



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

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

THIS MEETING WILL BE CONDUCTED 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.

**Wednesday, February 1, 2023
9:30 a.m.**

ZOOM INSTRUCTIONS	COMMITTEE MEMBERS	
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 Call-In Number: 1 699 900 6833 Meeting ID: 879 6337 8479 Password: 699406 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	OPHELIA BASGAL, CHAIR	APPOINTED
	KELLIE SIMON, VICE CHAIR	ELECTED GENERAL
	KEITH CARSON	APPOINTED
	HENRY LEVY	TREASURER
	GEORGE WOOD	ELECTED GENERAL

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

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

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

Note regarding accommodations: If you require a reasonable modification or accommodation for a disability, please contact ACERA between 9:00 a.m. and 5:00 p.m. 72 hours prior to the meeting at accommodation@acera.org or at 510-628-3000.

OPERATIONS COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 2 of 3 – February 1, 2023

Call to Order: 9:30 a.m.

Roll Call:

Public Input (Time Limit: 4 minutes per speaker)

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

1. Discussion and Possible Motion to Recommend to the Board of Retirement to Approve the 2022 Discharge of Benefits Overpayments

- Erica Haywood

Recommendation

Staff recommends that the Operations Committee recommend to the Board of Retirement to approve the 2022 discharge request of benefits overpayments in the amount of \$33,647.12.

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

1. Un-Audited Financial Statements as of 12/31/2022

-Erica Haywood

2. Operating Expenses as of 12/31/2022

-Erica Haywood

3. Actual Cash Report as of 12/31/2022

-Erica Haywood

4. Board Member Conference Expense Report for 4th Qtr. 2022

-Erica Haywood

5. Senior Manager Conference and Training Expense Report for 4th Qtr. 2022

-Erica Haywood

6. Proposed 2023 Operations Committee Work Plan

-Lisa Johnson

7. Board Travel Policy-Annual Board travel increase by the Consumer Price Index

-Lisa Johnson

8. Technology Report

-Vijay Jagar

OPERATIONS COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 3 of 3 – February 1, 2023

Trustee Remarks

Future Discussion Items

March

- Operating Expenses as of 01/31/23

April

- Operating Expenses as of 02/29/23
- Statement of Reserves as of 12/31/22
- Board Effects Presentation

Establishment of Next Meeting Date

April 5, 2023, at 9:30 a.m.

Adjournment



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 1, 2023
TO: Members of the Operations Committee
FROM: Erica Haywood, Fiscal Services Officer *EH*
SUBJECT: 2022 Discharge Request of Uncollectable Benefit Overpayments

Executive Summary

For the 2022 financial reporting period, benefits' management has deemed 31 accounts uncollectable, for a total net uncollectable amount of \$33,647.12. The following table summarizes the type, quantity, and respective accrual amounts of each uncollectable account type in this 2022 discharge request.

2022 Discharge Summary		
Type of Benefit Overpayment	QTY	Total Net Uncollectable
Continuance	4	\$ 3,973.61
Duty Related Disability Retirement	1	751.70
Non Duty Related Disability Retirement	1	1,048.56
Service Retirement	8	12,663.66
Survivorship	1	401.44
All Other Benefit Related Items	7	5,944.68
Prior Year Tax Overpayments	9	8,863.47
Total	31	\$ 33,647.12

Budget and Financial Statement Impact

In preparing the 2022 budget, fiscal services staff created a budget expense line item to discharge benefit overpayments in the amount of \$56,000.00. The Fiscal Services Officer is requesting approval to discharge \$33,647.12 of uncollectable accruals from ACERA's stated assets.

Recommendation

Staff recommends that the Operations Committee recommend to the Board of Retirement to approve the 2022 discharge request of benefit overpayments in the amount of \$33,647.12.

Attachment

- 1). Discharge of Benefits Overpayments Receivables Policy (December 20, 2018)



Discharge of Overpayments Policy

I. Purpose

- A. This policy sets forth procedures for discharge of uncollectable benefit overpayments. For purposes of this policy, “benefit overpayments” include retirement benefits, health care premiums, credit union deductions, and taxes.
- B. The primary objective of this policy is to ensure that uncollectable benefit overpayments to a member or a beneficiary are properly identified, tracked and, when appropriate, discharged from ACERA’s financial accounting records.
- C. Therefore, the principal focus of this policy is to ensure that management and staff follow consistent, Board approved guidelines to objectively determine that an account due is deemed uncollectable, and therefore qualifies to be discharged from ACERA’s financial accounting records.

II. Assumptions

- A. Benefit overpayments deemed uncollectable should be discharged from ACERA’s financial accounting records as “receivables” in accordance with generally accepted accounting principles.
- B. Discharging uncollectable benefit overpayments from ACERA’s financial accounting records does not prevent the Board from exercising its fiduciary responsibility to recoup the resulting shortfall to the plan, participants, and beneficiaries by transferring the shortfall to the unfunded liability.
- C. Moreover, ACERA can later accept repayment of the overpayments from the member even after discharging them.

III. Guidelines

- A. Upon discovery of an overpayment of benefits, the Benefits Department will (when necessary) suspend or reduce ongoing payment of benefits, document the overpayment, and proceed to collect all overpayments in accordance with applicable policies and procedures regarding collection activities.
- B. When the Benefits Department, in consultation with the Legal Department, determines that an overpayment is uncollectable following exhaustion of all reasonable efforts (taking into account the statute of limitations for court filings), the Benefits Manager shall notify the Fiscal Services Officer in writing.
- C. Included in that writing shall be name of the recipient, amount of the receivable, the cause of the overpayment, the date on which the Benefits Department initially became aware of the overpayment circumstance, the steps taken to collect the overpayment, and the determination that the overpayment is uncollectable consistent with applicable procedures.
- D. Upon receipt of the writing, the Fiscal Services Department shall track the uncollectable accrued overpayment until approval by the Board of Retirement to discharge the overpayment is received.
- E. At the beginning of each calendar year, the Fiscal Services Officer shall prepare a Notice of Uncollectable Receivables to present to the Operations Committee to request a recommendation to the Board of Retirement that it authorize the discharge of accounts that have been deemed uncollectable receivables for the previous calendar year ending December 31.

IV. Policy Review

The Operations Committee shall review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

V. Policy History

- A. The Board adopted this policy on November 17, 2016.
- B. The Board updated this policy on December 20, 2018.



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 1, 2023
TO: Members of the Operations Committee
FROM: Erica Haywood, Fiscal Services Officer *EH*
SUBJECT: Quarterly Unaudited Financial Statements as of December 31, 2022

Executive Summary

Attached for review and discussion is the unaudited financial statements for the period ended December 31, 2022.

The Fiduciary Net Position Held in Trust and the Change in Fiduciary Net Position compared to the same period in 2021 decreased by \$1.5 billion.

Financial Highlights

- Net Position Restricted (Held in Trust for Benefits), as reported on the Statement of Fiduciary Net Position totaled \$10.3 billion. Total Receivables increased by \$.54 million, Investments at fair value decreased by \$1.5 billion, Capital Assets increased by \$1.4 million, and Total Liabilities without Security Lending Liability decreased by \$3.9 million.
- The year-over-year Change in Net Position decreased by \$3.7 billion.
 - Total Additions year-over-year decreased by \$3.7 billion. This includes, a decrease in net investment income of \$2.9 billion.
 - Total Deductions year-over-year increased by \$36.3 million. The amount is mainly attributable to the growth in payments of service retirement, disability benefits, and member refunds.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF FIDUCIARY NET POSITION
As of 12/31/2022

	Year-To-Date 2022	Year-To-Date 2021
ASSETS		
Cash (Note 1)	6,915,492	1,754,098
Securities Lending Cash Collateral (Note 2)	133,698,608	127,313,079
Receivables:		
Contributions (Note 3)	23,161,972	22,026,840
Investment Receivables (Note 4a)	21,207,515	19,624,427
Unsettled Trades - Investments Sold	3,240,137	7,652,879
Futures Contracts (Note 5a)	40,501	161,229
Foreign Exchange Contracts (Note 7a)	2,476,715	83
Other Receivables (Note 8)	226,568	350,348
Total Receivables	50,353,408	49,815,806
Prepaid Expenses	805,022	802,521
Total Current Assets	191,772,530	179,685,505
Investments - at Fair Value:		
Short-Term Investments (Note 9)	220,267,913	263,949,698
Domestic Equity	512,795,476	679,809,682
Domestic Equity Commingled Funds	2,013,410,173	2,645,584,783
International Equity	1,103,927,986	1,417,146,348
International Equity Commingled Funds (Note 10)	1,379,258,977	1,618,473,687
Domestic Fixed Income	1,327,237,914	1,714,638,364
International Fixed Income	84,555,553	82,608,231
International Fixed Income - Commingled Funds (Note 11)	75,541,061	85,022,652
Real Estate - Separate Properties (Note 12)	55,578,263	72,112,917
Real Estate - Commingled Funds (Note 13)	780,660,090	641,673,901
Real Assets	580,241,010	749,496,617
Absolute Return (Note 14a)	851,555,858	764,772,498
Private Equity (Note 14b)	1,116,099,727	938,688,389
Private Credit	177,990,454	158,511,146
Total Investments	10,279,120,454	11,832,488,914
Capital Assets at Cost (Net of Accumulated Depreciation and Amortization) (Note 15)	7,583,582	6,184,907
Total Assets	10,478,476,565	12,018,359,326
LIABILITIES		
Securities Lending Liability (Note 2)	133,698,608	127,313,079
Unsettled Trades - Investments Purchased	22,507,685	25,746,243
Investment-Related Payables (Note 4b)	12,107,349	13,515,964
Futures Contracts (Note 5b)	1,041,432	589,217
Foreign Exchange Contracts (Note 7b)	393	912,711
Accrued Administration Expenses (Note 16)	2,913,262	2,624,040
Members Benefits & Refunds Payable (Note 17a)	7,251,408	6,378,735
Retirement Payroll Deductions Payable (Note 17b)	370,932	313,991
Lease Liability	53,798	102,449
Total Liabilities	179,944,866	177,496,429
DEFERRED INFLOWS OF RESOURCES		
Net Position		
Restricted - Held in Trust for Benefits	10,298,531,700	11,840,862,896
Total Net Position	10,298,531,700	11,840,862,896

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Twelve Months Ending 12/31/2022

	<u>Year-To-Date 2022</u>	<u>Year-To-Date 2021</u>
ADDITIONS		
Contributions: (Note 18)		
Members	120,673,520	111,091,264
Employers	281,646,702	1,116,575,840
Total Contributions	<u>402,320,222</u>	<u>1,227,667,104</u>
From Investment Activities:		
Net Appreciation/(Depreciation) in Fair Value of Investments (Note 19a)	(1,407,721,214)	1,492,160,781
Interest	55,325,809	48,608,082
Dividends	42,027,884	42,464,902
Real Estate - Net	24,421,555	27,276,248
Private Equity and Alternatives	37,753,827	69,711,435
Brokers Commissions - Directed Brokerage	5,127	14,639
Sub-Total of Dividends, Interest, Other Investment Income (Note 19b)	<u>159,534,203</u>	<u>188,075,305</u>
Total Income from Investment Activities	(1,248,187,011)	1,680,236,086
Total Investment Expenses (Note 20)	<u>(42,148,019)</u>	<u>(79,725,022)</u>
Net Income from Investment Activities (Note 21)	(1,290,335,030)	1,600,511,064
From Securities Lending Activities:		
Securities Lending Income	3,069,804	913,843
Securities Lending Expenses	<u>(2,449,139)</u>	<u>(202,207)</u>
Net Income from Securities Lending Activities (Note 22)	620,664	711,636
Total Net Investment Income	<u>(1,289,714,366)</u>	<u>1,601,222,700</u>
Miscellaneous Income (Note 23)	116,668	968,861
Total Additions	<u>(887,277,476)</u>	<u>2,829,858,665</u>
DEDUCTIONS		
Benefits:		
Service Retirement and Disability Benefits (Note 24)	573,319,962	542,022,349
Death Benefits (Note 25)	3,360,373	3,670,804
Supplemental Cost of Living Allowance	943,290	932,177
Retiree Healthcare Program	46,711,117	45,916,769
Total Benefit Payments	<u>624,334,742</u>	<u>592,542,099</u>
Member Refunds	13,713,029	9,643,740
Administration: (Note 26)		
Administrative Expenses	12,673,936	12,193,817
Actuarial Expenses	381,772	458,576
Business Continuity Expenses	551,385	628,213
Legal Expenses	814,490	854,883
Technology Expenses	927,367	904,289
401(h) Expenses	1,657,000	1,537,500
Total Administration	<u>17,005,950</u>	<u>16,577,278</u>
Total Deductions	<u>655,053,721</u>	<u>618,763,118</u>
Net Increase(Decrease)	<u>(1,542,331,197)</u>	<u>2,211,095,546</u>
Net Position Held in Trust for Benefits:		
Net Position - January 1	<u>11,840,862,896</u>	<u>9,629,767,350</u>
Net Position - December 31	<u><u>10,298,531,700</u></u>	<u><u>11,840,862,896</u></u>

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2022

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 - \$6.91 million

Cash balance is the sum of the funds in the Wells Fargo and JP Morgan banks operating accounts. The increase of \$5.16 million from 1.75 million in December 31, 2021, is primarily due to the timing difference between receipt of contributions and the transfer of funds for retiree payroll and investments.

(Note 2)

Securities Lending Cash Collateral - \$133.70 million

Cash collateral of \$133.70 million and \$127.31 million was held by ACERA related to securities on loan as of December 31, 2022, and December 31, 2021, 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 - \$23.16 million

The receivable balances of December 31, 2022, increased by approximately \$1.13 million from \$22.03 million in December 31, 2021. This is primarily due to the number of days accrued as the end of the period.

(Note 4)

4a. Investment Receivables - \$21.21 million

The investment receivables balance as of December 31, 2022, increase by \$1.59 million from \$19.62 million for December 31, 2021. The increase is mainly attributed to interest and dividend receivables.

4b. Investment Related Payables - \$12.11 million

The decrease of \$1.41 million in investment related payables balance as of December 31, 2022, from \$13.52 million for December 31, 2021 is primarily due to timing of the investment manager fee payments.

(Note 5)

5a. Futures Contracts Receivables - \$0.04 million

The receivables represent unrealized gains on open futures contracts. The balances for unrealized gains as of December 31, 2022, and December 31, 2021, were \$0.04, and \$0.16 million, respectively.

5b. Futures Contracts Payables - \$1.04 million

The payables represent the unrealized losses on open futures contracts. The balance for unrealized losses as of December 31, 2022, and December 31, 2021, were \$1.04 million and \$0.59 million, respectively.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2022

(Note 7)

7a. Foreign Exchange Contracts Receivables - \$2.48 million

The receivables represent unrealized gains on foreign exchange contracts. Foreign exchange (FX) contracts include currency forward contracts and spot contracts. As of December 31, 2022, and December 31, 2021, unrealized gains on FX contracts were \$2.48 million and zero, respectively. The increase of \$2.48 million is due to changes in the number and valuation of contracts and market volatility.

7b. Foreign Exchange Contracts Payables - \$0.00 million

The payables represent unrealized losses on foreign exchange contracts. Foreign exchange (FX) contracts include currency forward contracts and spot contracts. As of December 31, 2022, and December 31, 2021, unrealized losses on FX contracts were zero and \$0.91 million, respectively. The decrease in unrealized losses of \$0.91 million is mainly due to the change in foreign exchange contracts and market volatility from Brandywine manager.

(Note 8)

Other Receivables - \$0.23 million

Other receivables as of December 31, 2022, 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 December 31, 2022

(Note 9)

Short-Term Investments - \$220.27 million

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

(Dollars in Millions)

Fund Name	12/31/2022
Unallocated Cash	\$ 88.16
Capital Guardian	30.58
Loomis	19.96
Baird Investors	19.59
Parametic Portfolio Associates (cash overlay)	17.42
Brandywine	15.12
Bivium - Radin Capital Partners	7.57
Kennedy	5.08
TCW	4.59
Aristotle Capital	4.05
William Blair Small Cap Growth	3.28
Mondrian	2.64
Bivium - Arga Investment Management	0.73
Bivium - Dundas Partners	0.58
Bivium - Denali Advisors	0.36
Bivium - Promethos Capital, LLC	0.33
AQR Capital Management, LLC	0.27
Bivium Redwood Investment	0.14
Bivium - Global Alpha Capital Mgmt	0.11
Bivium RVX Asset Management LLC	0.05
Transition	0.01
Bivium - Applied Research Management	0.01
Partners Group	(0.16)
SSGA Liquid Pool	(0.20)
Grand total	\$ 220.27

(Note 10)

International Equity Commingled Funds - \$1,379.26 million

As of December 31, 2022, and December 31, 2021, the International Equity Commingled Funds were \$1,379.26 million and \$1,618.47 million, respectively. The decrease of \$239.21 million is mainly due to unrealized losses from lower market valuations.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2022

(Note 11)

International Fixed Income Commingled Funds - \$75.54 million

The decrease of \$9.48 million from the prior year is due to market depreciation of investments. 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 - \$55.58 million

The following is a summary of Real Estate – Separate Property investments as of December 31, 2022, and December 31, 2021. The year over year decrease of \$16.53 million is due to the market value of the Oakland 14th Street property.

(Dollars in Millions)

<i>Investment Manager</i>	<i>Net Mkt. Value 12-31-2022</i>	<i>Net Mkt. Value 12-31-2021</i>	<i>No. of Properties 2022</i>	<i>No. of Properties 2021</i>
RREEF	\$ 55.58	\$ 72.11	1	1

(Note 13)

Real Estate Commingled Funds - \$780.66 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 \$138.99 million in 2022 as compared to 2021 is mainly due to the appreciation of investments and additional investments net of distributions.

(Note 14)

14a. Absolute Return - \$851.56 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$86.78 million in 2022 as compared to 2021 is mainly due to additional investments net of distributions and net gain on investments.

14b. Private Equity - \$1,116.10 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$177.41 million in 2022 as compared to 2021 is mainly due to additional investments net of distributions and net loss on investments.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2022

(Note 15)

Capital Assets at Cost (Net of Accumulated Depreciation and Amortization) - \$7.58 million

(Dollars in Millions)

<i>Net Capital Assets</i>	<i>12/31/2022</i>	<i>12/31/2021</i>
Retirement Information System and Others - Construction-In-Process	\$ 6.42	\$ 4.86
Equipment, Furniture & Information Systems	13.58	13.58
Electronic Document Management System	4.18	4.18
Right-to-Use Leased Office Equipments	0.21	0.21
Less: Accumulated Depreciation and Amortization	(17.89)	(17.82)
Net Book Value	6.50	5.01
Leasehold Improvements	2.59	2.59
Less: Accumulated Depreciation	(1.51)	(1.42)
Net Book Value	1.08	1.17
Total Capital Assets, Net	\$ 7.58	\$ 6.18

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 - \$2.91 million

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

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2022

(Note 17)

17a. Members' Benefits & Refunds Payable - \$7.25 million

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

(Dollars in Millions)

<i>Accrued Benefits and Refunds</i>	<i>12/31/2022</i>	<i>12/31/2021</i>
Basic Active Death Benefits	\$ 0.92	\$ 1.14
Active Death Contribution Refunds	1.71	1.84
Retired Death Benefits	3.74	2.84
Members' Contribution Refunds	0.88	0.56
Total Members' Benefit & Refunds Payable	\$ 7.25	\$ 6.38

17b. Retirement Payroll Deductions Payables - \$0.37 million

The balance for December 31, 2022, includes \$0.02 million in health premium prepayments and accrual of \$0.35 million Health Reimbursement Account (HRA) benefits. The corresponding balance for December 31, 2021, included \$0.01 million in health premium prepayments and accrual of \$0.30 million Health Reimbursement Account (HRA) benefits.

(Note 18)

Contributions - \$402.32 million

The decrease in contributions of \$825.35 million in 2022 as compared to 2021 is primarily due to the advance UAAL contributions of \$800 million for County safety membership and \$12.6 million for LARPD; plus decreases in County's employer contribution rates for safety membership and LARPD's employer contribution rates.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2022

(Note 19)

19a. Net Appreciation/ (Depreciation) in Fair Value of Investments – (\$1,407.72) million

(Dollars in Millions)

	<i>For the Period Ended</i>	
	<i>12/31/2022</i>	<i>12/31/2021</i>
<u>Actual / Realized Gains/(Losses)</u>		
Domestic Equities	\$ 67.39	\$ 144.62
International Equities	(8.45)	104.54
Domestic Bonds	(52.75)	2.76
International Bonds	(6.46)	20.45
Real Estate Commingled Funds	(75.68)	(82.95)
Real Estate Sep. Props.	-	0.03
Private Equity & Alternative	118.38	286.31
Real Assets	60.08	6.16
Private Credit	1.34	0.20
Futures	(25.71)	4.04
Currency	(16.64)	1.05
<i>Total Realized Gains/(Losses)</i>	61.50	487.21
<u>Paper / Unrealized Gains/(Losses)</u>		
Domestic Equities	(717.40)	559.94
International Equities	(595.42)	80.54
Domestic Bonds	(224.12)	(57.72)
International Bonds	(17.33)	(39.53)
Real Estate Commingled Funds	196.99	176.93
Real Estate Sep. Props.	(16.86)	(2.03)
Private Equity & Alternative	(98.84)	191.78
Real Assets	3.47	99.09
Private Credit	(2.02)	3.95
Futures	(0.57)	(0.66)
Currency	2.88	(7.34)
<i>Total Unrealized Gains/(Losses)</i>	(1,469.22)	1,004.95
Total Net Realized and Unrealized Gains/(Losses)	\$ (1,407.72)	\$ 1,492.16

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2022

19b. Dividend, Interest, and Other Investment Income - \$159.54 million

(Dollars in Millions)

	<i>For the Period Ended</i>	
	<i>12/31/2022</i>	<i>12/31/2021</i>
<i>Interest, Dividend, and Other Investment Income</i>		
Interest Income	\$ 55.32	\$ 48.61
Dividend Income	42.03	42.46
Real Estate Income	24.42	27.28
Private Equity, Absolute Return and Real Asset Income / (Losses) (1)	37.75	69.71
Total Net Income	\$ 159.53	\$ 188.07

(1) The decrease of \$28.54 million in 2022 as compare to 2021 is mainly related to Private Equity investments.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2022

(Note 20)

Investment Expenses - \$42.14 million

(Dollars in Millions)

<i>Investment Expenses</i>	<i>For the Period Ended</i>			
	<i>Basis Points</i>	<i>12/31/2022</i>	<i>Basis Points</i>	<i>12/31/2021</i>
Investment Manager and Incentive Fees	35.93	\$ 36.94	63.87	\$ 75.58
Investment Custodian	0.54	0.56	0.47	0.56
Investment Consultants & Other Expenses(*)	1.47	1.51	0.79	0.93
Subtotal	37.94	39.00	65.13	77.07
Investment Allocated Cost	3.05	3.13	2.25	2.66
Total Investment Expenses(**)	40.99	\$ 42.14	67.38	\$ 79.73

(*) *Investment Consultant and Other Expenses*

(Dollars in Millions)

	<i>For the Period Ended</i>			
	<i>Basis Points</i>	<i>12/31/2022</i>	<i>Basis Points</i>	<i>12/31/2021</i>
Investment Advising & Performance (Pearls, Alternative Investment)	0.96	\$ 0.99	0.81	\$ 0.96
Consultant - Portfolio Rebalancing	0.04	0.05	0.04	0.05
Consultant - Legal (Alternative Investment)	0.21	0.21	0.26	0.31
Subtotal – Consultants Expenses	1.21	1.25	1.11	1.32
Proxy Services	0.07	0.07	0.05	0.05
Transaction Cost Analysis	0.05	0.05	0.04	0.05
Other Investment Expenses/(Income)	0.14	0.14	(0.41)	(0.49)
Subtotal – Other Investment Expenses	0.26	0.26	(0.32)	(0.39)
Total Investment Consultants and Other Expenses	1.47	\$ 1.51	0.79	\$ 0.93

(**) The decrease in total investment expenses from \$79.73 million in 2021 to \$42.14 million in 2022 is primarily due to a reduction in incentive fees, which are charged based on investment performance. In 2022, the decrease in incentive fees reflects the lower investment returns for 2022. In 2021, the higher incentive fees charged reflect the higher investment returns experienced in 2021.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2022

(Note 21)

Net Investment Income/ (Losses) – (\$1,290.33) million

(Dollars in Millions)

	<i>For the Period Ended</i>		<i>Inc./ (Dec.)</i>
	<i>12/31/2022</i>	<i>12/31/2021</i>	<i>from previous period</i>
Paper / Unrealized Gains/(Losses)	\$ (1,469.22)	\$ 1,004.95	\$ (2,474.17)
Actual / Realized Gains/(Losses)	61.50	487.21	(425.71)
Investment Income (Interest/Dividend/RE/Other) - Net of Expenses	117.39	108.35	9.04
Total Net Income/ (Losses)	\$ (1,290.33)	\$ 1,600.51	\$ (2,890.84)

(Note 22)

Securities Lending Net Income - \$0.62 million

The securities lending net income balance as of December 31, 2022, and December 31, 2021, were \$0.62 million and \$0.71 million, respectively.

(Note 23)

Miscellaneous Income - \$0.12 million

The miscellaneous income of \$0.12 million is predominantly from prior year investment income and security litigation incomes recovery.

(Note 24)

Service Retirement and Disability Benefits - \$573.32 million

The increase of \$31.30 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 257 in the total number of retirees and beneficiaries receiving benefits, from 10,507 on December 31, 2021 to 10,764 on December 31, 2022.

(Note 25)

Death Benefits - \$3.36 million

The death benefits paid out during the twelve months ended December 31, 2022, were comprised of \$0.24 million of Retired Death Benefits, \$0.56 million of Active Death Benefits, and \$2.56 million of Survivorship Benefits.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of December 31, 2022

(Note 26)

Total Administration - \$17.00 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)

Administrative Expenses	\$ 12.67	\$ 12.19	\$ 0.48
Actuarial Expenses	0.38	0.46	(0.08)
Business Continuity Expenses	0.55	0.63	(0.08)
Legal Expenses	0.81	0.85	(0.04)
Technology Expenses	0.93	0.90	0.03
401(h) Administrative Expenses	1.66	1.55	0.11
Total	\$ 17.00	\$ 16.58	\$ 0.42



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 1, 2023

TO: Members of the Operations Committee

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Operating Expenses and Budget Summary for the period ended December 31, 2022

ACERA's operating expenses are \$1,855K under budget for the period ended December 31, 2022. Budget overages and surpluses worth noting are as follows:

Budget Overages

1. *Depreciation*: Depreciation is \$8K over budget.

Budget Surpluses

2. *Staffing*: Staffing is \$1,317K under budget. This amount comprises surpluses in staff vacancies of (\$354K), and fringe benefits of (\$1,058K), offset by an overage in temporary staffing of \$95K due to vacant positions filled by temporary staff.
3. *Staff Development*: Staff Development is \$28K under budget due to savings from unattended staff trainings and conferences.
4. *Professional Fees*: Professional Fees are \$71K under budget. This amount comprises an overage in actuarial fees of \$5K and operations consultant fees of \$19K, offset by surpluses in legal fees of (\$90K) and external audit of (\$5K).
5. *Office Expense*: Office Expense is \$211K under budget. This amount comprises surpluses in printing and postage of (\$15K) and office maintenance and supplies of (\$41K) both due to savings in usage, communication expenses of (\$34K), building expenses of (\$98K), minor equipment and furniture of (\$5K), bank charges of (\$5K), and equipment lease and maintenance of (\$13K).
6. *Insurance*: Insurance expense is 3K under budget.
7. *Member Services*: Member Services are \$55K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$20K), disability medical expense of (\$45K), and member training and education of (\$16K), offset by overages in members printing and postage of \$16K and health reimbursement account of \$10K.
8. *Systems*: Systems are \$63K under budget. This amount comprises surpluses in software maintenance and support of (\$86K), county data processing of (\$4K), offset by overage in business continuity expense of \$9K and minor computer hardware of \$18K.

Operating Expenses Budget Summary for the period ended December 31, 2022

9. *Board of Retirement:* Board of Retirement is \$94K under budget. This amount comprises surpluses in board conferences and trainings of (\$92K) mainly due to unattended trainings and conferences, board miscellaneous expenses of (\$11K), board compensation of (\$4K), board software maintenance and support of (\$9K), and board strategic planning of (\$10K), offset by an overage in board employer reimbursement of \$6K and board election of 26K.
10. *Uncollectable Benefit Payments:* Uncollectable Benefits Payments are \$22K under budget.

Staffing Detail

Vacant positions as of December 31, 2022:

Department	Position	Qty	Comments
Administration	Clerk II	1	Vacant - currently budgeted for the year
Benefits	Retirement Benefits Specialist	1	Vacant - currently budgeted for the year
Benefits	Retirement Support Specialist	1	Vacant - currently budgeted for the year
Fiscal Services	Retirement Accountant III	1	Vacant - currently budgeted for the year
Investments	Investment Analyst	1	Vacant - currently budgeted for the year
PRISM	Retirement System Program Analyst	1	Vacant – currently budgeted for the year
Total Positions		6	

Pension Administration System Project - as of December 31, 2022					
	Year-To-Date			2022 Budget	2019-21 Actual
	Actual	Budget	Variance		
Consultant Fees					
Levi, Ray and Shoup	492,382	525,000	(32,618)	525,000	2,041,606
Segal	428,652	410,000	18,652	410,000	1,203,390
Other expenses	-	-	-	-	1,500
Leap Technologies	-	-	-	-	98,970
Total	921,034	935,000	(13,966)	935,000	3,345,466
Staffing	642,334	707,000	(64,666)	707,000	1,515,887
TOTAL	1,563,368	1,642,000	(78,632)	1,642,000	4,861,353

Attachments:

- Total Operating Expenses Summary
- Professional Fees – Year-to-Date – Actual vs. Budget
- Actual Operating Expenses comparison with last year



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

YEAR TO DATE - ACTUAL VS. BUDGET					
<u>December 31, 2022</u>					
	<u>Actual</u>	<u>Budget</u>	<u>YTD</u>	<u>2022</u>	<u>% Actual to</u>
	<u>Year-To-Date</u>	<u>Year-To-Date</u>	<u>Variance</u>	<u>Annual</u>	<u>Annual Budget</u>
			<u>(Under)/Over</u>	<u>Budget</u>	
Staffing	\$ 15,624,393	\$ 16,941,000	\$ (1,316,607)	\$ 16,941,000	92.2%
Staff Development	250,673	279,000	(28,327)	279,000	89.8%
Professional Fees (Next Page)	1,075,451	1,146,000	(70,549)	1,146,000	93.8%
Office Expense	448,020	659,000	(210,980)	659,000	68.0%
Insurance	547,262	550,000	(2,738)	550,000	99.5%
Member Services	338,282	393,000	(54,718)	393,000	86.1%
Systems	1,144,098	1,207,000	(62,902)	1,207,000	94.8%
Depreciation	122,121	114,000	8,121	114,000	107.1%
Board of Retirement	561,925	656,000	(94,075)	656,000	85.7%
Uncollectable Benefit Payments	33,647	56,000	(22,353)	56,000	60.1%
Total Operating Expense	\$ 20,145,872	\$ 22,001,000	\$ (1,855,128)	\$ 22,001,000	91.6%
Investment Consultant Fees	1,386,554	1,567,000	(180,446)	1,567,000	88.5%
Investment Custodian Fees	557,525	627,000	(69,475)	627,000	88.9%
Investment Manager and Incentive Fees	36,090,303	52,278,000	(16,187,697)	52,278,000	69.0%
Other Investment Expenses	129,107	538,000	(408,893)	538,000	24.0%
Total Portfolio Management Investment Expense	\$ 38,163,489	\$ 55,010,000	\$ (16,846,511)	\$ 55,010,000	69.4%
Total Operating and Portfolio Management Investment Expense	\$ 58,309,361	\$ 77,011,000	\$ (18,701,639)	\$ 77,011,000	75.7%



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET

December 31, 2022

	<u>Actual Year-To-Date</u>	<u>Budget Year-To-Date</u>	<u>YTD Variance (Under)/Over</u>	<u>2022 Annual Budget</u>	<u>% Actual to Annual Budget</u>
Professional Fees					
Consultant Fees - Operations and Projects ¹	\$ 403,200	\$ 384,000	\$ 19,200	\$ 384,000	105.0%
Actuarial Fees ²	424,772	420,000	4,772	420,000	101.1%
External Audit ³	136,912	142,000	(5,088)	142,000	96.4%
Legal Fees ⁴	110,567	200,000	(89,433)	200,000	55.3%
Total Professional Fees	\$ 1,075,451	\$ 1,146,000	\$ (70,549)	\$ 1,146,000	93.8%

	<u>Actual Year-To-Date</u>	<u>Budget Year-To-Date</u>	<u>YTD Variance (Under)/Over</u>	<u>2022 Annual Budget</u>	<u>% Actual to Annual Budget</u>
¹ CONSULTANT FEES - OPERATIONS AND PROJECTS:					
Administration					
Banking transition consultant fees	50,000	50,000	-	50,000	100.0%
Strategic Planning	23,000	-	23,000	-	0.0%
Total Administration	73,000	50,000	23,000	50,000	146.0%
Benefits					
Alameda County HRS (Benefit Services)	126,000	126,000	-	126,000	100.0%
Segal (Benefit Consultant/Retiree Open Enrollment)	127,200	131,000	(3,800)	131,000	97.1%
Total Benefits	253,200	257,000	(3,800)	257,000	98.5%
Human Resources					
Lakeside Group (County Personnel)	77,000	77,000	-	77,000	100.0%
Total Human Resources	77,000	77,000	-	77,000	100.0%
Total Consultant Fees - Operations	\$ 403,200	\$ 384,000	\$ 19,200	\$ 384,000	105.0%
² ACTUARIAL FEES					
Actuarial valuation	81,000	81,000	-	81,000	100.0%
GASB 67 & 68 Valuation	50,500	51,000	(500)	51,000	99.0%
GASB 74 & 75 Actuarial	15,000	15,000	-	15,000	100.0%
Actuarial Standard of Practice 51 Pension Risk	27,500	30,000	(2,500)	30,000	91.7%
Supplemental Consulting	207,772	200,000	7,772	200,000	103.9%
Supplemental Retiree Benefit Reserve valuation	43,000	43,000	-	43,000	100.0%
Total Actuarial Fees	\$ 424,772	\$ 420,000	\$ 4,772	\$ 420,000	101.1%
³ EXTERNAL AUDIT					
External audit	118,747	119,000	(253)	119,000	99.8%
GASB 67 & 68 audit	10,026	11,000	(974)	11,000	91.1%
GASB 74 & 75 audit	8,139	12,000	(3,861)	12,000	67.8%
Total External Audit Fees	\$ 136,912	\$ 142,000	\$ (5,088)	\$ 142,000	96.4%
⁴ LEGAL FEES					
Fiduciary Counseling & Litigation	67,354	125,000	(57,646)	125,000	53.9%
Tax and Benefit Issues	5,333	25,000	(19,668)	25,000	21.3%
Miscellaneous Legal Advice	37,881	50,000	(12,120)	50,000	75.8%
Total Legal Fees	\$ 110,567	\$ 200,000	\$ (89,433)	\$ 200,000	55.3%

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TOTAL EXPENDITURES VS. PRIOR YEAR ACTUAL
For the Twelve Months Ending 12/31/2022

	For the Month of December 2022	For the Month of December 2021	Variance	Year-To-Date 2022	Year-To-Date 2021	Variance
STAFFING						
Salaries	887,781	965,073	(77,292)	10,196,177	9,669,980	526,197
Fringe Benefits	384,049	379,617	4,432	5,071,204	4,621,480	449,724
Temporary & Other Staffing Cost	25,108	28,167	(3,059)	357,012	456,805	(99,793)
Staffing Total	1,296,938	1,372,857	(75,919)	15,624,393	14,748,265	876,128
STAFF DEVELOPMENT	11,998	15,363	(3,365)	250,673	162,694	87,979
PROFESSIONAL FEES	(38,131)	(14,160)	(23,971)	424,772	500,576	(75,804)
Actuarial Fees	27,517	27,517	0	403,200	330,984	72,216
Consultant Fees - Operations	12,957	4,389	8,568	110,567	191,810	(81,243)
Consultant Fees - Legal	0	(11,143)	11,143	136,912	140,985	(4,073)
External Audit	2,343	6,603	(4,260)	1,075,451	1,164,355	(88,904)
Professional Fees Total	6,834	9,888	(3,054)	130,397	116,440	13,957
OFFICE EXPENSE	1,498	5,981	(4,483)	(9,702)	80,791	(90,493)
Bank Charges & Misc. Admin	14,255	5,989	8,266	155,022	81,836	73,186
Building Expenses	582	1,063	(481)	9,683	15,089	(5,406)
Communications	3,548	3,548	0	42,572	42,572	0
Interest expense on lease liability - GASB-87	5,099	5,690	(591)	54,853	49,348	5,505
Amortization expense of lease assets - GASB-87	2,766	0	2,766	13,329	3,227	10,102
Equipment Lease/Maintenance	4,716	554	4,162	38,600	29,476	9,124
Minor Equipment and Furniture	1,053	1,200	(147)	13,266	11,635	1,631
Office Supplies/Maintenance	40,351	33,913	6,438	448,020	430,414	17,606
Printing & Postage	46,924	44,286	2,638	547,262	660,130	(112,868)
Office Expense Total	800	13,590	(12,790)	25,192	18,590	6,602
INSURANCE	13,100	8,000	5,100	77,074	120,949	(43,875)
MEMBER SERVICES	3,850	3,850	0	46,200	46,200	0
Disability - Legal Arbitration & Transcripts	5,918	5,933	(15)	69,792	61,748	8,044
Disability Medical Expense	509	1,332	(823)	5,727	6,518	(791)
Disability Claims Management	511	2,223	(1,712)	114,297	101,838	12,459
Health Reimbursement Acct. (HRA)	0	5,245	(5,245)	0	59,440	(59,440)
Member Training & Education	24,688	40,173	(15,485)	338,282	415,283	(77,001)
Printing & Postage - Members						
Virtual Call Center						
Member Services Total						

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
 TOTAL EXPENDITURES VS. PRIOR YEAR ACTUAL
 For the Twelve Months Ending 12/31/2022

	<u>For the Month of December 2022</u>	<u>For the Month of December 2021</u>	<u>Variance</u>	<u>Year-To-Date 2022</u>	<u>Year-To-Date 2021</u>	<u>Variance</u>
SYSTEMS						
Business Continuity Expense	15,676	14,709	967	214,589	214,390	199
County Data Processing	10,961	10,363	598	127,611	121,705	5,906
Minor Computer Hardware	6,349	3,362	2,987	58,155	30,843	27,312
Software Maintenance & Support	74,192	63,377	10,815	743,743	763,149	(19,406)
Systems Total	<u>107,178</u>	<u>91,811</u>	<u>15,367</u>	<u>1,144,098</u>	<u>1,130,087</u>	<u>14,011</u>
DEPRECIATION						
Depreciation Expense	9,961	10,720	(759)	122,121	120,937	1,184
BOARD OF RETIREMENT						
Board Compensation	1,800	2,300	(500)	23,300	26,500	(3,200)
Board Conferences & Training	1,818	1,155	663	92,237	65,531	26,706
Board Election	75,000	45,000	30,000	86,363	48,422	37,941
Board Employer Reimbursement	28,250	20,917	7,333	344,605	200,930	143,675
Board Miscellaneous Expense	634	535	99	11,477	8,012	3,465
Board Software Maint. & Support	0	986	(986)	3,943	12,040	(8,097)
Board of Retirement Total	<u>107,502</u>	<u>70,893</u>	<u>36,609</u>	<u>561,925</u>	<u>361,435</u>	<u>200,490</u>
UNCOLLECTABLE BENEFIT PAYMENTS	<u>33,647</u>	<u>41,268</u>	<u>(7,621)</u>	<u>33,647</u>	<u>41,268</u>	<u>(7,621)</u>
GRAND TOTALS	<u>1,681,530</u>	<u>1,727,887</u>	<u>(46,357)</u>	<u>20,145,872</u>	<u>19,234,868</u>	<u>911,004</u>



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 1, 2023
TO: Members of the Operations Committee
FROM: Erica Haywood, Fiscal Services Officer *EH*
SUBJECT: Actual Cash and Forecast as of December 31, 2022

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 a summary of the 2022 Cash Forecast vs Actual Cash year-end review;
- Table 2 is the annual cash forecast from January to December 2023, which will roll forward monthly as the year progresses; and,
- Tables 3 through 5 is the annualized, 5-year actual cash management information.

Table 1, below, is the Comparison between Cash Forecast and Actual Cash Position for the year 2022:

Table 1			
2022 Year-End Cash Forecast vs Actual Cash			
	Total Receipts	Total Disbursements	Negative Cash Position
Forecast	\$ 407,563,725	\$ 657,981,522	\$ (250,417,797)
Actual	403,696,551	661,897,144	(258,200,593)
Variance	3,867,174	(3,915,621)	7,782,796
Average*	31,077,505	55,126,304	(24,048,798)

Table 1 notes: *This is actual monthly average excluding the three-pay-period months because they cause inaccuracy with extreme fluctuation.

Table 2 Cash Forecast: Table 2 provides the current forecasted negative cash position for the period spanning January 2023 to December 2023. The average monthly negative cash position for the referenced period is \$26,369,582. Excluding the two three-pay-period months i.e., March 2023 and September 2023, annotated by an *. The year-over-year increase in average monthly negative cash position compared to the same period in 2022 is \$2,320,783.

Table 2 Annual Cash Forecast from January 2023 to December 2023			
Month-Year	Total Receipts	Total Disbursements	Negative Cash Position
Jan-23	\$ 31,424,000	\$ 56,127,898	\$ (24,703,898)
Feb-23	31,563,092	55,218,614	(23,655,522)
Mar-23*	47,233,731	56,260,215	(9,026,484)
Apr-23	31,721,277	57,328,602	(25,607,325)
May-23	31,790,369	57,419,643	(25,629,274)
Jun-23	31,849,461	57,586,306	(25,736,845)
Jul-23	31,928,553	57,727,347	(25,798,794)
Aug-23	32,007,646	58,371,760	(26,364,114)
Sep-23*	45,017,280	57,499,429	(12,482,149)
Oct-23	29,245,441	57,950,471	(28,705,029)
Nov-23	29,119,979	57,861,512	(28,741,532)
Dec-23	29,199,072	57,952,553	(28,753,481)
Total	\$ 402,099,900	\$ 687,304,349	\$ (285,204,449)
Average	\$ 30,984,889	\$ 57,354,470	\$ (26,369,582)
Table 2 notes: *These are three-pay-period months which are excluded from the average because they cause inaccuracy with extreme fluctuation.			

Tables 3 through 5, below, provide a 5-year, annualized analysis of ACERA's cash management.

Year	Total Contributions, Misc.Cash Receipts, etc.	Cash Draw from SSB**	Total Cash Inflow
2022	\$ 403,696,551	\$ 358,000,000	\$ 761,696,551
2021	415,814,788	278,500,000	694,314,788
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

Table 3. Annualized inflow of total cash receipts. The Cash Draw from SSB, in the second column is the actual net cash drawn from ACERA's investment portfolio.

Year	Retiree Payroll, Accounts Payable, ACERA Payroll, etc.	Cash Return to SSB**	Total Cash Outflow
2022	\$ 661,897,144	\$ 92,000,000	\$ 753,897,144
2021	626,589,116	64,700,000	691,289,116
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

Table 4. Annualized outflow of retirement and benefit payments, accounts payable, and ACERA payroll. Excess cash (Cash Return to SSB column) is wired to the SSB H11A account.

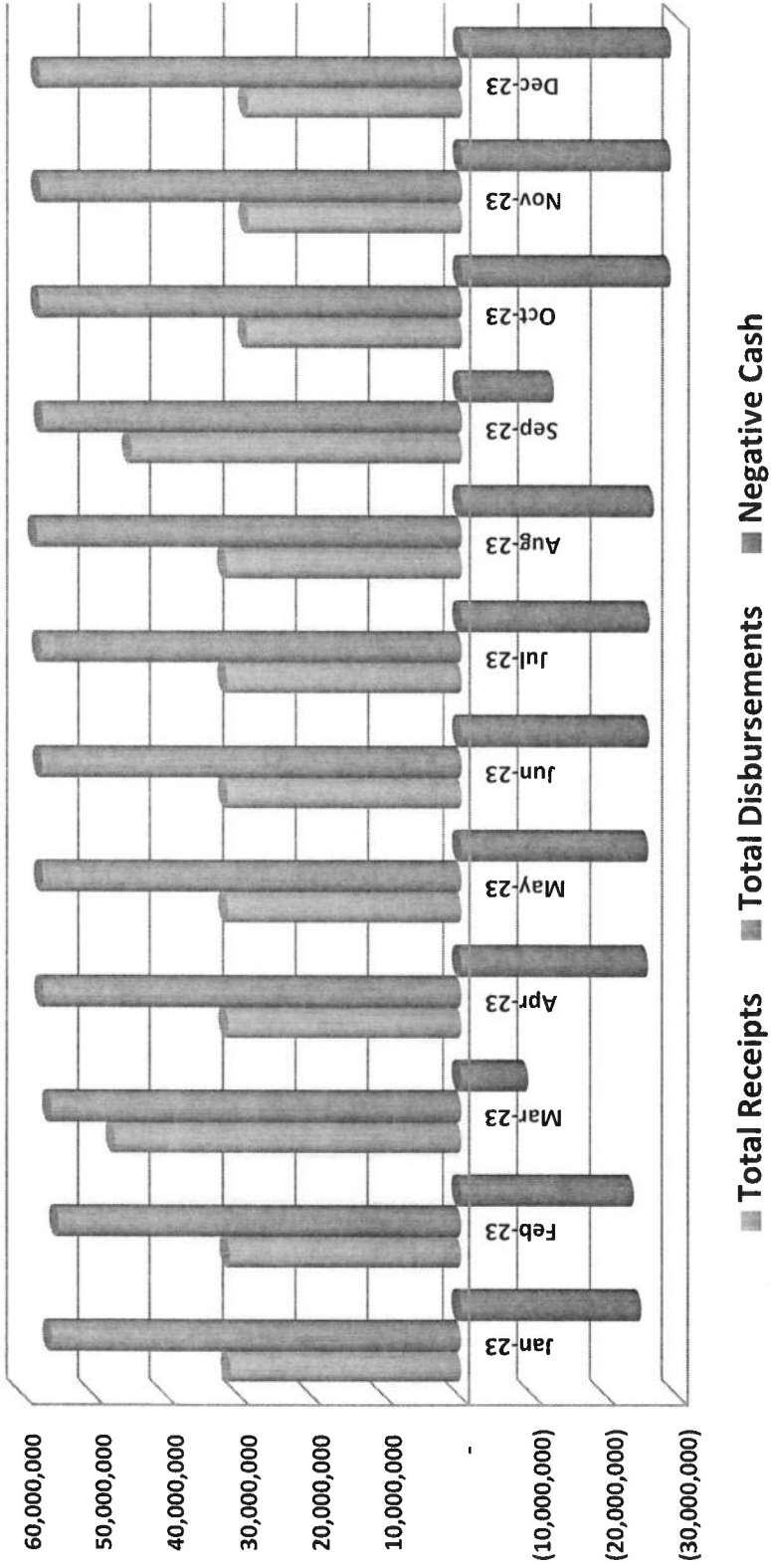
Year	Negative Cash	Net Cash Draw from SSB**	Variance
2022	(258,200,593)	\$ 266,000,000	\$ 7,799,407
2021	(210,774,327)	213,800,000	3,025,673
2020	(184,285,989)	183,186,904	(1,099,085)
2019	(168,818,410)	171,500,000	2,681,590
2018	(173,071,707)	157,496,354	(15,575,353)

Table 5. 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 Jan 2023 - Dec 2023





MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 1, 2023

TO: Members of the Operations Committee

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Quarterly Board Conference and Training Expense Report for the period
January 1, 2022, to December 31, 2022

Attached is the January 1, 2022 – December 31, 2022 Board conference and training expense report. As of December 31, 2022, reported expenses totaled \$94,577.

ACERA Trustees
Board Conference Expense Report
January 1, 2022 to
December 31, 2022

From	To	Attendee	Conference	Location	Total
1/10/22	1/12/22	Darryl Walker	Opal Group Public Funds Summit	Scottsdale, AZ	\$ 667
3/5/22	3/8/22	Darryl Walker	CALAPRS General Assembly	San Diego, CA	\$ 1,457
3/23/22	3/24/22	Darryl Walker	NASP	Los Angeles, CA	\$ 846
4/7/22	4/7/22	Darryl Walker	CALAPRS Trustees Roundtable	Online	\$ 50
4/18/22	4/20/22	Darryl Walker	Pension Bridge Conference	San Francisco, CA	\$ 79
5/1/22	5/4/22	Darryl Walker	Milken Global Conference	Los Angeles, CA	\$ 14,652
5/10/22	5/13/22	Darryl Walker	SACRS Spring Conference	Palm Springs, CA	\$ 1,848
6/25/22	6/29/22	Darryl Walker	NASP Financial Conference	Chicago, IL	\$ 2,293
7/18/22	7/20/22	Darryl Walker	Opal Group Public Funds Summit	Newport, RI	\$ 245
9/6/22	9/8/22	Darryl Walker	VE Public Funds Summit	Newport Beach, CA	\$ 523
Darryl Walker Total					\$ 22,660
5/1/22	5/4/22	George Wood	Milken Global Conference	Los Angeles, CA	\$ 14,010
11/30/22	12/1/22	George Wood	Pension Bridge	Los Angeles, CA	\$ 895
George Wood Total					\$ 14,905
3/5/22	3/8/22	Henry Levy	CALAPRS General Assembly	San Diego, CA	\$ 50
3/7/22	3/9/22	Henry Levy	CII Spring Conference	Washington, DC	\$ 1,676
9/6/22	9/8/22	Henry Levy	Value Edge Public Funds	Laguna Beach, CA	\$ 374
9/13/22	9/15/22	Henry Levy	Conexus Sustainability in Practice	Cambridge, MA	\$ 2,208
9/21/22	9/23/22	Henry Levy	CII Fall Conference	Boston, MA	\$ 1,902
9/26/22	9/27/22	Henry Levy	ESG West Conference	Sacramento, CA	\$ 373
9/28/22	9/29/22	Henry Levy	ILPA Private Equity Training	San Francisco, CA	\$ 1,505
10/17/22	10/18/22	Henry Levy	Nossamon Public Pensions & Investments Fiduciaries Forum	Los Angeles, CA	\$ 1,314
10/28/22	10/28/22	Henry Levy	CALAPRS Trustees Roundtable	Online	\$ 50
11/1/22	11/3/22	Henry Levy	ESG Investment North America 2022	Brooklyn, NY	\$ 2,229
11/8/22	11/11/22	Henry Levy	SACRS Fall Conference	Long Beach, CA	\$ 1,443
Henry Levy Total					\$ 13,123
10/17/22	10/18/22	Jaime Godfrey	Nossamon Public Pensions & Investments Fiduciaries Forum	Los Angeles, CA	\$ 1,920
11/8/22	11/11/22	Jaime Godfrey	SACRS Fall Conference	Long Beach, CA	\$ 1,332
11/30/22	12/1/22	Jaime Godfrey	Pension Bridge Bi-Coastal Investment Conference	Los Angeles, CA	\$ 1,739
Jaime Godfrey Total					\$ 4,991
5/1/22	5/4/22	Keith Carson	Milken Global Conference	Los Angeles, CA	\$ 13,701
5/10/22	5/13/22	Keith Carson	SACRS Spring Conference	Palm Springs, CA	\$ 120
11/8/22	11/11/22	Keith Carson	SACRS Fall Conference	Long Beach, CA	\$ 1,113
Keith Carson Total					\$ 14,935
3/14/22	8/31/22	Kellie Blumin Simon	Berkeley Law	Online	\$ 1,275
5/10/22	5/13/22	Kellie Blumin Simon	SACRS Spring Conference	Palm Springs, CA	\$ 1,155
7/17/22	7/20/22	Kellie Blumin Simon	SACRS UC Berkeley Program	Berkeley, CA	\$ 2,500
8/29/22	9/1/22	Kellie Blumin Simon	CALAPRS - Principles of Pension Governance for Trustees	Tiburon, CA	\$ 3,000
Kellie Blumin Simon Total					\$ 7,930
5/10/22	5/13/22	Liz Koppenhaver	SACRS Spring Conference	Palm Springs, CA	\$ 120
Liz Koppenhaver Total					\$ 120
5/10/22	5/13/22	Nancy Reilly	SACRS Spring Conference	Palm Springs, CA	\$ 1,548
Nancy Reilly Total					\$ 1,548
2/23/22	2/25/22	Tarrell Gamble	Opal Group: Investment Education Symposium	New Orleans, LA	\$ 1,997
3/7/22	3/9/22	Tarrell Gamble	CII Spring Conference	Washington, DC	\$ 839
3/23/22	3/24/22	Tarrell Gamble	ALTSLA: The West Coast's Premier Alternative Investment Conference	Los Angeles, CA	\$ 308
7/25/22	7/26/22	Tarrell Gamble	Pension Bridge Private Equity Conference	Chicago, IL	\$ 591
5/10/22	5/13/22	Tarrell Gamble	SACRS Spring Conference	Palm Springs, CA	\$ 468
6/27/22	6/29/22	Tarrell Gamble	NASP	Chicago, IL	\$ 1,281
7/17/22	7/19/22	Tarrell Gamble	Compensation Committees: New Challenges, New Solutions	Boston, MA	\$ 8,285
10/11/22	10/13/22	Tarrell Gamble	Institutional Investor Diversity, Equity & Inclusion	Chicago, IL	\$ 595
Tarrell Gamble Total					\$ 14,364
Grand Total					\$ 94,577



Proposed 2023 Operations Committee Work Plan

Date	Action Items	Information Items
January 19 Board		<ul style="list-style-type: none">• Operating Expenses as of 11/30/22
February 1	<ol style="list-style-type: none">1. Discussion and Possible Motion to Approve the 2022 Discharge Request of Benefits Overpayments	<ul style="list-style-type: none">• Proposed 2023 Operations Committee Work Plan• Un-Audited Financial Statements as of 12/31/22• Operating Expenses as of 12/31/22• Actual Cash Report as of 12/31/22• Board Member Conference Expense Report for 4th Qtr. 2022• Senior Manager Conference and Training Expense Report for 4th Qtr. 2022• Technology Report
March 16 Board		<ul style="list-style-type: none">• Operating Expenses as of 01/31/23
April 5	<ol style="list-style-type: none">1. Administrative Hearing Policy review, discussion and possible motion to renew the Administrative Hearing policy, with or without revisions2. Error Correction Policy review, discussion and possible motion to renew the Error Correction policy, with or without revisions3. Electronic Tablet policy review, discussion and	<ul style="list-style-type: none">• Operating Expenses as of 02/29/23• Statement of Reserves as of 12/31/22• Board Effects Presentation



Proposed 2023 Operations Committee Work Plan

Date	Action Items	Information Items
	possible motion to renew the Electronic Tablet policy, with or without revisions	
May 18 Board		<ul style="list-style-type: none"> • Quarterly Financial Statements as of 03/31/23 • Operating Expenses as of 03/31/23 • Quarterly Cash Forecast Report • Board Member Conference Expense Report for 1st Qtr. 2023 • Senior Manager Conference and Training Expense Report for 1st Qtr. 2023
June 7		<ul style="list-style-type: none"> • Operating Expenses as 04/30/23 • Technology Report • MMRO Annual Report
July 20 Board		<ul style="list-style-type: none"> • Operating Expenses as of 05/31/23
August 2	1. Voluntary Elected Member Employer Reimbursement Policy Review, discussion and possible motion to renew the Voluntary Elected Member Employer	<ul style="list-style-type: none"> • Operating Expenses as of 06/30/23 • Quarterly Financial Statements as of 06/30/23 • Quarterly Cash Forecast Report • Board Member Conference Expense Report as of 06/30/23 • Senior Manager Conference and Training Expense Report as of 06/30/23



Proposed 2023 Operations Committee Work Plan

Date	Action Items	Information Items
	Reimbursement Policy, with or without revisions	
September 21 Board		<ul style="list-style-type: none"> • Operating Expenses as of 07/31/23
October 4	1. Felony Forfeiture Policy review, discussion and possible motion to renew the Felony Forfeiture policy, with or without revisions	<ul style="list-style-type: none"> • Operating Expenses as of 08/31/23 • Statement of Reserves as of 6/30/23
November 16* Special Operations Committee Meeting Board	1. Discussion and possible motion to approve the proposed 2024 ACERA Operating Expense Budget	<ul style="list-style-type: none"> • Proposed 2024 ACERA Operating Expense Budget • Quarterly Financial Statements as of 09/30/23 • Operating Expenses as of 09/30/23 • Quarterly Cash Forecast Report • Board Member Conference Expense Report for 3rd Qtr. 2023 • Senior Manager Conference and Training Expense Report for 3rd Qtr. 2023 <p>(*Will be presented at Board Meeting)</p>
December 6	1. Discussion and possible motion to approve the annual agreement for the Segal Group, ACERA's Benefits Consultant	<ul style="list-style-type: none"> • Operating Expenses as of 10/31/23 • Technology Report



Proposed 2023 Operations Committee Work Plan

Date	Action Items	Information Items
	<ol style="list-style-type: none"><li data-bbox="300 354 653 651">2. Discharge of Benefit Overpayments Policy Review, discussion and possible motion to renew the Discharge of Benefit Overpayments Policy, with or without revisions<li data-bbox="300 662 653 886">3. Board Education Policy Review, discussion and possible motion to renew the Board Education Policy, with or without revisions	

Note:

- 1) This work plan is subject to change without prior notice. Periodic rearrangements of agenda items will be made to the work plan to provide a reasonable length of time for each meeting.
- 2) Operations Committee Meeting date is assumed to be the first Wednesday of every other month, unless otherwise noted.
- 3) Board Policy and legislative updates will be added as directed by the Legal department.
- 4) Technology updates will be added as directed by the PRISM department.



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: February 1, 2023

TO: Members of the Operations Committee

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Quarterly SLT Conference and Training Expense Report for the period
January 1, 2022, to December 31, 2022

Attached is the January 1, 2022 – December 31, 2022 Senior Leadership Team conference and training expense report. As of December 31, 2022, reported expenses totaled \$44,438.

**ACERA SLT
Conference and Training Expense Report
January 1, 2022 to December 31, 2022**

From	To	SLT	Training or Conference	Name	Amount
Conferences					
03/05/22	03/08/22	Dave Nelsen	Conference	CALAPRS General Assembly	\$ 1,128
05/10/22	05/13/22	Dave Nelsen	Conference	SACRS Spring Conference	\$ 1,535
08/06/22	08/10/22	Dave Nelsen	Conference	NASRA Annual Conference	\$ 3,274
11/08/22	11/11/22	Dave Nelsen	Conference	SACRS Fall Conference	\$ 1,392
Trainings					
02/11/22	02/11/22	Dave Nelsen	Training	CALAPRS Administrator's Round Table	\$ 50
06/24/22	06/24/22	Dave Nelsen	Training	CALAPRS Administrators' Round Table	\$ 50
08/26/22	08/26/22	Dave Nelsen	Training	SACRS Legislative Meeting	\$ 118
09/28/22	09/30/22	Dave Nelsen	Training	CALAPRS Administrators' Institute	\$ 2,005
Dave Nelsen Total					\$ 9,552
Conferences					
05/10/22	05/13/22	Lisa Johnson	Conference	SACRS Spring Conference	\$ 1,781
10/23/22	10/26/22	Lisa Johnson	Conference	IFEBP 68th Annual Employee Benefits Conference	\$ 875
11/08/22	11/11/22	Lisa Johnson	Conference	SACRS Fall Conference	\$ 1,493
Trainings					
05/06/22	05/06/22	Lisa Johnson	Training	CALAPRS Overview Course in Ret Plan	\$ 100
06/30/22	06/30/22	Lisa Johnson	Training	ASPPA Intro to Retirement Plans Online	\$ 400
07/27/22	07/28/22	Lisa Johnson	Training	RPA/RFA Module Certificate Program	\$ 540
09/28/22	09/30/22	Lisa Johnson	Training	CALAPRS Administrators' Institute	\$ 158
11/01/22	11/04/22	Lisa Johnson	Training	CALAPRS Intermediate Staff Training	\$ 520
		Lisa Johnson	Training	CALAPRS Advanced Staff Training	\$ 510
		Lisa Johnson	Training	Knowb4	\$ 2,195
Lisa Johnson Total					\$ 8,571
Conferences					
11/08/22	06/08/22	Carlos Barrios	Conference	SACRS Fall Conference	\$ 1,537
Carlos Barrios Total					\$ 1,537
Conferences					
06/04/22	06/08/22	Erica Haywood	Conference	GFOA Annual Conference	\$ 2,703
Trainings					
11/03/22	11/03/22	Erica Haywood	Training	GFOA Annual GAAP Update	\$ 125
11/07/22	11/08/22	Erica Haywood	Training	AMA How to Communicate with Diplomacy, Tact and Credibility	\$ 1,995
12/12/22	12/14/22	Erica Haywood	Training	AMA Developing Executive Leadership	\$ 2,295
Erica Haywood Total					\$ 7,118
Conferences					
03/05/22	03/08/22	Kathy Foster	Conference	CALAPRS General Assembly	\$ 1,351
05/10/22	05/13/22	Kathy Foster	Conference	SACRS Spring Conference	\$ 1,473
Trainings					
02/11/22	02/11/22	Kathy Foster	Training	CALAPRS Administrator's Round Table	\$ 50
Kathy Foster Total					\$ 2,874
Conferences					
09/11/22	09/15/22	Sandra Dueñas	Conference	Hyland Conference	\$ 3,478
10/03/22	10/06/22	Sandra Dueñas	Conference	Pension Gold Conference	\$ 1,589
Sandra Dueñas Total					\$ 5,067
Conferences					
03/05/22	03/08/22	Vijay Jagar	Conference	CALAPRS General Assembly	\$ 818
Trainings					
10/21/22	10/21/22	Vijay Jagar	Training	CALAPRS Information Tech Round Table	\$ 50
Vijay Jagar Total					\$ 868
Conferences					
05/10/22	05/13/22	Jeff Rieger	Conference	SACRS Spring Conference	\$ 1,230
11/08/22	11/11/22	Jeff Rieger	Conference	SACRS Fall Conference	\$ 880
Trainings					
02/18/22	02/18/22	Jeff Rieger	Training	CALAPRS Attorney Round Table	\$ 50
Jeffrey Rieger Total					\$ 2,159
Conferences					
11/08/22	06/08/22	Vicki Arruda	Conference	CALPELRA	\$ 745
Victoria Arruda Total					\$ 745
Conferences					
03/05/22	03/08/22	Harsh Jadhav	Conference	CALAPRS General Assembly	\$ 943
05/10/22	05/13/22	Harsh Jadhav	Conference	SACRS Spring Conference	\$ 942
06/19/22	06/24/22	Harsh Jadhav	Conference	ACFE Fraud Conference	\$ 895
11/08/22	11/11/22	Harsh Jadhav	Conference	SACRS Fall Conference	\$ 596
Trainings					
01/01/22	12/31/22	Harsh Jadhav	Training	Excel University	\$ 390
02/07/22	02/07/22	Harsh Jadhav	Training	CPA Education	\$ 289
05/17/22	05/17/22	Harsh Jadhav	Training	AGA Ethics Training	\$ 50
10/06/22	10/06/22	Harsh Jadhav	Training	CALCPA Govt Auditing & Accounting Committee Mtg	\$ 271
11/17/22	11/17/22	Harsh Jadhav	Training	Sequoia CPA CPE	\$ 127
11/17/22	11/20/22	Harsh Jadhav	Training	CALCPA CPE	\$ 565
12/31/22	12/31/22	Harsh Jadhav	Training	Excel University	\$ 390
12/31/22	12/31/22	Harsh Jadhav	Training	Lorman	\$ 489
Harsh Jadhav Total					\$ 5,947
Grand Total					\$ 44,438

2022 Cybersecurity Report

Feb 1, 2023

Vijay Jagar

The New(ish) Economics of Malware

1. Cybercrime as a service

- Access brokers
- Deployment services

2. The industrialization of ransomware



The New Economics of Malware

1. Access-as-a-service
2. Malware distribution
3. Phishing-as-a-service
4. Scamming kits
5. Scanning services



The New Economics of Malware

- Job boards

I'm looking for someone or someones who'd like to bring people in, via spamming, social engineering, whatever method works for you... and if they take the bait, we split their generous donations 50/50.

I've had some of these up for anywhere from over a year to some I just created this week. These sites bring in a decent chunk of change as they are, but I've never been opposed to more money.

The New Economics of Malware

We are looking for new people to join our team.

You should be able to access our targets.

Our targets are Tier 1 and specifically selected.

We do not work on mass .

Quality is our ultimate goal.

Sometimes we work on a target for several weeks and then we are successful.

You bring your own toolkit and experience.

We provide the infrastructure.

Payment is in %.

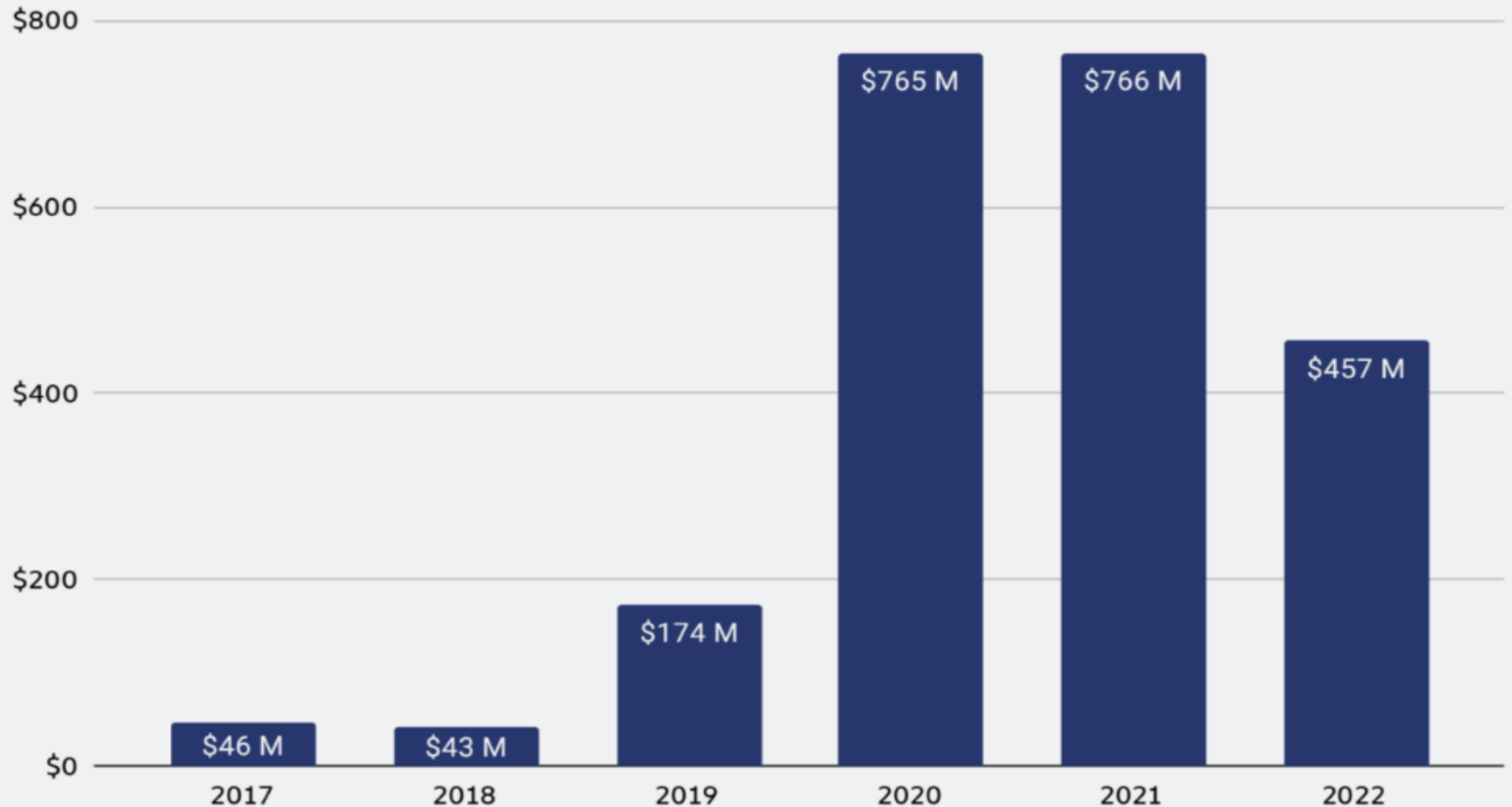
Ransomware in 2022

1. Geopolitical unrest
2. Prosecutions
3. New targets and methods
4. Stolen data: destroy or purchase
5. Post-disclosure visibility
6. Bug bounties
7. Fewer victims paying!



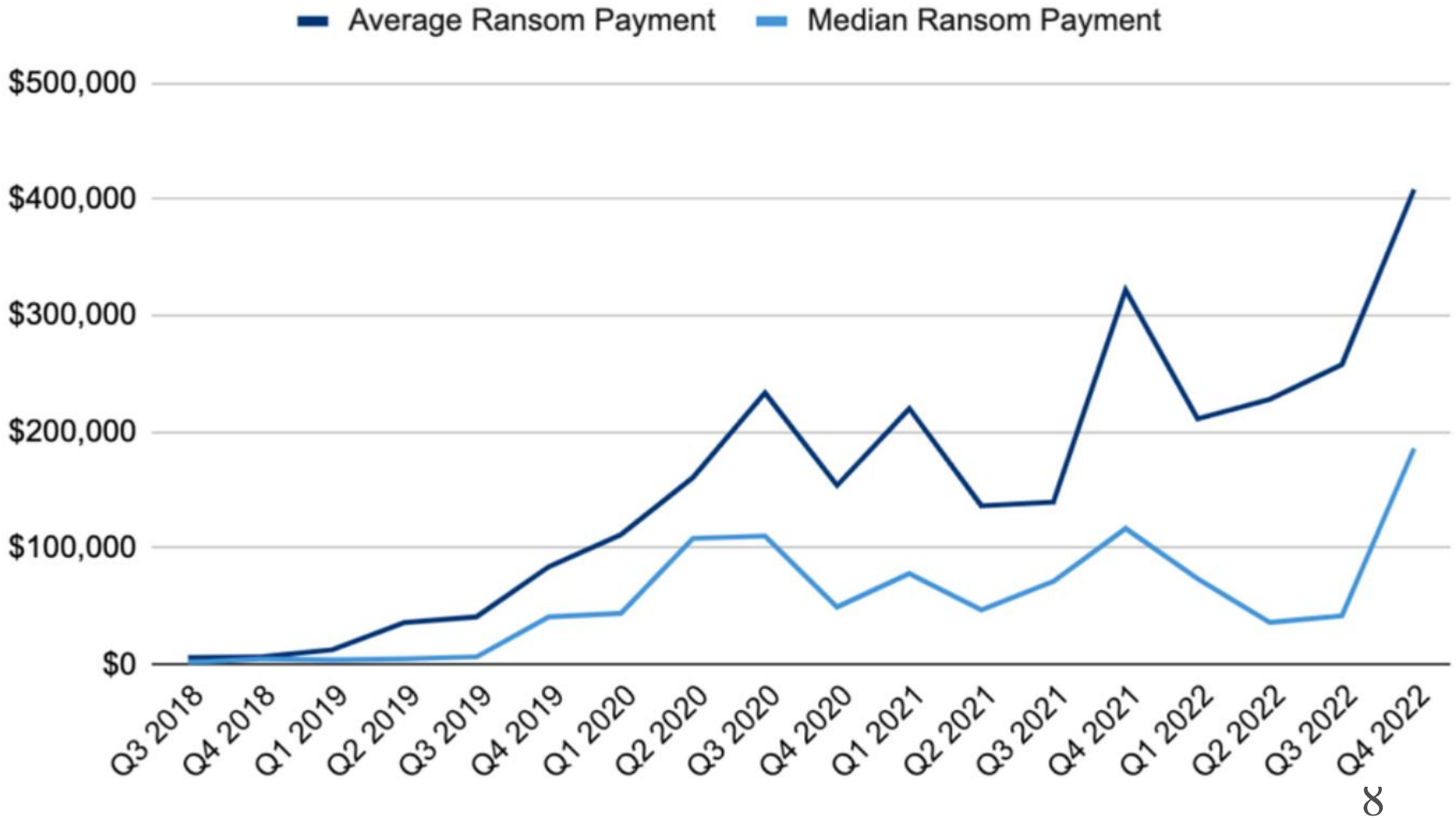
Ransomware in 2022

Total value received by ransomware attackers, 2017 - 2022



Ransomware in 2022

Ransom Payments By Quarter



ACERA's Response

1. Phishing campaigns
2. Immutable backups
3. Targeted penetration testing
4. Response planning



Questions?

