



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

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

**ACERA MISSION:**

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

Wednesday, August 1, 2018  
9:30 a.m.

LOCATION	COMMITTEE MEMBERS	
ACERA C.G. "BUD" QUIST BOARD ROOM 475 14 <sup>TH</sup> STREET, 10 <sup>TH</sup> FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574	OPHELIA BASGAL, CHAIR	APPOINTED
	DALE AMARAL, VICE CHAIR	ELECTED SAFETY
	LIZ KOPPENHAVER	ELECTED RETIRED
	ELIZABETH ROGERS	ELECTED GENERAL
	GEORGE WOOD	ELECTED GENERAL

Should a quorum of the Board attend this meeting, this meeting shall be deemed a joint meeting of the Board and Committee.

The order of agenda items is subject to change without notice. Board and Committee agendas and minutes are available online at [www.acera.org](http://www.acera.org).

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

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

# **OPERATIONS COMMITTEE/BOARD MEETING**

**NOTICE and AGENDA, Page 2 of 3 – Wednesday, August 1, 2018**

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

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

### **1. Presentation and possible motion regarding procurement of a new pension administration system**

#### **Recommendation**

Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board approve staff engaging directly with LRS for the procurement of the new pension administration system.

– David Nelsen

### **2. Adoption of New Pay Item – Pay Code 42B for County**

Discussion and possible motion to approve a New Pay Item – Pay Code 42B for Alameda County.

#### **Recommendation:**

Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board approve the inclusion of Pay Item 42B – Department HR & Supervision Assignment (Department Human Resource and Supervision Assignment) as pensionable compensation for PEPRA members and compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

– Sandra Dueñas-Cuevas

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

### **1. Quarterly Financial Statements**

Report on ACERA's financial statements year-to-date for the period ending June 30, 2018

- Margo Allen

### **2. Operating Expenses**

Report on the status of ACERA's budget vs. actual year-to-date for the period ending June 30, 2018

- Margo Allen

### **3. Quarterly Cash Report**

Report on the cash forecast year-to-date for the period ending June 30, 2018

- Margo Allen

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

**NOTICE and AGENDA, Page 3 of 3 – Wednesday, August 1, 2018**

**4. Board Member Conference Expense Report**

Report on Board Members' conference expenses year-to-date for the period ending June 30, 2018

- Margo Allen

**5. Senior Manager Conference and Training Expense Report**

Report on Senior Managers' conference and training expenses year-to-date for the period ending June 30, 2018

- Margo Allen

**6. Call Center Report**

Quarterly report on the Call Center

- Ismael Piña

**Future Discussion Items**

Felony Forfeiture Procedures

**Trustee Remarks**

**Public Input**

**Establishment of Next Meeting Date**

September 5, 2018, at 9:30 a.m.

**Adjournment**



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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: August 1, 2018

TO: Members of the Operations Committee

FROM: Dave Nelsen, Chief Executive Officer DN

SUBJECT: **Procurement of a New Pension Administration System**

Attached is a presentation detailing the review and analysis of various new pension administration systems, which was completed this year. Based on our analysis, we recommend that we engage directly with ACERA's current vendor, Levi, Ray and Shoup (LRS), for the procurement to replace the current version of our pension administration system.

Recommendation

Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board approve Staff engaging directly with Levi, Ray and Shoup (LRS) for the procurement of the new pension administration system.

Attachment: Pension Administration System Update Presentation  
**Note:** Referenced Attachment 3 is Confidential Proprietary Information for  
Operations Committee Only





# Pension Administration System Update

Dave Nelsen, ACERA CEO

# Pension Administration System (PAS) Replacement

## Why a replacement?

- ▶ Service
  - Increase in member access
  - New capabilities/functionality
    - Team members
    - Employers
- ▶ Efficiency
  - Automation – see Attachment 1
  - Security

# Decision to Move Forward

- ▶ Engage with LRS directly to implement Version 3 of Pension Gold, or
- ▶ Conduct an RFP to select a PAS

# First Steps

- ▶ Improve understanding of current PAS environment
  - RFI conducted in January – responses from 5 vendors
    - Capability of PAS to provide necessary functionality and desired enhancements
    - Vendor's background, history and experience (particularly with public retirement systems – see Attachment 2)
    - Approach to partnership
    - Costs for recent similar implementations

# First Steps

## ► Four Vendor Demonstrations

- Each vendor came on site at ACERA to demonstrate their system before a large group of team members and leaders
  - System functionality
  - Automation of processes
  - Web Member Service portal
  - Employer portal
  - Reporting
  - Enhancements
- Debriefed after all demos to receive feedback from attendees

# First Steps

## ▶ Visited Retirement Systems

- Each recently implemented or are implementing the PAS of one of our four vendors
  - LA City Employees' RS–Pension Gold
  - Fresno County Employees' RS–Tegrit
  - San Diego City Employees' RS–Sagitech
  - Illinois Municipal RS (remotely)–Morneau Shepell
- Meeting Agenda:
  - Project Planning
  - Requirement Creation
  - Vendor relationship, support & responsiveness
  - Implementation
  - Staff resources/testing
  - Budget
  - System demo

# What We Learned

- ▶ Solid understanding of what each PAS can provide
- ▶ Significant do's/don'ts for PAS implementation
  - Streamline processes prior or during requirements definition
  - Have adequate project staffing, including a project manager
  - Backfill production staff during project activities to maintain production
- ▶ Better understanding of the vendors and their working styles/resources
- ▶ See Attachment 3 for summary details on vendors (Attachment 3 is confidential due to some proprietary information used)

# Considerations for Decision

- ▶ Each system provides similar functionality–none stand out
- ▶ RFP costs for the systems are all within a similar range–no significant cost savings from one system
- ▶ There are higher risks in converting to different PAS vendor
  - Data conversion
  - Vendor relationship
  - Not understanding requirements



# Considerations for Decision

- ▶ Potential costs savings for staying with LRS
  - Requirements developed with the vendor to ensure we are only paying for what we need
  - Faster data clean-up/conversion/requirements due to familiarity

# Recommendation

- ▶ We are confident that Pension Gold Version 3 can fulfill our vision for automation and efficiencies, improve usage and access to members and employers, while minimizing risk and costs.
- ▶ We recommend engaging with LRS directly to replace our current Pension Gold Version 2 with Version 3.

# Automation through New PAS

- ▶ With PAS Replacement, potentially 50% to 100% of processes can be automated

Annual Process Counts	
Purchase Redeposits	380
Estimates	261
Retiree and Beneficiary Payroll Changes	2768

- ▶ With PAS Replacement, potentially 75% to 100% of correspondence, including forms and letters can be automated

Annual Correspondence Counts	
Purchase Redeposits	1729
Estimates	532
Option Election Forms or Letter	738
Miscellaneous	4647

- ▶ Through new Web Member Service Portal, members can initiate changes such as retiree beneficiary changes, direct deposits changes and tax withholding changes

# Benefit California Pension Plan PAS Replacements

<b>'37 Act Counties</b>	<b>From</b>	<b>To</b>
Mendocino	County HRIS	PG V3
San Bernardino	PG V2	PG V3
Santa Barbra	PG V2	PG V3
Sonoma	In-house system	PG V3
Contra Costa	In-house system	CPAS
Sacramento	In-house system	Morneau Shepell
Imperial	JEA	No Change
Kern	CPAS	No Change
Merced	CPAS	No Change
San Diego	CPAS	No Change
San Joaquin	In-house MAC system	No Change
Tulare	CPAS	No Change
Los Angeles	In-house system	No Change
Stanislaus	TACS	Tegrit
Fresno	Watson Wyatt	Tegrit
Orange County	PG V2	Vitech
San Mateo	PG V1	Vitech
Ventura	CPAS	Vitech

## Benefit California Pension Plan PAS Replacements (continued)

Other City & Counties	From	To
City of Fresno	PG V1	PG V3
City of Los Angeles	PG V2	PG V3
City of San Jose	PG V2	PG V3
San Luis Obispo	In-house system	PG V3
City of San Diego	PG V2	Sagitec



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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: August 1, 2018

TO: Members of the Operations Committee

FROM: Sandra Dueñas-Cuevas, Benefits Manager *SDC*

SUBJECT: **Adoption of New Pay Item – Pay Code 42B for County**

Attached is a request from Dawn Duffy, of the Auditor-Controller Agency, with the County of Alameda (County) to review a new pay item to determine whether it meets the criteria of compensation earnable and pensionable compensation.

The pay item is Dept HR & Supervision Assignmt (Department Human Resource and Supervision Assignment), code 42B. The Board of Supervisors of the County of Alameda approved the Alameda County Salary Ordinance Section 3-13.18 (2<sup>nd</sup> paragraph) to state; effective April 22, 2018, employees in Job Codes 0283PA, 0284PS, 0281PS shall be compensated an additional five (5) percent of base pay when assigned supervision of Human Resource Trainees and/or Departmental Human Resources Officers. Pay Code 42B is effective April 22, 2018. The County has provided all required information for this item.

Because this pay item applies to more than one member in the classifications mentioned above, it will be considered pensionable compensation for PEPPRA members and compensation earnable for Legacy members according to Government Codes Section 7522.34 and 31461 (see attached Government Code Sections).

Recommendation:

Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board approve the inclusion of Pay Item 42B – Dept HR & Supervision Assignmt (Department Human Resource and Supervision Assignment) as pensionable compensation for PEPPRA members and compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

Attachments

## SECOND READING - CONTINUED FROM 03/27/2018



Human Resource Services

Agenda

25

March 27, 2018

REVISED

Lakeside Plaza Building  
1401 Lakeside Drive, Suite 200  
Oakland, CA 94612-4305  
TDD: (510) 272-3703

March 9, 2018

Free 20114

Honorable Board of Supervisors  
Administration Building  
Oakland, CA 94612

φ - 2018-13  
φ - 2018-14

Subject: ADOPT ADMINISTRATIVE CODE AND SALARY ORDINANCE AMENDMENTS AND ONE SIDELETTER OF AGREEMENT

Dear Board Members:

Recommendation:

- A. Adopt an Ordinance deleting Sections 2.26.050 and 2.26.060 of the Alameda County Administrative Code, which state that the Family Support Division exists under the District Attorney's Office and provide for its functions and duties; establishing a new Section in the Alameda County Administrative Code documenting the establishment of the Department of Child Support Services effective January 1, 2002; and amending Sections 3.28.010 Definition of Overtime and 3.28.050, Requirement of actual work;
- B. Adopt a Salary Ordinance amendment to amend Section 3-13.16, by redefining the criteria for providing additional compensation to the Labor Relations Manager when responsible for the oversight of the Human Resource Services Department's Human Resources Trainee program; and amend Section 3-13.18, by redefining the criteria for providing additional compensation to the Principal Labor Relations Analyst and Labor Relations Analysts Is & IIs, when responsible for the human resource functions for an Operating Department and supervision of Human Resources Trainees and/or Departmental Human Resources Officers; and
- C. Adopt one Sideletter of Agreement between the County of Alameda and the Teamsters Local Union 356 to implement Memorandum of Understanding (MOU) changes for employees covered by the California Labor Code Section 4850 Industrial Illness or Injury provisions.

Approved  
3/27/18 min

Discussion/Findings:

Previously, there was a Family Support Division under the District Attorney's Office that provided, among other things, assistance with child support services in Alameda County. The Family Support Division of the District Attorney's Office no longer exists. Effective January 1, 2002, the County established the Department of Child Support Services pursuant to Section 17304 of the Family Code of the State of California independent of the District Attorney's Office. We are recommending that the language in the Administrative Code be updated to reflect the current state of the Departments.

On January 23, 2018, your Board authorized changes to the Overtime section of the Administrative Code as a result of contract negotiations with the Alameda County Management Employees Association (ACMEA) Operating Engineers Local 3 (OE3). Additional changes are needed to this section due to an administrative error as outlined in the attached ordinances.

Additionally, the Human Resource Services (HRS) Department has established a Human Resources (HR) Trainee program in which the Department trains and develops HR trainees to become Departmental Human Resources Officers (DHRO) for small-medium sized County Departments/Agencies. Once the trainee becomes a DHRO, they continue to receive HR technical supervision from the Employee/Labor Relations Division of HRS. We recommend that the criteria of the footnote providing compensation for the Labor Relations Manager be redefined to reflect these additional duties, and be modified to provide for up to 10 percent additional compensation. The footnote providing compensation for the Principal Labor Relations Analyst and Labor Relations Analyst Is & IIs should also be amended due to the development and advancement of the HR Trainee program, distinguishing the added responsibilities and the corresponding additional compensation.

Lastly, on June 6, 2017, your Board authorized staff to meet with identified labor organizations to discuss proposed MOU changes related to the State of California's Labor Code Section 4850 Industrial Illness or Injury and the impact to employees covered by this provision. The sideletter of agreement between the County of Alameda and the Teamsters Local Union 356 reflect the changes to the MOU provision.

Financing:

There are no costs resulting from these actions.

Very truly yours,

Joe Angelo, Director,  
Human Resource Services

JA:my  
Z:\Board Letters\3 27 18\Admin Code Amendments (DCSS, Overtime) & SLA 4850

cc: CAO  
Auditor/Controller  
County Counsel  
Director, Department of Child Support Services  
District Attorney  
Probation Chief  
Sheriff

An Equal Opportunity Employer

SECOND READING - CONTINUED FROM 03/27/2018

2nd Reading 4/17/18

Φ - 2018 - 14

Approved as to Form  
DONNA ZIEGLER, County Counsel

*Donna J. Ziegler*

By \_\_\_\_\_

AN ORDINANCE AMENDING  
CERTAIN PROVISIONS OF THE 2017 - 2018  
ALAMEDA COUNTY SALARY ORDINANCE

The Board of Supervisors of the County of Alameda ordains as follows:

SECTION I

Article 3, Subsection 3-13.16 of the County of Alameda Salary Ordinance is hereby amended by the underlined language to be effective on the date shown:

3-13.16      ~~Effective September 19, 2010~~ Effective April 22, 2018, not to exceed one person occupying the position under Job Code 0292SM, who is assigned overall responsibility for the Human Resource Services Human Resources (HR) Trainee program and provides technical HR oversight for one or more County Departments/Agencies, ~~to act as the Human Resource Services Director greater than 50% of the normal work-week~~, shall be compensated up to an additional 10% of their base salary. (BOS approved 12/7/10)

499

3-13.18      ~~Effective January 19, 2014, Effective January 3, 2016, Effective October 9, 2016, Effective November 6, 2016, Effective April 22, 2018, not to exceed three employees in Job Code 0283PA and effective December 7, 2014, one employee in Job Code 0284PA, when performing the full-time responsibility of a Labor Relations Analyst and Effective September 10, 2017 one employee in 0281PA when performing the full-time responsibility of a Principal Labor Relations Analyst, and two of the following additional responsibilities: shall be compensated an additional 5 percent of the base pay (a) when assigned overall responsibilities for Human Resource Services the human resources functions for an Operating Department. (b)~~

Add Pay  
41A

In addition to the compensation provided in this note above, effective April 22, 2018, employees in Job Codes 0283PA, 0284PA and 0281PA, shall be compensated an additional 5 percent of the base pay when assigned supervision of Human Resource Services Trainees and/or Departmental Human Resources Officers. (c) when assigned technical responsibility over a Labor Relations Analyst I, shall be compensated an additional ten percent of the base pay. (BOS approved 4/22/14) (BOS approved 2/3/15) (BOS approved 1/12/16) (BOS approved 10/4/16) (BOS approved 12/6/16) (BOS approved 9/26/17)

New Addl Pay  
42B

SECTION II

This ordinance shall take effect immediately, and before the expiration of fifteen days after its passage, shall be published with the names of the members voting for and against the same in the Inter-City Express, a newspaper published in the County of Alameda.





**ALAMEDA COUNTY**  
**AUDITOR-CONTROLLER AGENCY**  
**STEVE MANNING**  
AUDITOR-CONTROLLER/CLERK-RECORDER

**REQUEST FOR ACERA'S REVIEW OF A NEW PAY ITEM/CODE**

Employer Name:	County of Alameda
Date of Request	6/27/18
Employer Department Submitting the Request	Auditor-Controller's Agency
Contact Person/Employer (include title/position)	Dawn Duffy
Contact Person Telephone incl area code	(510) 272-6383
Contact Person Email address	dawn.duffy@acgov.org
<b>Pay Item Name (and code Number)</b>	<b>42B Dept HR &amp; Supervision Assignmt</b>
Pay Item Effective Date per authorization:	4/22/18
State if additional documentation is attached	Yes

**NOTE:** The following information is required before ACERA can review and respond to the request. To meet ACERA's requirements, please provide substantive responses below or on a separate paper and return, with this form, all of the supporting documentation prior to issuing (paying) the pay item to any employee who is an ACERA member.

1. State the job classification of employees eligible for the pay item (i.e. Job Code 0499-Nurse Practitioners II may receive this pay item)

**RESPONSE #1: Job Codes 0283PA Labor Relations Analyst I, 0284PA Labor Relations Analyst II and 0281PA Principal Labor Rel Analyst**

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

**RESPONSE #2: Full Time**

3. State the number of members or employees who are eligible to receive the pay item (i.e. all members or employees in a job classification eligible to receive the pay item, or "not to exceed one employee")

**RESPONSE #3: All members in job codes specified above when assigned supervision of Human Resources Trainees and/or Departmental Human Resources Officers**

4. State whether pay item is for overtime or regular base pay

**RESPONSE #4: Regular base pay**

5. State whether pay item is calculated as a fixed amount or percentage of the base pay

**RESPONSE #5: percentage**

6. State whether the pay item is paid one time (i.e. incentive pay, referral pay, bonus, award)

**RESPONSE #6: No**

**Central Collections Division**  
1221 Oak St., Rm. 220  
Oakland, CA 94612  
Tel: (510) 208-9900  
Fax: (510) 208-9932

**Office of the Auditor-Controller**  
Melissa Wilk, Chief Deputy Auditor  
1221 Oak St., Rm. 249  
Oakland, CA 94612  
Tel: (510) 272-6565  
Fax: (510) 272-6502

**Clerk-Recorder's Office**  
1106 Madison St., 1<sup>st</sup> Floor  
Oakland, CA 94607  
Tel: (510) 272-6362  
Fax: (510) 208-9858



**ALAMEDA COUNTY**  
**AUDITOR-CONTROLLER AGENCY**  
**STEVE MANNING**  
AUDITOR-CONTROLLER/CLERK-RECORDER

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7. State whether the pay item is an ad hoc payment (i.e., stipend, payment for attending a meeting during the working hours, payment for attending a meeting during non-working hours)

**RESPONSE #7: No**

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

**RESPONSE #8: No**

9. State regular working hours of the employees who will receive the pay item ( i.e., 37.5 hour workweek employees, 40 hour workweek employees)

**RESPONSE #9: 40 hour workweek**

10. State whether pay item is for work performed outside of the regular workweek (i.e., payment for work or services performed outside of the employee's 37.5 hour workweek, or outside the employee's 40 hour workweek)

**RESPONSE #10: No**

11. State whether the pay item if for deferred compensation

**RESPONSE #11: No**

12. State whether the pay item is for retro payments

**RESPONSE #12: No**

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

**RESPONSE #13: No**

14. State whether the payment is compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member or employee

**RESPONSE #14: No**

15. State whether the payment is severance or other payment in connection with or in anticipation of a separation from employment (and state if this payment is made while employee is working)

**RESPONSE #15: No**

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

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**Central Collections Division**

1221 Oak St., Rm. 220  
Oakland, CA 94612  
Tel: (510) 208-9900  
Fax: (510) 208-9932

**Office of the Auditor-Controller**

Melissa Wilk, Chief Deputy Auditor  
1221 Oak St., Rm. 249  
Oakland, CA 94612  
Tel: (510) 272-6565  
Fax: (510) 272-6502

**Clerk-Recorder's Office**

1106 Madison St., 1<sup>st</sup> Floor  
Oakland, CA 94607  
Tel: (510) 272-6362  
Fax: (510) 208-9858



**ALAMEDA COUNTY**  
**AUDITOR-CONTROLLER AGENCY**  
**STEVE MANNING**  
AUDITOR-CONTROLLER/CLERK-RECORDER

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**RESPONSE #16: Biweekly**

17. State the basis for eligibility for the pay item (i.e., certification of completion of training program conducted by an accredited university, or employee assigned as supervisor of badge distribution)


**RESPONSE #17:**

**When assigned supervision of Human Resources Trainees and/or Departmental Human Resources Officers.**

**Additional Information:**

**Per Salary Ordinance Section 3-13.18 (2<sup>nd</sup> paragraph) (copy attached).**

3-13.18      ~~Effective January 10, 2014, Effective January 3, 2016, Effective October 9, 2016, Effective November 6, 2016, Effective April 22, 2018, not to exceed three employees in Job Code 0283PA and effective December 7, 2014, one employee in Job Code 0284PA, when performing the full-time responsibility of a Labor Relations Analyst and Effective September 10, 2017 one employee in 0281PA when performing the full-time responsibility of a Principal Labor Relations Analyst, and two of the following additional responsibilities: shall be compensated an additional 5 percent of the base pay (a) when assigned overall responsibilities for Human Resource Services the human resources functions for an Operating Department. (b)~~



In addition to the compensation provided in this note above, effective April 22, 2018, employees in Job Codes 0283PA, 0284PA and 0281PA, shall be compensated an additional 5 percent of the base pay when assigned supervision of Human Resource Services Trainees and/or Departmental Human Resources Officers. (c) when assigned technical responsibility over a Labor Relations Analyst I, shall be compensated an additional ten percent of the base pay. (BOS approved 4/22/14) (BOS approved 2/3/15) (BOS approved 1/12/16) (BOS approved 10/4/16) (BOS approved 12/6/16) (BOS approved 9/26/17)

Gov. Code Sec. 31461. (a) "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.

(b) "Compensation earnable" does not include, in any case, the following:

(1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:

(A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.

(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.

(C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned in each 12-month period during the final average salary period regardless of when reported or paid.

(2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned in each 12-month period during the final average salary period, regardless of when reported or paid.

(3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(4) Payments made at the termination of employment, except those payments that do not exceed what is earned in each 12-month period during the final average salary period, regardless of when reported or paid.

Gov. Code Sec. 7522.34. (a) "Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.

(b) Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

(c) "Pensionable compensation" does not include the following:

(1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.

(2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.

(3) Any one-time or ad hoc payments made to a member.

(4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

(5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.

(6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.

(8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.

(9) Employer contributions to deferred compensation or defined contribution plans.

(10) Any bonus paid in addition to the compensation described in subdivision (a).

(11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).

(12) Any other form of compensation a public retirement board determines should not be pensionable compensation.



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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: Aug 1, 2018

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: June 30, 2018, Unaudited Financial Statements

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**Executive Summary**

Attached for review and discussion is the unaudited financial statements for the six months ended June 30, 2018.

The Fiduciary Net Position Held in Trust and the Change in Fiduciary Net Position compared to the same time in 2017 increased by \$568 million.

**Financial Highlights**

- Net Position Restricted (Held in Trust for Benefits), as reported on the Statement of Fiduciary Net Position totaled \$8.1 billion. Total Receivables decreased by \$0.23 million, Investments at fair value increased by \$581 million and Total Liabilities increased by \$11 million.
- The year-over-year Change in Net Position decreased by \$578 million. This is due to decrease in additions of \$564 million and increase in deductions of \$14 million as explained below:
  - Total Additions year-over-year decreased by \$564 million. The increase in contributions of \$8 million was offset by \$572 million decrease in investments.
  - Total Deductions year-over-year increased by \$14 million. The amount is attributable to the growth in payments of service retirement, disability benefits, retiree health programs and administrative expenses.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**As of 6/30/2018**  
**MR 2012**

	<u>Year-To-Date 2018</u>	<u>Year-To-Date 2017</u>
<b>ASSETS</b>		
Cash (Note 1)	1,719,812	3,285,189
Securities Lending Cash Collateral (Note 2)	263,960,700	369,966,956
Receivables:		
Contributions (Note 3)	13,749,269	12,204,602
Investment Receivables (Note 4a)	20,551,325	19,671,113
Unsettled Trades - Investments Sold	22,630,041	22,302,050
Futures Contracts - Equity Index (Note 5a)	(198,617)	283,753
Equity Index Swaps (Note 6a)	21,189	828,844
Foreign Exchange Contracts (Note 7a)	348,919	2,061,613
Other Receivables (Note 8)	208,593	188,661
Total Receivables	<u>57,310,719</u>	<u>57,540,636</u>
Prepaid Expenses	449,625	480,467
Total Current Assets	<u>323,440,856</u>	<u>431,273,248</u>
Investments - at Fair Value:		
Short-Term Investments (Note 9)	278,559,274	211,197,489
Domestic Equity	737,688,351	1,482,545,352
Domestic Equity Commingled Funds	1,840,840,715	1,006,564,839
International Equity	1,604,341,238	1,698,159,546
International Equity Commingled Funds (Note 10)	490,707,459	492,399,967
Domestic Fixed Income	949,851,273	837,808,424
International Fixed Income	154,370,909	134,319,223
International Fixed Income - Commingled Funds (Note 11)	135,346,336	137,555,257
Real Estate - Separate Properties (Note 12)	68,571,982	66,024,074
Real Estate - Commingled Funds (Note 13)	458,890,303	447,545,143
Real Assets	319,526,076	272,019,881
Absolute Return (Note 14a)	612,694,017	314,907,876
Private Equity (Note 14b)	475,191,373	444,144,522
Total Investments	<u>8,126,579,305</u>	<u>7,545,191,593</u>
Capital Assets at Cost (Net of Accumulated Depreciation or Amortization) (Note 15)	1,543,318	1,666,195
<b>Total Assets</b>	<u><b>8,451,563,479</b></u>	<u><b>7,978,131,036</b></u>
<b>LIABILITIES</b>		
Securities Lending Liability (Note 2)	263,960,700	369,966,956
Unsettled Trades - Investments Purchased	42,072,930	34,942,117
Investment-Related Payables (Note 4b)	13,354,320	13,492,199
Futures Contracts - Equity Index (Note 5b)	1,170,413	1,638,273
Equity Index Swaps (Note 6b)	677,415	286,663
Foreign Exchange Contracts (Note 7b)	5,600,982	1,446,247
Accrued Administration Expenses (Note 16)	2,170,057	1,749,597
Members Benefits & Refunds Payable (Note 17a)	3,274,960	3,379,356
Retirement Payroll Deductions Payable (Note 17b)	11,466	8,834
<b>Total Liabilities</b>	<u><b>332,293,245</b></u>	<u><b>426,910,242</b></u>
<b>Net Position</b>		
<b>Restricted - Held in Trust for Benefits</b>	<u><b>8,119,270,234</b></u>	<u><b>7,551,220,795</b></u>
<b>Total Net Position</b>	<u><b>8,119,270,234</b></u>	<u><b>7,551,220,795</b></u>

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Six Months Ending 6/30/2018**  
MR 2012

	<u>Year-To-Date 2018</u>	<u>Year-To-Date 2017</u>
<b>ADDITIONS</b>		
Contributions: (Note 18)		
Members	45,709,399	44,167,542
Employers	127,074,900	120,987,492
Total Contributions	<u>172,784,299</u>	<u>165,155,034</u>
From Investment Activities:		
Net Appreciation in Fair Value of Investments	23,533,386	616,132,186
Interest	22,610,441	20,063,298
Dividends	45,714,985	44,066,948
Real Estate - Net	11,355,901	11,323,338
Private Equity and Alternatives	15,160,431	(4,918,550)
Brokers Commissions - Directed Brokerage	57,441	63,313
Sub-Total of Dividends, Interest, Other Investment Income (Note 19)	<u>94,899,198</u>	<u>70,598,346</u>
Total Income from Investment Activities	118,432,584	686,730,533
Total Investment Expenses (Note 20)	<u>(25,524,019)</u>	<u>(21,809,856)</u>
Net Income from Investment Activities (Note 21)	<u>92,908,565</u>	<u>664,920,676</u>
From Securities Lending Activities:		
Securities Lending Income	3,530,551	2,073,012
Securities Lending Expenses	<u>(2,333,161)</u>	<u>(855,551)</u>
Net Income from Securities Lending Activities (Note 22)	<u>1,197,390</u>	<u>1,217,460</u>
Total Net Investment Income	<u>94,105,955</u>	<u>666,138,137</u>
Miscellaneous Income (Note 23)	<u>146,342</u>	<u>253,985</u>
<b>Total Additions</b>	<u><b>267,036,596</b></u>	<u><b>831,547,156</b></u>
<b>DEDUCTIONS</b>		
Benefits:		
Service Retirement and Disability Benefits (Note 24)	226,314,268	213,425,142
Death Benefits (Note 25)	1,418,526	1,586,740
Supplemental Cost of Living Allowance	575,792	627,880
Retiree Healthcare Program	20,116,556	18,680,634
Total Benefit Payments	<u>248,425,142</u>	<u>234,320,397</u>
Member Refunds	3,534,717	4,084,579
Administration: (Note 26)		
Administrative Expenses	5,681,771	5,392,776
Actuarial Expenses	157,227	157,082
Business Continuity Expenses	275,350	196,763
Legal Expenses	736,094	725,844
Technology Expenses	458,117	423,102
401(h) Expenses	597,500	606,000
Total Administration	<u>7,906,059</u>	<u>7,501,567</u>
<b>Total Deductions</b>	<u><b>259,865,918</b></u>	<u><b>245,906,543</b></u>
<b>Net Increase(Decrease)</b>	<u><b>7,170,678</b></u>	<u><b>585,640,613</b></u>
<b>Net Position Held in Trust for Benefits:</b>		
<b>Net Position - January 1</b>	<u><b>8,112,099,556</b></u>	<u><b>6,965,580,182</b></u>
<b>Net Position - June 30</b>	<u><b>8,119,270,234</b></u>	<u><b>7,551,220,795</b></u>

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2018

*Basis of Accounting*

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

*(Note 1)*

*Cash - \$1.72 million*

Cash balance is the sum of the funds in the Wells Fargo Bank operating accounts. The decrease of \$1.57 million from \$3.29 million for June 30, 2017, is due to the timing difference between receipt of contributions and the transfer of funds to retiree payroll and investment.

*(Note 2)*

*Securities Lending Cash Collateral - \$263.96 million*

Cash collateral of \$263.96 million and \$369.97 million was held by ACERA related to securities on loan as of June 30, 2018, and June 30, 2017, 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 - \$13.75 million*

The receivable balances of June 30, 2018, increased approximately \$1.55 million from \$12.20 million in June 30, 2017. This is primarily due to the increase in employer and member contribution rates.

*(Note 4a)*

*Investment Receivables - \$20.55 million*

The investment receivables balance as of June 30, 2018, increased by \$0.88 million from \$19.67 million for June 30, 2017. This increase is due mainly to higher stock dividends receivables.

*(Note 4b)*

*Investment-Related Payables - \$13.35 million*

The investment related payables balance as of June 30, 2018, decreased by \$0.14 million from \$13.49 million for June 30, 2017. The decrease is due to investment management fee payments.

*(Note 5)*

*Future Contracts - Equity Index - Receivable - (\$0.20) million and Liability - \$1.17 million*

5a. The negative receivable represents unrealized losses on open future contracts. The total unrealized losses as of June 30, 2018 were (\$0.20) million and total unrealized gains as of June 30, 2017 were \$0.28 million.

5b. The liability represents the unrealized losses on open future contracts. The total unrealized losses as of June 30, 2018, and June 30, 2017, were \$1.17 million and \$1.64 million, respectively.



**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2018

*(Note 6)*

*Equity Index Swaps – Receivable - \$0.02 million and Payables - \$0.68 million*

6a. The receivable represents the amount to be received from the counterparties of the equity index swaps. As of June 30, 2018, and June 30, 2017, the amount to be received from equity index swap counterparties was \$0.02 million and \$0.83 million, respectively.

6b. The liability represents the amount owed, but not yet paid, to the counterparties of equity index swaps. As of June 30, 2018, and June 30, 2017, payables owed to equity index swap counterparties totaled \$0.68 million and \$0.29 million respectively.

*(Note 7)*

*Foreign Exchange Contracts – Receivable \$0.35 million and Liability \$5.6 million*

7a. Foreign exchange (FX) contracts include currency forward contracts and spot contracts. As of June 30, 2018, and June 30, 2017, unrealized gains on FX contracts were \$0.35 million and \$2.06 million, respectively. The \$1.7 million decrease is due to valuation of contracts.

7b. The liability represents unrealized losses on foreign exchange contracts. As of June 30, 2018, and June 30, 2017, the total unrealized losses were \$5.60 million and \$1.45 million, respectively. The \$4.15 million increase is due to valuation of contracts.

*(Note 8)*

*Other Receivables - \$0.21 million*

Other receivables as of June 30, 2018, are comprised primarily of funds due from deceased retirees' estates for overpayment of benefits.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2018

(Note 9)

Short-Term Investments - \$278.56 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.

<u>As of June 30, 2018</u>	<u>Dollars in Millions</u>
Unallocated Cash	\$ 137.19
Brandywine	\$ 46.49
AQR Capital Management, LLC	33.04
Capital Guardian	15.19
Baird Investors	13.87
Loomis	8.17
Next Century Growth Small Cap	7.56
Kennedy	4.66
Blackstone Strategic Opportunity	4.02
Mondrian	2.57
Pzena	2.53
Bivium - Vulcan Value Partners, LLC	0.78
Bivium - Huber Capital Management, LLC	0.68
Trust Company of the West	0.66
Transition	0.59
Bivium - Alta Capital Mgmt, Llc	0.48
Bivium - Quest Investment Mgmt	0.08
Bivium - Oakbrook Investments	0.03
<b>Total</b>	<b>\$ 278.56</b>

(Note 10)

International Equity Commingled Funds - \$490.71 million

As of June 30, 2018, and June 30, 2017, the International Equity Commingled Funds were \$490.71 million and \$492.40 million, respectively. The slight decrease of \$1.69 million is due to market depreciation.

(Note 11)

International Fixed Income –Commingled Funds - \$135.35 million

The decrease of \$2.21 million from the prior year is mainly due to unrealized losses. Disclosure of credit ratings on mutual fund holdings of fixed income portfolio is not required per GASB Statement No. 40.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2018

*(Note 12)*

*Real Estate - Separate Properties - \$68.57 million*

The following is a summary of Real Estate – Separate Property investments as of June 30, 2018, and June 30, 2017. The year over year increase of \$2.55 million is due to the market appreciation of the Oakland 14<sup>th</sup> Street property.

*(Dollars in Millions)*

<u><i>Investment Manager</i></u>	<u><i>Net Mkt. Value 2018</i></u>	<u><i>Net Mkt. Value 2017</i></u>	<u><i>No. of Properties 2018</i></u>	<u><i>No. of Properties 2017</i></u>
RREEF	\$68.57	\$66.02	1	1

*(Note 13)*

*Real Estate - Commingled Funds \$458.89 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 \$11.35 million in 2018 as compared to 2017 is mostly due to additional investments net of distributions.

*(Note 14a)*

*Absolute Return - \$612.69 million*

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$297.79 million in 2018 as compared to 2017 is predominantly due to additional investments.

*(Note 14b)*

*Private Equity - \$475.19 million*

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$31.05 million in 2018 as compared to 2017 is predominantly due to additional investments net of distributions.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2018

*(Note 15)*

*Capital Assets at Cost (Net of Accumulated Depreciation and Amortization) - \$1.54 million*

As of June 30, 2018, and June 30, 2017:

	<u><b>June 30, 2018</b></u>	<u><b>June 30, 2017</b></u>
Equipment, Furniture & Information Systems	\$13.49	\$13.49
EDMS	\$4.16	\$4.16
Accumulated Depreciation	(\$17.61)	(\$17.58)
	<u>\$0.05</u>	<u>\$0.07</u>
Leasehold Improvements	\$2.59	\$2.59
Accumulated Depreciation	(\$1.09)	(\$0.99)
	<u>\$1.50</u>	<u>\$1.59</u>
<b>Total Capital Assets, Net</b>	<b>\$1.54</b>	<b>\$1.67</b>

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2018

Depreciation is computed using the straight-line method for most assets not relevant over the following estimated useful lives:

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

(Note 16)

Accrued Administration Expenses - \$2.17 million

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

(Note 17)

17a. Members' Benefits & Refunds Payable - \$3.27 million

Members Benefits and Refund Payable as of June 30, 2018, are detailed as follows:

<i>Accrued Benefits and Refunds</i>	<u>6/30/2018</u>	<u>6/30/2017</u>
Basic Active Death Benefits	\$ 0.55	\$ 0.71
Active Death Contribution Refunds	1.18	1.35
Retired Death Benefits	1.30	1.21
Members' Contribution Refunds	0.24	0.11
Total Members' Benefit & Refunds Payable	<u>\$ 3.27</u>	<u>\$ 3.38</u>

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

The balance for June 30, 2018, includes health premium prepayments for 11 retirees. The corresponding balance for June 30, 2017, of \$0.01 million included prepayments for 8 retirees.

(Note 18)

Contributions - \$172.78 million

The increase in contributions of \$7.62 million in 2018 as compared to 2017 is primarily due to increases in employer and member contribution rates.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2018

(Note 19)

Interest, Dividend, and Other Investment Income - \$94.90 million

<i>Interest, Dividend, and Other Investment Income</i>	<i>For the Six Months Ended</i>	
	<i>6/30/2018</i>	<i>6/30/2017</i>
Interest Income	\$ 22.61	\$ 20.06
Dividend Income	45.71	43.47
Real Estate Income	11.36	11.32
PEARLS Income (Loss) <sup>(1)</sup>	15.16	(4.91)
Other Investment Income	-	0.60
Directed Brokerage Commission Recapture	0.06	0.06
<b>Total Interest, Dividend, and Other Investment Income <sup>(2)</sup></b>	<b>\$ 94.90</b>	<b>\$ 70.60</b>

<sup>(1)</sup>The PEARLS Income (Loss) represents the net operating results of all Private Equity, Absolute Return and Real Assets Funds.

<sup>(2)</sup>The increase of \$24.30 million from 2017 is predominantly due to gain from Private Equity and Absolute Return.

(Note 20)

Investment Expenses - \$25.52 million

	<i>For the Six Months Ended</i>			
	<i>Basis Points</i>	<i>6/30/2018</i>	<i>Basis Points</i>	<i>6/30/2017</i>
Investment Manager and Incentive Fees	27.10	\$ 22.01	25.86	\$ 19.51
Investment Custodian	0.30	0.27	0.36	0.27
Investment Consultants and Other Expenses (*)	2.10	1.70	0.84	0.64
Subtotal Investment Services	29.50	23.99	27.06	20.42
Investment Allocated Costs	1.90	1.54	1.84	1.39
<b>Total Investment Expenses (**)</b>	<b>31.40</b>	<b>\$ 25.52</b>	<b>28.90</b>	<b>\$ 21.81</b>

(\*) *Investment Consultant and Other Expenses:*

	<i>For the Six Months Ended</i>			
	<i>Basis Points</i>	<i>6/30/2018</i>	<i>Basis Points</i>	<i>6/30/2017</i>
Investment Advising & Performance (Pearls, Alternative Investment)	0.54	\$ 0.44	0.59	\$ 0.44
Consultant - Portfolio Rebalancing	0.02	0.02	0.03	0.03
Consultant - Legal (Alternative Investment)	0.19	0.16	0.04	0.03
Subtotal – Consultants Expenses	0.75	0.62	0.66	0.50
Proxy Services	0.03	0.03	0.04	0.03
Transaction Cost Analysis	0.04	0.02	0.03	0.02
Other Expenses (includes software support)	1.27	1.03	0.11	0.09
Subtotal – Other Investment Expenses	1.34	1.08	0.18	0.14
<b>Total Investment Consultants &amp; Other Exp.</b>	<b>2.09</b>	<b>\$ 1.70</b>	<b>0.84</b>	<b>\$ 0.64</b>

(\*\*) The \$3.71 million increase in total investment expenses from 2017 is predominantly due to investment management and incentive fees in Real Estate, Private Equity, Absolute Return and Real Assets.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2018

(Note 21)

Net Investment Gain (Loss) \$92.91 million

The breakdown of net investment income (loss) is as follows:

	<i>For the Six Months Ended</i>		<i>Inc./(Dec.)</i>
	<i>6/30/2018</i>	<i>6/30/2017</i>	<i>from previous year</i>
Paper gains (losses)(Unrealized gains/losses)	\$ (1,067.73)	\$ 474.87	\$ (1,542.60)
Actual gains (losses)(Realized gains/(losses)	1,091.27	141.26	950.01
Investment Income (Interest/Dividend/RE/Other)			
Net of Expenses	69.37	48.79	20.58
Total Net Income (Loss) From Investment Activities	\$ 92.91	\$ 664.92	\$ (572.01)

(Note 22)

Securities Lending Net Income - \$1.20 million

The securities lending net income balance as of June 30, 2018, and June 30, 2017, were \$1.20 million and \$1.22 million, respectively.

(Note 23)

Miscellaneous Income - \$0.15 million

The miscellaneous income of \$0.15 million is predominately from prior years' class action litigation settlements.

(Note 24)

Service Retirement and Disability Benefits - \$226.31 million

The increase of \$12.88 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 in the total number of retirees receiving benefits.

(Note 25)

Death Benefits - \$1.42 million

The death benefits paid out during the six months ended June 30, 2018, were comprised of \$0.10 million of Retired Death Benefits, \$0.28 million of Active Death Benefits, and \$1.04 million of Survivorship Benefits.

(Note 26)

Total Administration - \$7.91 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

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of June 30, 2018

employers' 401(h) contributions allocated to estimated administrative costs of Postemployment Medical Benefits.

The breakdown on total Administration Expenses is as follows:

	<u>For the Six Months Ended</u>		<u>Inc./ (Dec.)</u>
<u>Total Administration Expenses</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>from previos</u>
			<u>year</u>
Administrative Expenses	\$ 5.68	\$ 5.39	\$ 0.28
Actuarial Expenses	0.16	0.16	0.00
Business Continuity Expenses	0.28	0.20	0.08
Legal Expenses	0.74	0.73	0.01
Technology Expenses	0.46	0.42	0.04
401(h) Administrative Expenses	0.60	0.61	-0.01
Total Administration	\$ 7.91	\$ 7.50	\$ 0.40





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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: August 1, 2018

TO: Member of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Total Operating Expense Budget Summary for June 30, 2018

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ACERA's operating expenses are \$340 under budget for the period ending June 30, 2018. Budget overages and surpluses worth noting are as follows:

**Budget Overage**

1. *Staffing*: Staffing is \$13K over budget. This amount comprises overage in temporary staffing of \$283K, which is offset by surplus in staff vacancies of (\$270K).

**Budget Surplus**

1. *Staff Development*: Staff Development is \$131K under budget. The entire amount is savings from unattended staff trainings.
2. *Professional Fees*: Professional Fees is \$69K under budget. This amount comprises surpluses in actuarial fees of (27K), legal fees of (\$25K) and operations consulting of (\$17K).
3. *Office Expense*: Office Expense is \$18K under budget. This amount comprises surpluses in bank charges of (\$11K), communications of (2K), office maintenance/supplies of (\$15K), and printing/postage of (\$2K), which are offset by overages in building expenses of \$7K and minor equipment/equipment lease of \$5K.
4. *Member Services*: Member Services is \$22K under budget. This is mainly attributed to surpluses in disability legal arbitration/transcripts of (\$13K), health reimbursement of (\$3K), and member printing/postage of (\$25K), which are offset by overages in disability medical expenses of \$19K resulting from timing differences.
5. *Systems*: Systems is \$18K under budget. This is mainly attributed to surplus in software maintenance of (\$42K) due to timing differences that are offset by overages in business continuity of \$15K and county data processing and computer maintenance of \$9K.
6. *Depreciation*: Depreciation is \$3K under budget. This entire amount is a timing difference primarily with leasehold improvements and fixed assets.

7. *Board of Retirement:* Board of Retirement is \$92K under budget. This amount comprises surpluses in board compensation of (\$3K), board conferences/trainings of (\$3K) and board miscellaneous expense of (\$18K); savings of (\$68K) from 2017 board employer reimbursement accruals.

### **Staffing Detail**

As of June 30, 2018, ACERA had the following vacant positions:

<b>Department</b>	<b>Position</b>	<b>QTY</b>	<b>Comments</b>
Administration	Assistant CEO	1	Work out of class – currently budgeted until 12/2018
Benefits	Retirement Specialist	2	Filled by temporary staff – currently budgeted until 12/2018
Benefits	Retirement Specialist	3	Filled by temporary staff – budget allocation start 09/2018
Benefits	Retirement Support Specialist	1	Filled by temporary staff – budget allocation start 09/2018
Fiscal Services	Assistant Accounting Manager	1	Retired - currently budgeted until 12/2018
Fiscal Services	Retirement Accountant II	1	Retired - currently budgeted until 12/2018
Fiscal Services	Retirement Accountant III	1	Retired - currently budgeted until 6/2018
Investments	Admin Support Specialist	1	Filled by temporary staff – currently budgeted until 12/2018
Legal	Admin Specialist II	1	Vacant funding moved to Benefits
<b>Total Positions</b>		<b>12</b>	

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION****TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSE SUMMARY**

<b>YEAR TO DATE ACTUAL VS. BUDGET</b>					
<b><u>June 30, 2018</u></b>					
	<b><u>Actual</u></b>	<b><u>Budget</u></b>	<b><u>YTD</u></b>	<b><u>2018</u></b>	<b><u>% Actual to</u></b>
	<b><u>Year-To-Date</u></b>	<b><u>Year-To-Date</u></b>	<b><u>Variance</u></b>	<b><u>Annual</u></b>	<b><u>Annual Budget</u></b>
			<b><u>(Under)/Over</u></b>	<b><u>Budget</u></b>	
<b>Staffing</b>	\$ 6,795,177	\$ 6,782,300	\$ 12,877	\$ 13,850,200	49.1%
<b>Staff Development</b>	164,948	296,430	(131,482)	559,000	29.5%
<b>Professional Fees (Page 2)</b>	596,678	665,380	(68,702)	1,143,000	52.2%
<b>Office Expense</b>	244,608	262,350	(17,742)	530,000	46.2%
<b>Insurance</b>	628,693	628,520	173	1,278,000	49.2%
<b>Member Services</b>	176,566	199,000	(22,434)	470,800	37.5%
<b>Systems</b>	553,680	572,100	(18,420)	1,191,000	46.5%
<b>Depreciation</b>	61,645	64,400	(2,755)	126,000	48.9%
<b>Board of Retirement</b>	222,875	314,820	(91,945)	628,000	35.5%
<b>Uncollectable Benefit Payments</b>	-	-	-	30,000	0.0%
<b>Total Operating Expenses</b>	<b>\$ 9,444,870</b>	<b>\$ 9,785,300</b>	<b>\$ (340,430)</b>	<b>\$ 19,806,000</b>	<b>47.7%</b>
<b>Investment Consultant Fees</b>	1,703,203	911,040	792,163	1,823,000	93.4%
<b>Investment Custodian Fees</b>	272,787	274,800	(2,013)	550,000	49.6%
<b>Investment Manager and Incentive Fees</b>	22,009,220	26,439,240	(4,430,020)	52,879,000	41.6%
<b>Total Portfolio Management Investment Expense</b>	<b>\$ 23,985,210</b>	<b>\$ 27,625,080</b>	<b>\$ (3,639,870)</b>	<b>\$ 55,252,000</b>	<b>43.4%</b>
<b>Total Operating and Portfolio Management Investment Expense</b>	<b>\$ 33,430,080</b>	<b>\$ 37,410,380</b>	<b>\$ (3,980,300)</b>	<b>\$ 75,058,000</b>	<b>44.5%</b>



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
PROFESSIONAL FEES  
YEAR TO DATE ACTUAL VS. BUDGET  
June 30, 2018

	<u>Actual Year-To-Date</u>	<u>Budget Year-To-Date</u>	<u>YTD Variance (Under)/Over</u>	<u>2018 Annual Budget</u>	<u>% Actual to Annual Budget</u>
<b>Professional Fees</b>					
Consultant Fees - Operations and Projects <sup>1</sup>	\$ 184,346	\$ 201,600	\$ (17,254)	\$ 360,000	51.2%
Legal Fees <sup>2</sup>	89,605	114,000	(24,395)	229,000	39.1%
Actuarial Fees	176,727	203,780	(27,053)	408,000	43.3%
External Audit	146,000	146,000	-	146,000	100.0%
<b>Total Professional Fees</b>	<b>\$ 596,678</b>	<b>\$ 665,380</b>	<b>\$ (68,702)</b>	<b>\$ 1,143,000</b>	<b>52.2%</b>

<sup>1</sup> Consultant Fees - Operations and Projects:

	<u>Actual Year-To-Date</u>	<u>Budget Year-To-Date</u>	<u>YTD Variance (Under)/Over</u>	<u>2018 Annual Budget</u>	<u>% Actual to Annual Budget</u>
<b>Benefits</b>					
Keenan (Benefit Consultant/Retiree Open Enrollment)	47,965	57,600	(9,635)	115,000	41.7%
Keenan (Retirees Health Insurance Benefit)	32,000	36,000	(4,000)	36,000	88.9%
Benefit Consultant (County Retirees Medical)	63,000	63,000	-	126,000	50.0%
Total Benefits	142,965	156,600	(13,635)	277,000	51.6%
<b>Human Resources</b>					
Lakeside Group (County Personnel)	38,500	39,000	(500)	77,000	50.0%
Total Human Resources	38,500	39,000	(500)	77,000	50.0%
<b>Internal Audit</b>					
IDEA Consulting for software	-	3,000	(3,000)	3,000	0.0%
Peer Review - Internal Audit Quality	2,881	3,000	(119)	3,000	0.0%
Total Internal Audit	2,881	6,000	(3,119)	6,000	0.0%
Total Consultant Fees - Operations	\$ 184,346	\$ 201,600	\$ (17,254)	\$ 360,000	51.2%
<b>Total Consultant Fees - Operations</b>	<b>\$ 184,346</b>	<b>\$ 201,600</b>	<b>\$ (17,254)</b>	<b>\$ 360,000</b>	<b>51.2%</b>

**ACTUARIAL FEES**

Actuarial fees (562-00-005)	132,247	155,300	(23,053)	311,000	42.5%
GASB 67 & 68 Valuation (562-00-005)	18,500	22,500	(4,000)	45,000	41.1%
GASB 74 & 75-Actuarial (562-00-005)	6,480	6,480	-	13,000	49.8%
Actuarial fees-SRBR (562-00-007)	19,500	19,500	-	39,000	50.0%
Total Actuarial Fees	\$ 176,727	\$ 203,780	\$ (27,053)	\$ 408,000	43.3%

**EXTERNAL AUDIT**

External audit (562-00-004)	139,905	123,000	-	123,000	113.7%
GASB 67 & 68 (562-00-004)	3,648	12,000	-	12,000	30.4%
GASB 74 & 75-External Audit (562-00-004)	2,447	11,000	-	11,000	22.2%
Total External Audit Fees	\$ 146,000	\$ 146,000	\$ -	\$ 146,000	100.0%

<sup>2</sup> Legal Fees

Manatt, Phelps & Phillips (Fiduciary Counseling)	-	60,000	(60,000)	121,000	0.0%
Nossaman, LLP	51,748	-	51,748	-	0.0%
<b>Tax and Benefit Issues</b>					
Hanson, Bridgett, LLP	840	21,000	(20,160)	42,000	2.0%
Reed Smith	4,843	-	4,843	-	0.0%
<b>Employment Litigation and Securities</b>					
Pension Reform	-	33,000	(33,000)	66,000	0.0%
Reed Smith (ACD Sheriff's)	21,844	-	21,844	-	0.0%
<b>Contingency Fees - Misc.</b>					
Confidential Investigation:					
Baker Hostetler	3,981	-	3,981	-	0.0%
Byers/Richardson	980	-	980	-	0.0%
Kroll LLC	382	-	382	-	0.0%
Meyers/Nave Professional Law Corporation	4,988	-	4,988	-	0.0%
John L. Williams	-	-	-	-	0.0%
Amy Oppenheimer	-	-	-	-	0.0%
West Coast Workplace Investigation	-	-	-	-	0.0%
Total Legal Fees	\$ 89,605	\$ 114,000	\$ (24,395)	\$ 229,000	39.1%



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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: August 1, 2018

TO: Member of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: ACERA's Cash Forecast Model (CFM) July 2018 – June 2019

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### Executive Summary

As a mature, cost-sharing, multi-employer, defined benefit 401(a) plan, ACERA's monthly retirement benefit payment liabilities and administrative expenses exceed current member contributions; therefore, ACERA liquidates cash from the plan's invested assets on a monthly basis to meet its increasing financial obligations. To 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, below, is the current forecasted negative cash position for the period spanning July 1, 2018, to June 30, 2019. **Excluding the two three-pay-period months<sup>1</sup> (i.e., November 2018 and May 2019, and annotated by an \*), the average monthly negative cash position for the referenced period is negative \$17,059,583.**

ACERA's Monthly Negative Cash Position			
Period	Total Receipts	Total Disbursements	Negative Cash Position
Jul-18	\$27,057,092	\$44,785,776	(\$17,728,684)
Aug-18	\$27,130,073	\$44,845,451	(\$17,715,378)
Sep-18	\$27,223,135	\$44,944,734	(\$17,721,599)
Oct-18	\$27,319,370	\$45,059,577	(\$17,740,207)
Nov-18*	\$38,227,367	\$45,029,827	(\$6,802,460)
Dec-18	\$30,202,687	\$45,037,400	(\$14,834,713)
Jan-19	\$27,570,456	\$45,144,702	(\$17,574,246)
Feb-19	\$27,663,458	\$45,200,695	(\$17,537,237)
Mar-19	\$27,738,128	\$45,318,978	(\$17,580,850)
Apr-19	\$27,830,544	\$45,339,138	(\$17,508,594)
May-19*	\$38,945,080	\$45,354,793	(\$6,409,714)
Jun-19	\$30,751,264	\$45,405,590	(\$14,654,326)
Total	\$357,658,653	\$541,466,660	(\$183,808,007)
Average	\$28,048,621	\$45,108,204	(\$17,059,583)
Table 1.		*Three-pay-period month	

<sup>1</sup> The three-pay-period months are excluded from the average because they cause inaccuracy with extreme fluctuation.



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

5-Year Annual Cash Inflow			
	Total Contributions/Misc. Cash	Cash Draw from SSB*	Total Cash
2018	\$351,109,114	\$219,000,000	\$570,109,114
2017	\$335,099,875	\$217,350,000	\$552,449,875
2016	\$325,836,998	\$196,400,000	\$522,236,998
2015	\$316,918,096	\$216,100,000	\$533,018,096
2014	\$292,454,010	\$181,650,000	\$474,104,010

**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.

5-Year Annual Cash Outflow			
	Retiree P/R, A/P, ACERA P/R	Cash Return to SSB	Total Disbursements
2018	\$533,442,045	\$52,503,646	\$585,945,691
2017	\$502,857,234	\$34,950,000	\$537,807,234
2016	\$475,743,162	\$45,900,000	\$521,643,162
2015	\$454,551,561	\$78,200,000	\$532,751,560
2014	\$430,279,558	\$44,350,000	\$474,629,558

**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.

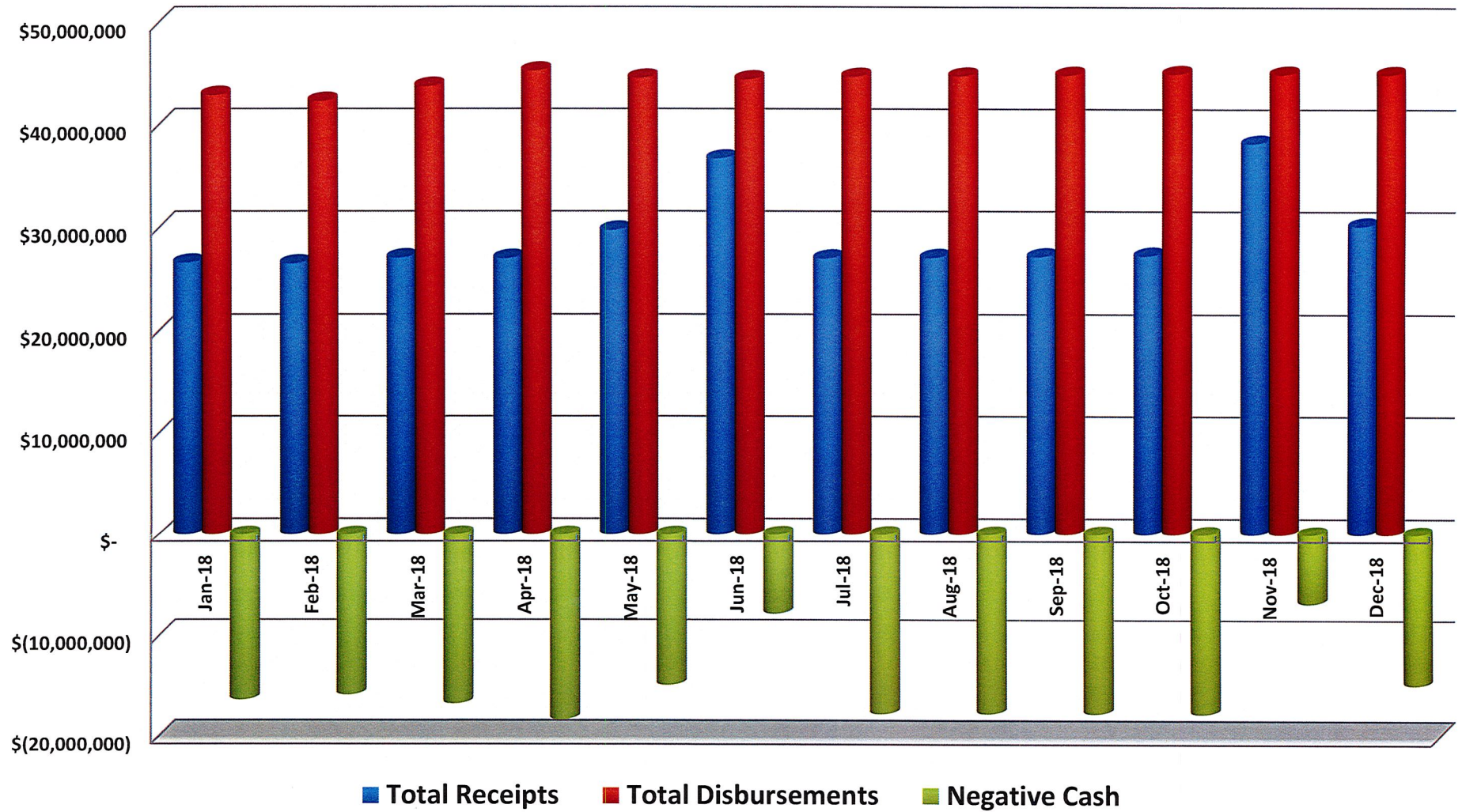
5-Year Annual Cash Draw			
	Negative Cash	SSB Net Cash Draw	Variance
2018	(\$182,332,931)	\$166,496,354	(\$15,836,577)
2017	(\$167,757,359)	\$182,400,000	\$14,642,641
2016	(\$149,906,164)	\$150,500,000	\$593,836
2015	(\$137,633,465)	\$137,900,000	\$266,536
2014	(\$137,825,548)	\$137,300,000	(\$525,548)

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

\* State Street Bank (SSB)

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

## Cash Forecast January - December 2018





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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: August 1, 2018

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Board Conference and Training Expense for the period January 1, 2018 to June 30, 2018

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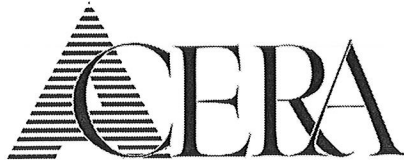
Attached is the year-to-date Board conference and training expense report. As of June 30, 2018, reported expenses were \$112,089.



**ACERA Board of Retirement  
Conference and Training Expense Report  
YTD June 30, 2018**

Month	Date	Conference/Location	Attendee	Sum of Total
January	08-10	Opal Public Funds Summit	Darryl Walker	\$ 69.00
	26	NASP - Diverse and Emerging Manager Forum	Darryl Walker	\$ 985.00
			Tarrell Gamble	\$ 1,626.00
January Total				\$ 2,679.00
February	09-10	SEO Alternative Investments	Tarrell Gamble	\$ 555.00
February Total				\$ 555.00
March	12-14	CII Spring Conference	Elizabeth Rogers	\$ 2,651.00
	28	NASP - 8th Annual Day of Education in Private Equity for Trustees	Darryl Walker	\$ 954.00
			Tarrell Gamble	\$ 973.00
	28-30	CALAPRS Advanced Principles of Pension Management	Elizabeth Rogers	\$ 3,756.00
Henry Levy			\$ 3,684.00	
March Total				\$ 12,017.00
April	10-11	NASP - Pension Bridge Annual Conference	Darryl Walker	\$ 109.00
	23-28	The Wharton School University of Pennsylvania, Portfolio Concepts Management	Henry Levy	\$ 7,148.00
			Nancy Reilly	\$ 6,770.00
	29-02	Milken Global Conference 2018	Dale Amaral	\$ 12,079.00
			Darryl Walker	\$ 12,513.00
			George Wood	\$ 11,808.00
			Henry Levy	\$ 12,161.00
			Keith Carson	\$ 11,684.00
April Total				\$ 74,271.00
May	15-18	SACRS - Spring Conference	Darryl Walker	\$ 120.00
			Elizabeth Rogers	\$ 142.00
			Henry Levy	\$ 1,378.00
			Liz Koppenhaver	\$ 1,102.00
			Nancy Reilly	\$ 1,255.00
	Tarrell Gamble	\$ 676.00		
31	California Labor Trustee Convening	Darryl Walker	\$ 362.00	
May Total				\$ 5,035.00
June	04-06	NASP - 29th Annual Pension & Financial Services Conference	Darryl Walker	\$ 2,225.00
			Tarrell Gamble	\$ 1,271.00
	8	CALAPRS Trustees Round Table	Henry Levy	\$ 148.00
	13	OPAL Group, Private Debt Forum	Tarrell Gamble	\$ -
	13-14	GCM Grosvenor - Consortium 2018	Tarrell Gamble	\$ 1,224.00
5	California Alternative Investments Association - Financial Tech Group - Blockchain as an Asset	Henry Levy	\$ 20.00	
June Total				\$ 4,888.00
July (*)	23-24	Pension Bridge, Private Equity Exclusive	Tarrell Gamble	\$ 1,118.00
	30-01	IFEBP - Wharton West - Alternative Investment Strategies	Henry Levy	\$ 3,995.00
July (*) Total				\$ 5,113.00
September (*)	12-13	OPAL Group, Emerging Managers Summit 2018	Tarrell Gamble	\$ 1,241.00
	27	Bernhard Capital Partners Annual Meeting	Tarrell Gamble	\$ 1,208.00
September (*) Total				\$ 2,449.00
October (*)	13-17	IFEBP	Darryl Walker	\$ 3,117.00
	14	IFEBP Annual Conference	Keith Carson	\$ 1,965.00
October (*) Total				\$ 5,082.00
Grand Total				\$ 112,089.00

(\*) Prepaid Expenses



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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: August 1, 2018

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Sr. Managers Conference and Training Expense Report for the period  
January 1, 2018 to June 30, 2018

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Attached is the year-to-date Senior Managers' Conference and Training Expense report. As of June 30, 2018, reported expenses totaled \$47,008.

**ACERA Sr. Managers  
SM Conference and Training Expense Report  
January 1, 2018 to June 30, 2018**

From	To	Senior Manager	Training/Conference	Total
<b>Training</b>				
01/17/18	01/17/18	Betty Tse	CA Society of CPAs Continuing Education	\$ 70.00
03/07/18	03/07/18	Betty Tse	Continuing Education	795.00
05/22/18	05/22/18	Betty Tse	Continuing Education	410.00
05/31/18	05/31/18	Betty Tse	CALCPA Webcast Continuing Education	306.00
06/21/18	06/21/18	Betty Tse	Continuing Education	306.00
		<b>Betty Tse Training Total</b>		<b>\$ 1,887.00</b>
<b>Conference</b>				
04/29/18	05/02/18	Betty Tse	Milken Conference	\$ 11,954.19
05/15/18	05/18/18	Betty Tse	SACRS Spring Conference	1,400.62
06/04/18	06/04/18	Betty Tse	Trusted Insights	12.90
06/22/18	06/22/18	Betty Tse	CALAPRS Investment Roundtable	149.00
		<b>Betty Tse Conference Total</b>		<b>\$ 13,516.71</b>
<b>Conference</b>				
03/06/17	03/08/17	Dave Nelsen	Calaprs General Assembly 2017**	\$ 100.00
01/19/18	01/19/18	Dave Nelsen	Calaprs Administrators Roundtable	887.88
03/03/18	03/06/18	Dave Nelsen	Calaprs General Assembly	1,392.06
05/15/18	05/18/18	Dave Nelsen	SACRS Spring Conference	1,603.53
06/11/18	06/13/18	Dave Nelsen	Calaprs Management Leadership Academy	838.43
06/22/18	06/22/18	Dave Nelsen	Calaprs Administrators Roundtable	135.00
08/04/18	08/08/18	Dave Nelsen	NASRA Conference	181.96
		<b>Dave Nelsen Conference Total</b>		<b>\$ 5,138.86</b>
<b>Training</b>				
02/08/18	02/08/18	Harsh Jadhav	Internal Investigations Webinar	\$ 143.10
02/27/18	02/27/18	Harsh Jadhav	ISACA Training	190.00
03/02/18	03/02/18	Harsh Jadhav	One Note Training	13.06
04/18/18	04/18/18	Harsh Jadhav	Access 2013 Fundamentals	175.00
05/10/18	05/10/18	Harsh Jadhav	Access 2013 Intermediate	175.00
06/26/18	06/26/18	Harsh Jadhav	Access 2013 Advanced	190.00
		<b>Harsh Jadhav Training Total</b>		<b>\$ 886.16</b>
<b>Conference</b>				
05/06/18	05/09/18	Harsh Jadhav	APPFA Conference	\$ 1,311.53
05/15/18	05/18/18	Harsh Jadhav	SACRS Spring Conference	1,028.47
		<b>Harsh Jadhav Conference Total</b>		<b>\$ 2,340.00</b>
<b>Conference</b>				
02/21/18	02/21/18	Vijay Jagar	Alternative Investments Security Roundtable	\$ 25.00
04/22/18	04/25/18	Vijay Jagar	PRISM Conference	1,661.29
05/15/18	05/18/18	Vijay Jagar	SACRS Spring Conference	1,026.32
		<b>Vijay Jagar Total</b>		<b>\$ 2,712.61</b>
<b>Training</b>				
01/16/18	01/16/18	Kathy Foster	SACRS Program Committee	\$ 4.00
		<b>Kathy Foster Training Total</b>		<b>4.00</b>
<b>Conference</b>				
03/06/17	03/08/17	Kathy Foster	Calaprs General Assembly**	\$ 100.00
02/24/18	02/27/18	Kathy Foster	NASRA Winter Meeting	2,746.98
03/04/18	03/06/18	Kathy Foster	Calaprs General Assembly	1,214.65
05/15/18	05/18/18	Kathy Foster	SACRS Spring Conference	1,286.74
06/08/18	06/08/18	Kathy Foster	Calaprs Benefits Roundtable	149.00
08/26/18	08/29/18	Kathy Foster	ISCEBS Employee Benefits Symposium	1,155.00
		<b>Kathy Foster Conference Total</b>		<b>\$ 6,652.37</b>

**ACERA Sr. Managers  
SM Conference and Training Expense Report  
January 1, 2018 to June 30, 2018**

From	To	Senior Manager	Training/Conference	Total
<b>Conference</b>				
10/27/17	10/27/17	Kathy Mount	Calaprs Attorneys' Roundtable**	\$ 125.00
02/21/18	02/24/18	Kathy Mount	NAPPA Winter Seminar 2018	1,592.28
05/15/18	05/18/18	Kathy Mount	SACRS Spring Conference	985.09
		<b>Kathy Mount Conference Total</b>		<b>\$ 2,702.37</b>
<b>Training</b>				
04/18/18	04/18/18	Margo Allen	Advanced Financial Statements	\$ 50.00
		<b>Margo Allen Training Total</b>		<b>\$ 50.00</b>
<b>Conference</b>				
05/15/18	05/18/18	Margo Allen	SACRS Spring Conference	\$ 120.00
		<b>Margo Allen Conference Total</b>		<b>\$ 120.00</b>
<b>Training</b>				
<b>Conference</b>				
05/15/18	05/18/18	Sandra Dueñas-Cuevas	SACRS Spring Conference	\$ 1,243.26
06/12/18	06/15/18	Sandra Dueñas-Cuevas	IFEBP Certificate Series	3,718.60
09/11/18	09/13/18	Sandra Dueñas-Cuevas	Onbase Conference	30.00
		<b>Sandra Dueñas-Cuevas Conference Total</b>		<b>\$ 4,991.86</b>
<b>Conference</b>				
06/16/18	06/19/18	Victoria Arruda	SHRM Conference	\$ 4,372.07
08/05/18	08/09/18	Victoria Arruda	HR DMEC Conference	1,634.45
		<b>Victoria Arruda Conference Total</b>		<b>\$ 6,006.52</b>
		<b>Grand Total</b>		<b>\$ 47,008.46</b>

(\*\*) 2017 Expenses paid in 2018.

Note: This report only shows expenses received and processed by the FSD on or before June 30, 2018. This report does not include accruals only actuals.



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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: August 1, 2018

TO: Members of the Operations Committee

FROM: Ismael Piña, Assistant Benefits Manager

SUBJECT: **2<sup>nd</sup> Quarter 2018 Call Center Report**

A handwritten signature in black ink, appearing to read "Ismael Piña", is positioned to the right of the "FROM" line.

Attached is the Member Services and Reception Service Level Report for the second quarter of 2018. The Call Center went through a restructure in mid-April with the implementation of new call prompts which allows the caller to select an option to go directly to agents in the Active Unit, Healthcare Unit, Membership Unit, or to an assigned agent to assist with Web Member Services issues. With these new prompt options and additional call agents assigned to the phones we anticipate improved response and service levels for 2018.

The matrix below provides the five highest call volume categories for the second quarter of 2018.

Q2 Highest Volume	Categories of Calls
227	Retirement related Q's
156	Health/Dental/Vision
97	Account Bal/Award Letters
94	Direct Deposit/Checks
80	Taxes

Attachment

# ACERA

## 2nd Quarter 2018 Member Services and Reception Service Level Report

Performance Indicators	Jan. 2018 Member	Jan. 2018 Reception	Feb. 2018 Member	Feb. 2018 Reception	Mar. 2018 Member	Mar. 2018 Reception	Apr. 2018 Member	Apr. 2018 Reception	May '2018 Member	May '2018 Reception	June '2018 Member	June '2018 Reception
Service Level	86.7%	91.9%	81.7%	87.7%	87.3%	90.0%	86.0%	92.4%	91.0%	89.4%	86.9%	92.3%
Total Number of Call Offered	1711	468	1702	521	1716	591	911	328	1426	517	1294	492
ACD Agent Handled Calls	1611	441	1592	476	1625	554	816	313	1334	462	1186	443
Number of Abandoned Calls	36	30	35	47	24	36	19	17	23	50	19	48
Average Hold Time Before Abandon (minutes:seconds)	1:17	0:58	1:05	0:54	1:15	0:57	1:10	1:02	0:53	1:01	1:15	:46
Abandon Call Rate (Goal: 3% or less)	2.0%	4.9%	2.0%	8.3%	1.3%	5.8%	4.2%	4.3%	2.3%	9.3%	2.1%	9.6%
Number of Interflow Calls	65	4	76	2	68	3	78	5	70	7	92	2
Interflow Rate (Goal: 3% or less)	3.80%	0.85%	4.47%	0.38%	3.96%	0.51%	8.56%	1.52%	4.91%	1.35%	7.11%	0.41%
Average Talk Time (minutes:seconds)	4:23	1:55	4:24	2:15	4:28	2:38	2:01	2:18	2:04	3:06	2:28	3:21

**Service Level Goal:** Answer 90% or more of calls in 30 seconds or less.

**Interflow** is defined: When all calls coming in cannot be handled by Reception or Member Services, the calls are automatically "inter-flowed" to the ACERA general voicemail box.

	<b>2018</b>
Total Member Calls	8760
Total Reception Calls	2917
<b>TOTAL - Both</b>	<b>11677</b>