contracts and market volatility.

(Note 8)

Other Receivables - \$0.41 million

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

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

(Note 9)

Short-Term Investments - \$243.82 million

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

(Dollars in Millions)

| <i>Fund Name</i> | <i>9/30/2021</i> |
|---|-------------------------|
| Unallocated Cash | \$ 81.79 |
| Baird Investors | 59.50 |
| Brandywine | 49.58 |
| Capital Guardian | 13.38 |
| Parametic Portfolio Associates (cash overlay) | 10.61 |
| Loomis | 7.64 |
| Aristotle Capital | 4.64 |
| William Blair Small Cap Growth | 4.27 |
| Kennedy | 4.17 |
| TCW | 3.15 |
| Mondrian | 1.22 |
| Bivium - Dundas Partners | 0.95 |
| Bivium - Radin Capital Partners | 0.68 |
| Bivium - Arga Investment Management | 0.51 |
| Bivium - Global Alpha Capital Mgmt | 0.48 |
| Bivium - Applied Research Management | 0.43 |
| Bivium - Denali Advisors | 0.33 |
| Bivium Redwood Investment | 0.24 |
| Bivium RVX Asset Management LLC | 0.12 |
| AQR Capital Management, LLC | 0.09 |
| Next Century Investors Ultra | 0.02 |
| Transition | 0.02 |
| Total | \$ 243.82 |

(Note 10)

International Equity Commingled Funds - \$1,603.28 million

As of September 30, 2021, and September 30, 2020, the International Equity Commingled Funds were \$1,603.28 million and \$1,211.00 million, respectively. The increase of \$392.28 million is due to additional investments net of distributions and net market appreciation.

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

(Note 11)

International Fixed Income Commingled Funds - \$86.38 million

The decrease of \$57.26 million from the prior year is due to additional distributions net of investments and market depreciation. Disclosure of credit ratings on mutual fund holdings of fixed income portfolio is not required per GASB Statement No. 40.

(Note 12)

Real Estate Separate Properties - \$71.94 million

The following is a summary of Real Estate – Separate Property investments as of September 30, 2021, and September 30, 2020. The year over year decrease of \$0.20 million is due to the market depreciation of the Oakland 14th Street property.

(Dollars in Millions)

| <i>Investment Manager</i> | <i>Net Mkt. Value 9-30-2021</i> | <i>Net Mkt. Value 9-30-2020</i> | <i>No. of Properties 2021</i> | <i>No. of Properties 2020</i> |
|---------------------------|---------------------------------|---------------------------------|-------------------------------|-------------------------------|
| RREEF | \$ 71.94 | \$ 72.14 | 1 | 1 |

(Note 13)

Real Estate Commingled Funds - \$560.79 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 \$29.18 million in 2021 as compared to 2020 is mainly due to market appreciation and additional investments net of distributions.

(Note 14)

14a. Absolute Return - \$735.61 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$106.72 million in 2021 as compared to 2020 is predominantly due to net gain on investments.

14b. Private Equity - \$934.02 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$282.42 million in 2021 as compared to 2020 is mainly due to additional investments net of distributions; and net gain on investments.

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

(Note 15)

Capital Assets at Cost (Net of Accumulated Depreciation and Amortization) - \$4.99 million

(Dollars in Millions)

| <i>Net Capital Assets</i> | <i>9/30/2021</i> | <i>9/30/2020</i> |
|--|------------------|------------------|
| Retirement Information System and Others - Construction-In-Process | \$ 3.63 | \$ 2.40 |
| Equipment, Furniture & Information Systems | 13.58 | 13.55 |
| Electronic Document Management System | 4.18 | 4.17 |
| Right-to-Use Leased Office Equipments | 0.21 | 0.21 |
| Less: Accumulated Depreciation and Amortization | (17.80) | (17.74) |
| Net Book Value | 3.80 | 2.59 |
| Leasehold Improvements | 2.59 | 2.59 |
| Less: Accumulated Depreciation | (1.40) | (1.30) |
| Net Book Value | 1.19 | 1.29 |
| Total Capital Assets, Net | \$ 4.99 | \$ 3.88 |

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

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

(Note 16)

Accrued Administration Expenses - \$2.64 million

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

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

(Note 17)

17a. Members' Benefits & Refunds Payable - \$7.05 million

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

(Dollars in Millions)

| <i>Accrued Benefits and Refunds</i> | <i>9/30/2021</i> | <i>9/30/2020</i> |
|---|------------------|------------------|
| Basic Active Death Benefits | \$ 1.12 | \$ 0.77 |
| Active Death Contribution Refunds | 2.35 | 1.95 |
| Retired Death Benefits | 3.13 | 2.03 |
| Members' Contribution Refunds | 0.45 | - |
| Total Members' Benefit & Refunds Payable | \$ 7.05 | \$ 4.75 |

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

The balance for September 30, 2021, includes health premium prepayments for 8 retirees. The corresponding balance for September 30, 2020, included health premium prepayments for 11 retirees.

(Note 18)

Contributions - \$1,131.78 million

The increase in contributions of \$818.83 million in 2021 as compared to 2020 is primarily due to the \$800.00 million advance County safety UAAL contribution and \$12.61 million advance LARPD general UAAL contribution. The remaining increase was due to increases in employer and member contribution rates.

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

(Note 19)

19a. Net Appreciation in Fair Value of Investments – \$1,007.41 million

(Dollars in Millions)

| | <i>For the Period Ended</i> | |
|---|-----------------------------|------------------|
| | <i>9/30/2021</i> | <i>9/30/2020</i> |
| <u>Actual / Realized Gains/(Losses)</u> | | |
| Domestic Equities | \$ 104.58 | \$ 40.10 |
| International Equities | 93.66 | (18.91) |
| Domestic Bonds | 2.16 | 27.14 |
| International Bonds | 19.68 | 8.87 |
| Real Estate Commingled Funds | (11.10) | 0.14 |
| Real Estate Sep. Props. | 0.03 | - |
| Private Equity & Alternative | 155.77 | (1.16) |
| Real Assets | 4.35 | (3.73) |
| Private Credit | 0.12 | 0.58 |
| Swaps and Others | 2.51 | 0.01 |
| Futures | 4.07 | (7.53) |
| Currency | - | 2.98 |
| <i>Total Realized Gains/(Losses)</i> | 375.83 | 48.49 |
| <u>Paper / Unrealized Gains/(Losses)</u> | | |
| Domestic Equities | 321.68 | 58.92 |
| International Equities | 77.81 | (44.73) |
| Domestic Bonds | (40.17) | 23.01 |
| International Bonds | (37.13) | 0.59 |
| Real Estate Commingled Funds | 37.37 | (4.70) |
| Real Estate Sep. Props. | (1.71) | (2.32) |
| Private Equity & Alternative | 220.43 | (14.69) |
| Real Assets | 62.40 | (43.32) |
| Private Credit | 2.42 | (3.70) |
| Swaps and Others | (2.31) | 0.56 |
| Futures | (9.21) | (8.09) |
| Currency | - | 2.83 |
| <i>Total Unrealized Gains/(Losses)</i> | 631.58 | (35.64) |
| Total Net Realized and Unrealized Gains/(Losses) | \$ 1,007.41 | \$ 12.85 |

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

19b. Dividend, Interest, and Other Investment Income - \$133.71 million

(Dollars in Millions)

| <i>Dividend, Interest, and Other Investment Income</i> | <i>For the Period Ended</i> | |
|---|-----------------------------|------------------|
| | <i>9/30/2021</i> | <i>9/30/2020</i> |
| Interest Income | \$ 35.18 | \$ 30.69 |
| Dividend Income | 35.94 | 27.27 |
| Real Estate Income | 12.25 | 16.77 |
| Private Equity, Absolute Return, Private Credit and Real Asset Income/(Loss) ⁽¹⁾ | 50.33 | (20.32) |
| Directed Brokerage Commission Recapture | 0.01 | 0.02 |
| Total Net Income ⁽²⁾ | \$ 133.71 | \$ 54.43 |

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

⁽²⁾ The increase in Net Income of \$79.28 million in current year as compared to last year is mostly due to Private Equity gains in 2021 and Absolute Return losses in 2020.

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

(Note 20)

Investment Expenses - \$55.31 million

(Dollars in Millions)

| <i>Investment Expenses</i> | <i>For the Period Ended</i> | | | |
|--|-----------------------------|------------------|---------------------|------------------|
| | <i>Basis Points</i> | <i>9/30/2021</i> | <i>Basis Points</i> | <i>9/30/2020</i> |
| Investment Manager and Incentive Fees | 46.00 | \$ 52.37 | 43.60 | \$ 37.78 |
| Investment Custodian | 0.38 | 0.43 | 0.48 | 0.41 |
| Investment Consultants & Other Expenses(*) | 0.47 | 0.52 | 1.23 | 1.05 |
| Subtotal | 46.85 | 53.32 | 45.31 | 39.25 |
| Investment Allocated Cost | 1.75 | 1.99 | 2.22 | 1.93 |
| Total Investment Expenses(**) | 48.60 | \$ 55.31 | 47.53 | \$ 41.17 |

(*) *Investment Consultant and Other Expenses*

(Dollars in Millions)

| | <i>For the Period Ended</i> | | | |
|--|-----------------------------|------------------|---------------------|------------------|
| | <i>Basis Points</i> | <i>9/30/2021</i> | <i>Basis Points</i> | <i>9/30/2020</i> |
| Investment Advising & Performance (Pearls, Alternative Investment) | 0.63 | \$ 0.72 | 0.81 | \$ 0.70 |
| Consultant - Portfolio Rebalancing | 0.04 | 0.04 | 0.05 | 0.04 |
| Consultant - Legal (Alternative Investment) | 0.2 | 0.23 | 0.24 | 0.20 |
| Subtotal – Consultants Expenses | 0.87 | 0.99 | 1.10 | 0.94 |
| Proxy Services | 0.04 | 0.04 | 0.05 | 0.04 |
| Transaction Cost Analysis | 0.03 | 0.03 | 0.04 | 0.03 |
| Other Investment Expenses/(Income) | (0.47) | (0.54) | 0.04 | 0.04 |
| Subtotal – Other Investment Expenses | (0.40) | (0.47) | 0.13 | 0.11 |
| Total Investment Consultants and Other Expenses | 0.47 | \$ 0.52 | 1.23 | \$ 1.05 |

(**) The increase in total investment expenses of \$14.14 million in 2021 as compared to 2020 is primarily due to Private Equity incentive fees which is based on funds' performance.

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

(Note 21)

Net Investment Income/ (Losses) - \$1,085.81 million

(Dollars in Millions)

| | <i>For the Period Ended</i> | | <i>Inc./ (Dec.)</i> |
|---|-----------------------------|------------------|-----------------------------|
| | <i>9/30/2021</i> | <i>9/30/2020</i> | <i>from previous period</i> |
| Paper / Unrealized Gains/(Losses) | \$ 631.57 | \$ (35.63) | \$ 667.20 |
| Actual / Realized Gains/(Losses) | 375.84 | 48.48 | 327.36 |
| Investment Income (Interest/Dividend/RE/Other) - Net of Expenses | 78.40 | 13.27 | 65.13 |
| Total Net Income/ (Losses) | \$ 1,085.81 | \$ 26.12 | \$ 1,059.69 |

(Note 22)

Securities Lending Net Income - \$0.56 million

The securities lending net income balance as of September 30, 2021, and September 30, 2020, were \$0.56 million and \$0.46 million, respectively. There is slight increase of \$0.10 million in securities lending income.

(Note 23)

Miscellaneous Income - \$0.93 million

The miscellaneous income of \$0.93 million is predominantly from prior year investment income and recovery.

(Note 24)

Service Retirement and Disability Benefits - \$404.70 million

The increase of \$19.25 million was predominantly due to the higher average benefit paid to the newly added retirees as compared to that of deceased retirees with lower average benefits as well as a modest increase of 210 in the total number of retirees and beneficiaries receiving benefits, from 10,241 on September 30, 2020 to 10,451 on September 30, 2021.

(Note 25)

Death Benefits - \$2.60 million

The death benefits paid out during the nine months ended September 30, 2021, were comprised of \$0.21 million of Retired Death Benefits, \$0.68 million of Active Death Benefits, and \$1.71 million of Survivorship Benefits.

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

(Note 26)

Total Administration - \$12.54 million

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

(Dollars in Millions)

| | <i>9/30/2021</i> | <i>9/30/2020</i> | <i>Inc./ (Dec.) from previous period</i> |
|--------------------------------|------------------|------------------|--|
| Administrative Expenses | \$ 9.22 | \$ 8.95 | \$ 0.27 |
| Actuarial Expenses | 0.43 | 0.35 | 0.08 |
| Business Continuity Expenses | 0.48 | 0.47 | 0.01 |
| Legal Expenses | 0.63 | 0.78 | (0.15) |
| Technology Expenses | 0.67 | 0.61 | 0.06 |
| 401(h) Administrative Expenses | 1.11 | 1.07 | 0.04 |
| Total | \$ 12.54 | \$ 12.23 | \$ 0.31 |

CONSENT CALENDAR ITEM


**September Board Conference Expense Report
as of September 30, 2021
For review under November 18, 2021
Board “Consent Calendar”**



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: November 18, 2021

TO: Members of the Board of Retirement

FROM: David Nelsen, Chief Executive Officer 

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

Attached is the Jan-Sep 2021 Board conference and training expense report. As of September 30, 2021, reported expenses totaled \$9,770.

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

| From | To | Attendee | Conference | Location | Total |
|------------------------------|----------|-----------------|---|--------------------|-----------------|
| 05/11/21 | 05/14/21 | Dale Amaral | SACRS Spring Conference | Virtual | \$ 120 |
| Dale Amaral | | | | | \$ 120 |
| 05/11/21 | 05/14/21 | Darryl Walker | SACRS Spring Conference | Virtual | \$ 120 |
| 07/19/21 | 07/21/21 | Darryl Walker | Callen Institute's National Conference | Salt Lake City, UT | \$ 1,377 |
| 09/26/21 | 09/28/21 | Darryl Walker | NCPERS | Phoenix, AZ | \$ 813 |
| 10/16/21 | 10/20/21 | Darryl Walker | IFEBP | Denver, CO | \$ 226 |
| 10/27/21 | 10/28/21 | Darryl Walker | Capital Advisors Conference | Beverly Hills, CA | \$ 393 |
| Darryl Walker Total | | | | | \$ 2,929 |
| 05/11/21 | 05/14/21 | George Wood | SACRS Spring Conference | Virtual | \$ 120 |
| George Wood Total | | | | | \$ 120 |
| 01/31/21 | 01/31/21 | Henry Levy | ICGN Governance, Stewardship Course | Virtual | \$ 961 |
| 02/25/21 | 02/25/21 | Henry Levy | NASP Diverse Manager Forum | Virtual | \$ 100 |
| 03/04/21 | 03/04/21 | Henry Levy | Corporate Directors Forum | Virtual | \$ 25 |
| 03/08/21 | 03/09/21 | Henry Levy | CALAPRS General Assembly | Virtual | \$ 250 |
| 05/06/21 | 05/06/21 | Henry Levy | Corporate Secretary Forum-Governance Priorities | Virtual | \$ 45 |
| 05/10/21 | 05/10/21 | Henry Levy | CALAPRS Trustees Roundtable | Virtual | \$ 50 |
| 05/11/21 | 05/14/21 | Henry Levy | SACRS Spring Conference | Virtual | \$ 120 |
| 07/13/21 | 07/22/21 | Henry Levy | SACRS UC Berkeley - Invest in Yourself | Virtual | \$ 500 |
| 08/04/21 | 08/05/21 | Henry Levy | Institutional Investor Round Table | Virtual | \$ 34 |
| Henry Levy Total | | | | | \$ 2,085 |
| 05/11/21 | 05/14/21 | Jaime Godfrey | SACRS Spring Conference | Virtual | \$ 120 |
| Jaime Godfrey Total | | | | | \$ 120 |
| | | Keith Carson | | | |
| Keith Carson total | | | | | \$ - |
| 05/11/21 | 05/14/21 | Liz Koppenhaver | SACRS Spring Conference | Virtual | \$ 120 |
| Liz Koppenhaver Total | | | | | \$ 120 |
| 05/11/21 | 05/14/21 | Nancy Reilly | SACRS Spring Conference | Virtual | \$ 120 |
| Nancy Reilly Total | | | | | \$ 120 |
| | | Ophelia Basgal | | | \$ - |
| Ophelia Basgal Total | | | | | \$ - |
| 01/25/21 | 06/25/21 | Tarrell Gamble | Berkeley Law Course:Sustainable Capitalism and ESG Online | Virtual | \$ 1,250 |
| 02/25/21 | 02/25/21 | Tarrell Gamble | NASP Diverse Manager Forum and Kick Off Reception | Virtual | \$ 100 |
| 02/19/21 | 03/26/21 | Tarrell Gamble | National Association of Investment Companies NAIC | Virtual | \$ 250 |
| 05/11/21 | 05/14/21 | Tarrell Gamble | SACRS Spring Conference | Virtual | \$ 120 |
| 05/12/21 | 05/12/21 | Tarrell Gamble | NASP Women's Forum | Virtual | \$ 100 |
| 07/19/21 | 07/21/21 | Tarrell Gamble | Callen Institute's National Conference | Salt Lake City, UT | \$ 1,831 |
| 11/13/21 | 11/17/21 | Tarrell Gamble | Harvard Business School | Boston, MA | \$ 506 |
| Tarrell Gamble Total | | | | | \$ 4,157 |
| Grand Total | | | | | \$ 9,770 |

CONSENT CALENDAR ITEM

**Senior Manager Conference & Training Report
as of September 30, 2021
For review under November 18, 2021
Board “Consent Calendar”**



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: November 18, 2021

TO: Members of the Board of Retirement

FROM: David Nelsen, Chief Executive Officer *DN*

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

Attached is the Jan-Sep 2021 senior managers' conference and training expense report. As of September 30, 2021, reported expenses totaled \$3,573.

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

| From | To | Senior Manager | Training or Conference | Name | Amount |
|------------------------------|----------|-----------------|------------------------|--|-----------------|
| Conferences | | | | | |
| 02/22/21 | 02/24/21 | Dave Nelsen | Conference | NASRA Virtual Winter Systems Roundtable and Joint Legislative Conference | \$ 350 |
| 03/08/21 | 03/09/21 | Dave Nelsen | Conference | CALAPRS Virtual General Assembly | \$ 250 |
| 05/11/21 | 05/14/21 | Dave Nelsen | Conference | SACRS Spring Conference | \$ 120 |
| Trainings | | | | | |
| 02/11/21 | 02/11/21 | Dave Nelsen | Training | CALAPRS Administrators Roundtable | \$ 50 |
| 04/23/21 | 04/23/21 | Dave Nelsen | Training | SACRS Legislative Committee - Parking | \$ 24 |
| 06/25/21 | 06/25/21 | Dave Nelsen | Training | CALAPRS Administrators Roundtable | \$ 50 |
| 09/22/21 | 09/24/21 | Dave Nelsen | Training | CALAPRS Virtual Administrators Institute | \$ 500 |
| Dave Nelsen Total | | | | | \$ 1,344 |
| Conferences | | | | | |
| 03/08/21 | 03/09/21 | Kathy Foster | Conference | CALAPRS Virtual General Assembly | \$ 250 |
| 05/11/21 | 05/14/21 | Kathy Foster | Conference | SACRS Spring Conference | \$ 120 |
| Trainings | | | | | |
| 06/25/21 | 06/25/21 | Kathy Foster | Training | CALAPRS Administrators Roundtable | \$ 50 |
| Kathy Foster Total | | | | | \$ 420 |
| Conferences | | | | | |
| 02/11/21 | 02/11/21 | Jeffrey Rieger | Conference | SACRS Spring Conference | \$ 120 |
| Trainings | | | | | |
| 02/19/21 | 02/19/21 | Jeffrey Rieger | Training | CALAPRS Virtual Attorney Roundtable | \$ 50 |
| 05/28/21 | 05/28/21 | Jeffrey Rieger | Training | CALAPRS Virtual Attorney Roundtable | \$ 50 |
| Jeffrey Rieger Total | | | | | \$ 220 |
| Conferences | | | | | |
| 06/07/21 | 06/11/21 | Harsh Jadhav | Conference | Disruptive Transformation Conference | \$ 980 |
| Trainings | | | | | |
| 09/01/21 | 09/30/21 | Harsh Jadhav | Training | Continuing Education (Sequoia CPE) | \$ 149 |
| Harsh Jadhav Total | | | | | \$ 1,129 |
| Conferences | | | | | |
| 05/11/21 | 05/14/21 | Jessica Huffman | Conference | SACRS Spring Conference | \$ 120 |
| Jessica Huffman Total | | | | | \$ 120 |
| Conferences | | | | | |
| 05/11/21 | 05/14/21 | Sandra Dueñas | Conference | SACRS Spring Conference | \$ 120 |
| Trainings | | | | | |
| 10/08/21 | 10/08/21 | Sandra Dueñas | Training | CALAPRS Disability Staff Training | \$ 100 |
| Sandra Dueñas Total | | | | | \$ 220 |
| Conferences | | | | | |
| 05/11/21 | 05/14/21 | Betty Tse | Conference | SACRS Spring Conference | \$ 120 |
| Betty Tse Total | | | | | \$ 120 |
| Grand Total | | | | | \$ 3,573 |

CONSENT CALENDAR ITEM

**Quarterly Report on Member
Under/Overpayments**


**For review under November 18, 2021
Board “Consent Calendar”**



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: November 18, 2021

TO: Members of the Board of Retirement

FROM: Jessica Huffman, Retirement Benefits Manager 

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

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

Overpayments of Retirement Allowance Due to Death

This report provides any payments (including HRA (Health Reimbursement Arrangements) payments) made after the death of a retiree. In instances where a death is not reported timely, an overpayment occurs. For the six-month reporting period December 27, 2020 through June 26, 2021, 177 deaths occurred. There are three overpayments due to unreported deaths to report at this time. Staff is actively attempting to collect on these overpayments.

Staff Errors

There are no staff errors to report.

Overpayments and Underpayments of Member Contributions

This report, which is for the period December 27, 2020 through June 26, 2021, shows discrepancies in member contribution amounts resulting in an underpayment or overpayment above the \$50 threshold, average time to resolve, and an explanation of the error type. For this reporting period, staff identified two members who underpaid their mandatory employee contributions and one member who overpaid their mandatory employee contributions. Staff reviewed and resolved each of the three cases of incorrect payment. There were a total of 2,069 exceptions from all Participating Employers. The most common exception type was underpayments due to the Employers withholding retirement contributions based on the incorrect salary.

Attachments

**Overpayments of Retirement Allowance Due to Unreported Death
December 27, 2020 to June 26, 2021**

| Benefit Type | Date of Death | Date ACERA Notified of Death | Last Check Issued | Net Receivable Owed | Staff's Comment |
|-------------------------|----------------------|-------------------------------------|--------------------------|----------------------------|---|
| Service Retirement | 01/20/2021 | 02/01/2021 | 01/31/2021 | \$ 2,155.29 | Staff initiated ACH reversal request with Well Fargo but was unsuccessful at collecting. Two unsuccessful attempts have been made to collect the overpayment from the family. Staff will continue to attempt collection of overpayment. |
| Service Retirement | 05/21/2021 | 06/08/2021 | 05/31/2021 | \$4,087.30 | Staff initiated ACH reversal request with Well Fargo but was unsuccessful at collecting. Two unsuccessful attempts have been made to collect the overpayment from the family. Staff will continue to attempt collection of overpayment. |
| Service Retirement | 05/27/2021 | 06/18/2021 | 05/31/2021 | \$5,392.05 | Staff initiated ACH reversal request with Well Fargo but was unsuccessful at collecting. Two unsuccessful attempts have been made to collect the overpayment from the family. Staff will continue to attempt collection of overpayment. |
| Total Receivable | | | | \$11,634.64 | |

**Active Members - Overpayments and Underpayments of Member Contributions
December 27, 2020 to June 26, 2021**

| Alameda County | | | | | |
|----------------------------|--|--------------------------------------|-----------------------|------------------------------|--|
| | Amount | Date Discovered/ Received | Date Completed | # of days to complete | Cause |
| Overpayments: 1 | \$54.17 | 6/15/21 | 6/15/21 | 1 | Employer Withheld Contribution Based on Incorrect Salary |
| Underpayments: | No Underpayments to Report | | | | |
| Summary | Most Common Exception Type: Employer Withheld Contribution Based on Incorrect Salary Total Exceptions: 1108 % Above Exceptions of Total Exceptions: 0.09% | | | | |

| Alameda County Housing Authority | | | | | |
|---|--|--------------------------------------|-----------------------|------------------------------|--------------|
| | Amount | Date Discovered/ Received | Date Completed | # of days to complete | Cause |
| Overpayments: | No Overpayments to Report | | | | |
| Underpayments: | No Underpayments to Report | | | | |
| Summary | Most Common Exception Type: N/A Total Exceptions: 68 % Above Exceptions of Total Exceptions: 0.0% | | | | |

| Alameda Health Systems | | | | | |
|------------------------|--|------------------------------|-------------------|--------------------------|-------|
| | Amount | Date Discovered/ Received | Date Completed | # of days to complete | Cause |
| Overpayments: | No Overpayments to Report | | | | |
| Underpayments: | No Underpayments to Report | | | | |
| Summary | Most Common Exception Type: N/A Total Exceptions: 847 % Above Exceptions of Total Exceptions: 0.00 % | | | | |

| First 5 Alameda County | | | | | |
|------------------------|---|------------------------------|-------------------|--------------------------|-------|
| | Amount | Date Discovered/ Received | Date Completed | # of days to complete | Cause |
| Overpayments: | No Overpayments to Report | | | | |
| Underpayments: | No Underpayments to Report | | | | |
| Summary | Most Common Exception Type: N/A Total Exceptions: 4 % Above Exceptions of Total Exceptions: 0.00% | | | | |

Overpayments and Underpayments of Member Contributions – Continued

| Livermore Area Recreation and Park District | | | | | |
|---|---|------------------------------|----------------|-----------------------|-------|
| | Amount | Date Discovered/ Received | Date Completed | # of days to complete | Cause |
| Overpayments: | No Overpayments to Report | | | | |
| Underpayments: | No Underpayments to Report | | | | |
| Summary | Most Common Exception Type: N/A Total Exceptions: 2 % Above Exceptions of Total Exceptions: 0.00% | | | | |

| Alameda County Superior Courts | | | | | |
|--------------------------------|---|------------------------------|----------------|-----------------------|--|
| | Amount | Date Discovered/ Received | Date Completed | # of days to complete | Cause |
| Overpayments: | No Overpayments to Report | | | | |
| Underpayments: 1 | \$74.33 | 2/2/2021 | 2/4/2021 | 2 | Employer Withheld Contribution Based on Incorrect Salary |
| 2 | \$80.79 | 2/26/2021 | 2/26/21 | 1 | Employer Withheld Contribution Based on Incorrect Salary |
| Summary | Most Common Exception Type: Employer Withheld Contribution Based on Incorrect Salary Total Exceptions: 40 % Above Exceptions of Total Exceptions: 5.00% | | | | |

CONSENT CALENDAR ITEM

**3rd Quarter Call Center Report
For review under November 18, 2021
Board “Consent Calendar”**



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: November 18, 2021
TO: Members of the Board of Retirement
FROM: Ismael Piña, Assistant Benefits Manager
SUBJECT: **3rd Quarter 2021 Call Center Report**

Attached is the Service Level Report for the third quarter of 2021. Our service levels exceeded our benchmark this past quarter. The team handled a total of 4,068 incoming calls this past quarter, 95.4% of which were answered within 60 seconds. The team also responded to a total of 210 member voicemails within 1 business day or less.

The matrix below provides the five highest call volume categories for Q2 2021 and Q3 2021.

| Q2 2021 Highest Volume | Categories of Calls | Q3 2021 Highest Volume | Categories of Calls |
|------------------------|--|------------------------|--|
| 36% | Retirement/Membership/ Job Status Change Related Q's | 36% | Retirement/Membership/ Job Status Change Related Q's |
| 24% | Retiree Payroll Change Requests | 21% | Retiree Payroll Change Requests |
| 17% | Health/Dental/ Vision related Q's | 21% | Health/Dental/ Vision related Q's |
| 15% | Award Letter/EFT Statement/1099R Requests | 13% | Award Letter/EFT Statement/1099R Requests |
| 8% | Service Purchase/Retirement Estimate Requests | 9% | Service Purchase/Retirement Estimate Requests |

Attachment

ACERA

YTD 2021 Member Services and Reception Service Level Report

| Performance Indicators | January 2021 Member Services | February 2021 Member Services | March 2021 Member Services | April 2021 Member Services | May 2021 Member Services | June 2021 Member Services |
|---|---|--|---------------------------------------|---------------------------------------|-------------------------------------|--------------------------------------|
| KPI - Service Level | 93.85% | 90.12% | 86.73% | 89.50% | 93.86% | 90.64% |
| Total Number of Call Offered | 1272 | 1292 | 1622 | 1253 | 1203 | 1361 |
| ACD Agent Handled Calls | 1253 | 1275 | 1590 | 1229 | 1189 | 1325 |
| Number of Abandoned Calls | 19 | 17 | 32 | 24 | 14 | 36 |
| Average Hold Time Before Abandon (minutes:seconds) | 2:30 | 3:11 | 2:56 | 2:30 | 4:24 | 2:22 |
| Abandon Call Rate (Goal: 3% or less) | 1.49% | 1.31% | 1.97% | 1.90% | 1.16% | 2.65% |
| Number of Interflow Calls | 0 | 0 | 0 | 0 | 0 | 0 |
| Interflow Rate (Goal: 3% or less) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Average Talk Time (minutes:seconds) | 5:38 | 5:53 | 5:32 | 5:54 | 6:11 | 6:05 |

| Performance Indicators | July 2021 Member Services | August 2021 Member Services | September 2021 Member Services | October 2021 Member Services | November 2021 Member Services | December 2021 Member Services |
|---|--------------------------------------|--|---|---|--|--|
| KPI - Service Level | 93.91% | 97.08% | 95.41% | | | |
| Total Number of Call Offered | 1257 | 1491 | 1362 | | | |
| ACD Agent Handled Calls | 1247 | 1471 | 1350 | | | |
| Number of Abandoned Calls | 10 | 20 | 12 | | | |
| Average Hold Time Before Abandon (minutes:seconds) | 6:07 | 1:31 | 1:17 | | | |
| Abandon Call Rate (Goal: 3% or less) | 0.80% | 1.34% | 0.88% | | | |
| Number of Interflow Calls | 0 | 0 | 0 | | | |
| Interflow Rate (Goal: 3% or less) | 0.00% | 0.00% | 0.00% | | | |
| Average Talk Time (minutes:seconds) | 5:46 | 5:20 | 5:53 | | | |

| | |
|-----------------------|--------------|
| | 2021 |
| Total Member Calls | 11929 |
| Total Reception Calls | <u>0</u> |
| TOTAL - Both | 11929 |

NEW BUSINESS

- 7.A. Discussion and possible motion to determine an interest rate for monthly installment plan payments of lump sum death benefits, per Gov't Code § 31784.**



To: Members of the Board of Retirement
From: Jeff Rieger, Chief Counsel
Meeting: November 18, 2021
Subject: **Interest Rate For Monthly Installment Payments Of Death Benefits**

Gov't Code § 31784 provides:

The person to whom the whole or any part of a death benefit is payable may, at any time before payment thereof, elect in writing to have such death benefit or part thereof paid over a period not to exceed 10 years in monthly installments, plus interest on the unpaid balance thereof, **at a rate to be determined by the board**. If such person dies before all such installments are paid, the board shall pay the balance in one lump sum to his estate or person entitled to receive his property.

Section 31784 appears to have been originally designed to apply to the active member death benefits under Section 31781 (accumulated contributions, plus up to six months of salary), because the benefits in Section 31781 are defined as "the death benefit." Section 31784 does not appear to apply to the \$1,000 payment at a retiree's death, or the allowance that is accrued but unpaid to a retiree in the month of death (the "prorate"), as the Legislature surely did not intend to allow members to spread out these types of small payments over a period of up to 10 years. I conclude, however, that payments under Section 31760.1 (lump sum upon early retiree death), and payments under Section 31761 (reduced allowance to retiree with higher lump sum upon early retiree death), both of which can be very large, qualify as "death benefits" under the Legislature's intended meaning of that phrase in Section 31784.

ACERA beneficiaries have historically not made elections under Section 31784 and staff can find no record of the Board determining an interest rate for such elections. Thus, staff recommends that the Board determine an interest rate, so that ACERA beneficiaries may elect death benefits in monthly installments, pursuant to Section 31784, as described above. Staff further recommends that the Board either (a) apply its assumed rate of investment return on the high end, (b) apply an interest rate that approximates a no-risk interest rate available to an individual in the marketplace on the low end, or (c) apply some other reasonable rate between those high and low ends.

NEW BUSINESS

7.B. Chief Executive Officer's Report.



*Office of the Chief Executive Officer
Office of Administration*

DATE: November 18, 2021
TO: Members of the Board of Retirement
FROM: Dave Nelsen, Chief Executive Officer *DN*
SUBJECT: **Chief Executive Officer’s Report**

Senior Manager Recruitment

Assistant CEO for Operations: This is to fill the duties due to Margo’s acceptance of the position at Sacramento CRS. This position has been opened and recruiting has begun. We expect to close the recruitment in November.

Committee/Board Action Items

ASSIGNED FOLLOW-UP ITEMS

| Follow-Up Board Item | Assigned Senior Leader | Estimated Completion Date | Completion Date | Notes |
|--------------------------------|-------------------------------|----------------------------------|------------------------|---|
| Develop ACERA Re-Opening Plan. | Dave Nelsen | July 2021 | On-going | The general guidelines of the Plan have been developed and implemented. We are responding to changes as necessary based on new information. |
| | | | | |

Conference/Event Schedule

SACRS Fall Conference November 9-12. This will be in person, not a virtual conference.

Other Items

COVID-19 Responses

Recently, the County required all employees to be vaccinated for COVID-19. The due date to complete this is November 19th. Nearly all ACERA employees have reported their status as having been vaccinated. We will continue to monitor the situation and let you know outcomes, and their possible impact on ACERA.

We continue to be open to customers by appointment on Tuesdays and Thursday, but have had very few appointments made since that time. We stress digital tools, web services, and phone/Zoom appointments to meet customer needs, and the overwhelming majority are still using those methods of interaction. Given the low use of in-person interactions, we have scaled back the number of benefits team members coming on-site. The remainder of the team members continue to work their prior schedule, with most working from home. We will continue to promote virtual service delivery options as the primary means of meeting our customers’ needs.

Currently, even though the County Health Department has altered their rules on mask use, the County has not made any changes to work site requirements regarding employee mask use and social distancing. These are still required in County work sites.

Pension Administration System Update

The project is continuing to work through its phases. We have completed the first two deliverables, and we are now working on Deliverable three. We have begun working with the other employers on the new transmittal file layout, and held an introductory meeting to discuss the changes and benefits.

Board Election

We are conducting an election for the vacant Seat 2 (General Member). Three candidates have qualified and were included on the ballot. Ballots were mailed to eligible voters on November 10, and returned ballots will be counted the morning of December 16.

Other Recruitments: We are in the process of filling our Investment Operations Officer position, as well as two Retirement Benefit Specialists. These are lead positions within the Benefits Unit.

Key Performance Indicators

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

| Scorecard KPI | 2020 Performance Goal |
|---|---|
| PRUDENT INVESTMENT PRACTICES | |
| Portfolio Performance vs. Policy Benchmark | <i>Annualized 10-year return will meet or exceed Policy benchmark at the total fund level</i> Through August of 2021: .02% above the benchmark. |
| EFFECTIVE PLAN ADMINISTRATION | |
| Actual Spent vs. Approved Budget | <i>On budget or 10% below 2021 approved budget</i> As of end of September 2021: 9.3% under budget. |
| COMPREHENSIVE ORGANIZATION DEVELOPMENT | |
| Employee Engagement Survey Results | <i>80% of responses in top two rating boxes on the question: "Is ACERA a great place to work?"</i> As of the latest survey (October of 2021): 72.7%. |
| SUPERIOR CUSTOMER SERVICE | |
| Service Excellence Survey | <i>80% of responses in top two rating boxes on the question: "Did ACERA meet or exceed my expectations for my customer service experience?"</i> For 3 rd Quarter of 2021: 100% |

12. CLOSED SESSION:

- A. Conference With Legal Counsel--Existing Litigation (Gov't Code § 54956.9(d)(1)):
Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association, Contra Costa County Superior Court, Case No. MSN12-1870.**

- B. Government Code Section 54957(b)(1): Public Employee Evaluation (Chief Executive Officer).**

IF THERE ARE ANY MATERIALS TO BE DISTRIBUTED FOR AGENDA ITEM 12.A. ABOVE, THEY WILL BE DISTRIBUTED UNDER SEPARATE COVER.