



Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

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.

Thursday, April 18, 2024
2:00 p.m.

LOCATION AND TELECONFERENCE	BOARD OF RETIREMENT TRUSTEES	
<p>ACERA C.G. "BUD" QUIST BOARD ROOM 475 14TH STREET, 10TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574</p> <p>The public can observe the meeting and offer public comment by using the below Webinar ID and Passcode after clicking on the below link or calling the below call-in number.</p> <p>Link: https://zoom.us/join Call-In: 1 (669) 900-6833 US Webinar ID: 879 6337 8479 Passcode: 699406</p> <p>For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193</p>	OPHELIA BASGAL CHAIR	APPOINTED
	KELLIE SIMON FIRST VICE-CHAIR	ELECTED GENERAL
	TARRELL GAMBLE SECOND VICE-CHAIR	APPOINTED
	KEITH CARSON	APPOINTED
	ROSS CLIPPINGER	ELECTED SAFETY
	JAIME GODFREY	APPOINTED
	HENRY LEVY	TREASURER
	ELIZABETH ROGERS	ELECTED RETIRED
	GEORGE WOOD	ELECTED GENERAL
	CYNTHIA BARON	ALTERNATE RETIRED ¹
KEVIN BRYANT	ALTERNATE SAFETY ²	

¹ The Alternate Retired Member votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General Members, or the Safety Member and an Elected General Member, are absent.

² The Alternate Safety Member votes in the absence of the Elected Safety Member, either of the two Elected General Members, or both the Retired and Alternate Retired Members.

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. at least 72 hours before the meeting at accommodation@acera.org or at 510-628-3000.

Public comments are limited to four (4) minutes per person in total. The order of items on the agenda 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 posted online at www.acera.org and also may be inspected at 475 14th Street, 10th Floor, Oakland, CA 94612-1900.

1. CALL TO ORDER

2. ROLL CALL

3. PUBLIC COMMENT

4. CONSENT CALENDAR:

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

A. REPORT ON SERVICE RETIREMENTS:

Appendix A

B. LIST OF DEFERRED RETIREMENTS:

Appendix B

C. LIST OF DECEASED MEMBERS:

Appendix C

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

None

E. APPROVE UNCONTESTED STAFF RECOMMENDATIONS ON DISABILITY RETIREMENTS AND DEATH BENEFITS:

Appendix E

F. APPROVE UNCONTESTED HEARING OFFICER RECOMMENDATIONS FOR DISABILITY RETIREMENTS AND DEATH BENEFITS:

None

G. APPROVE MINUTES of BOARD and COMMITTEE MEETINGS:

March 21, 2024 Minutes of the Regular Board Meeting

April 3, 2024 Retirees Committee Minutes

H. MISCELLANEOUS:

- *Operating Expenses as of 02/29/24*
- *Statement of Reserves as of 12/31/23*
- *Approve Staff Recommendation regarding the County of Alameda’s Amendment to Pay Item/Code Lead/Training Responsibilities (PD Office) – 41G*
- *Approve Staff Recommendation regarding the County of Alameda’s New Pay Item/Code Certified Access Specialist (CA Sp) – 43B*
- *Order Granting ACERA Lead Plaintiff Status in Veradigm Inc. Securities Litigation*

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

REGULAR CALENDAR
REPORTS AND ACTION ITEMS

5. DISABILITY, DEATH AND OTHER BENEFIT CLAIMS:

None.

6. COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS:

A. Retirees: [See April 3, 2024 Retirees Committee Agenda Packet for public materials related to the below listed items.]

1. Summary of April 3, 2024 Meeting.
2. Motion to adopt the revisions to the *Death Benefit Equity Policy*, as recommended by the Retirees Committee.

B. Actuarial: [See April 18, 2024 Actuarial Committee Agenda Packet for public materials related to the below listed items.]

1. Summary of April 18, 2024 Meeting.

C. Audit: [See April 18, 2024 Audit Committee Agenda Packet for public materials related to the below listed items.]

1. Summary of April 18, 2024 Meeting.

7. NEW BUSINESS:

- A.** Motion to instruct the Chief Executive Officer (or his Designee) on how to vote ACERA's proxy on behalf of the Board of Retirement for the SACRS Business Meeting action items.
- B.** Education Session: Asset Liability Study Overview and Methodology.
- C.** Chief Executive Officer's Report.

8. CONFERENCE/ORAL REPORTS

9. ANNOUNCEMENTS

10. BOARD INPUT

11. ESTABLISHMENT OF NEXT MEETING:

Thursday, May 16, 2024 at 2:00 p.m.

12. ADJOURNMENT

**APPENDIX A
REPORT ON SERVICE RETIREMENTS**

ALVARADO, Ivonne
Effective: 1/17/2024
Alameda Health System

GLODOWSKI, Jacob
Effective: 1/6/2024
Probation

ANDRES, Genie
Effective: 2/4/2024
Health Care Services Agency

HESS, Paul
Effective: 1/20/2024
Sheriff's Office

AYALA, Berta
Effective: 1/20/2024
Alameda Health System

KILGORE, Stephen
Effective: 2/2/2024
Alameda Health System

BARBER, Brenda
Effective: 1/6/2024
Social Services Agency

MARSDEN, Roger
Effective: 1/20/2024
Health Care Services Agency

CHAUS, Mumtaz
Effective: 12/30/2023
Alameda Health System

MARTIN, Monica
Effective: 2/2/2024
Superior Court

CULLY, Debra
Effective: 2/13/2024
Probation

MARTINEZ, Brian
Effective: 2/3/2024
Sheriff's Office

DAWAL, Marcus
Effective: 1/20/2024
Probation

MARYLANDER, Teresa
Effective: 1/23/2024
Non-Member

EDNALAGA, Editha
Effective: 1/20/2024
Assessor

MILLER, Scott
Effective: 2/3/2024
Sheriff's Office

ELDRIDGE, Elaine
Effective: 2/3/2024
Health Care Services Agency

MILLER, William
Effective: 1/6/2024
Alameda Health System

FISHER LEVY, Francey
Effective: 1/20/2024
Library

MITCHELL ABERNATHY, Lisa
Effective: 1/20/2024
Probation

FLORES, Priscilla
Effective: 11/30/2023
Social Services Agency

NORTON, Michael
Effective: 2/3/2024
Sheriff's Office

**APPENDIX A
REPORT ON SERVICE RETIREMENTS**

PAOLINI, Michael
Effective: 1/20/2024
Social Services Agency

RUDOLPH, Jon
Effective: 2/2/2024
Sheriff's Office

PERALES, Nicole
Effective: 2/4/2024
Probation

SMITH, Clinton
Effective: 1/20/2024
Sheriff's Office

PINA, Ismael
Effective: 1/31/2024
ACERA

STEINBACH, Kimberly
Effective: 2/21/2024
Superior Court

PRINCE, Cleveland
Effective: 1/20/2024
Social Services Agency

TAVARES, Gregg
Effective: 2/3/2024
General Services Agency

TAYLOR, Thomas
Effective: 2/1/2024
ACERA

**APPENDIX B
LIST OF DEFERRED RETIREMENTS**

ALLEN, Ramona
Alameda Health System
Effective Date: 1/24/2024

DAVIS, Georgina
Social Services Agency
Effective: 2/2/2024

BENNATON, Robert C.
Community Development Agency
Effective: 2/16/2024

JONES, Quientosha M.
Alameda Health System
Effective: 2/1/2024

BROTHERS, Nicholas S.
Sheriff's Office
Effective: 2/17/2024

KONOVER, Kimberle S.
Health Care Services Agency
Effective: 2/13/2024

CHUN, David W.
Sheriff's Office
Effective: 2/16/2024

MACE, Darrell
Zone 7 Water Agency
Effective: 1/26/2024

COLEMAN, Monae J.
Alameda Health System
Effective: 2/2/2024

MANUEL, Ieshia
General Services Agency
Effective: 2/16/2024

**APPENDIX B
LIST OF DEFERRED RETIREMENTS**

OXLEY, Rhealynn T.
Alameda Health System
Effective: 1/18/2024

SHIROMA NAKAMINE, Ruben M.
General Services Agency
Effective: 2/1/2024

PANCONI, Lucas S.
Sheriff's Office
Effective: 2/5/2024

TAMPLIN, Khatera A.
Health Care Services Agency
Effective: 11/17/2023

PERRY, Monique V.
Alameda Health System
Effective: 1/20/2024

VALENTINO, Chet M.
Health Care Services Agency
Effective: 2/2/2024

WALUND, Michael C.
Sheriff's Office
Effective: 1/26/2024

**APPENDIX C
LIST OF DECEASED MEMBERS**

ANGST, Arthur
Sheriff's Office
3/4/2024

BYERS-MC CARTHY, Barbara
Non-Mbr Survivor of Walter Byers
2/25/2024

BERNEY, Jerome
Health Care Services Agency
3/2/2024

COSCA, Joseph
Sheriff's Office
3/9/2024

BREAULT, Ronald
Registrar Of Voters
2/25/2024

CRUME, Alfred
Sheriff's Office
3/18/2024

BROWN, Lillie
Social Services Agency
2/28/2024

DEGUZMAN, Mario
Superior Court
3/13/2024

BUSH, Russell
Public Works Agency
3/17/2024

DRUMGOOLE, Margie
Alameda Health System
3/11/2024

BUTNER, David
Social Services Agency
3/7/2024

FURLONG, Patrick
Behavioral Health Care Services
1/28/2024

**APPENDIX C
LIST OF DECEASED MEMBERS**

GARDEMAN, Carl
Community Development Agency
3/9/2024

LENDRUM, Betty
Non-Mbr Survivor of Earl Lendrum
2/29/2024

GREGORIO, Ernesto
Alameda Health System
3/13/2024

MEESE, George
Superior Court
3/6/2024

HOGNER, Don
Probation
2/21/2024

MORADO, Vincente
Sheriff's Office
3/18/2024

KENNEDY, Carl
Non-Mbr Survivor of Beverly Elaine Kennedy
3/17/2024

NUNES, Norman
Social Services Agency
3/9/2024

LA MARCHE, Michael
Probation
3/8/2024

SIVERSON, Doris
Public Health
2/22/2024

LANG, Ivory
General Services Agency
2/26/2024

SMYER, Harry
Probation
3/3/2024

SPENCER-CLARK, Corinne
Non-Mbr DRO recipient of Andrew G. Theobald
2/27/2024

**APPENDIX E
APPROVE UNCONTESTED STAFF RECOMMENDATIONS ON
DISABILITY RETIREMENTS AND DEATH BENEFITS**

Name: Bass, April
Type of Claim: Non-Service Connected

Staff's Recommendation:

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

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**APPENDIX E
APPROVE UNCONTESTED STAFF RECOMMENDATIONS ON
DISABILITY RETIREMENTS AND DEATH BENEFITS**

Name: Stevens, Gregory
Type of Claim: Service-Connected

Staff's Recommendation:

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

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ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
MINUTES

Thursday, March 21, 2024

Vice-Chair Kellie Simon called the meeting to order at 2:00 p.m.

Trustees Present: Keith Carson
Ross Clippinger
Jaime Godfrey
Henry Levy
Elizabeth Rogers
Kellie Simon
Kevin Bryant (*Alternate*)

Trustees Excused: Ophelia Basgal
Tarrell Gamble
George Wood
Cynthia Baron (*Alternate*)

Staff Present: Victoria Arruda, Human Resource Officer
Carlos Barrios, Assistant Chief Executive Officer-Benefits
Angela Bradford, Executive Secretary
Sandra Dueñas-Cuevas, Benefits Manager
Erica Haywood, Fiscal Services Officer
Jessica Huffman, Benefits Manager (via Zoom)
Harsh Jadhav, Chief of Internal Audit
Vijay Jagar, Retirement Chief Technology Officer, ACERA
Lisa Johnson, Assistant Chief Executive Officer-Operations
David Nelsen, Chief Executive Officer
Jeff Rieger, Chief Counsel
Betty Tse, Chief Investment Officer

PUBLIC INPUT

None.

**CONSENT CALENDAR
REPORTS AND ACTION ITEMS**

REPORT ON SERVICE RETIREMENTS

Appendix A

LIST OF DEFERRED RETIREMENTS

Appendix B

LIST OF DECEASED MEMBERS

Appendix C

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

None

**APPROVE UNCONTESTED STAFF RECOMMENDATIONS ON
DISABILITY RETIREMENTS AND DEATH BENEFITS**

Appendix E

**APPROVE UNCONTESTED HEARING OFFICER RECOMMENDATIONS FOR
DISABILITY RETIREMENTS AND DEATH BENEFITS**

None

APPROVE MINUTES of BOARD and COMMITTEE MEETINGS

February 15, 2024 Minutes of the Regular Board Meeting

February 15, 2024 Audit Committee Minutes

MISCELLANEOUS

- *Operating Expenses as of 01/31/24*

24-15

It was moved by Jaime Godfrey and seconded by Ross Clippinger that the Board adopt the Consent Calendar. The motion carried 7 yes (*Bryant, Carson, Clippinger, Godfrey, Levy, Rogers, Simon*), 0 no, and 0 abstentions.

REGULAR CALENDAR
REPORTS AND ACTION ITEMS

DISABILITY, DEATH AND OTHER BENEFIT CLAIMS

None.

COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS

None.

NEW BUSINESS:

Rebalancing the Supplemental Retiree Benefit Reserve (SRBR) to Extend the projected non-OPEB Sufficiency Period

CEO Dave Nelsen reminded the Board that, at the February 15, 2024 Board meeting, Andy Yeung of Segal discussed the proposed rebalancing of the SRBR to extend the non-OPEB projected sufficiency period. Mr. Yeung gave an overview of the issue and explained that there is proposed legislation that could result in a cost increase to the County's medical plan for members over age 65. Segal will keep the Board and Staff apprised of developments. Mr. Yeung reported that Segal's recommended transfer of \$54,206,000 from OPEB to non-OPEB, effective December 31, 2023, has not changed and, after the transfer, the projected sufficiency period for both OPEB and non-OPEB benefits would be approximately 24 years.

24-16

It was moved by Ross Clippinger and seconded by Elizabeth Rogers that the Board approve a transfer of \$54,206,000 from the OPEB SRBR to the non-OPEB SRBR, effective December 31, 2023. The motion carried 7 yes (*Bryant, Carson, Clippinger, Godfrey, Levy, Rogers, Simon*), 0 no, and 0 abstentions.

State Association of County Retirement System (SACRS) Voting Proxy

CEO Dave Nelsen presented his March 21, 2024, memo requesting that the Board authorize him to vote ACERA's Proxy (or his Designee) on behalf of the Board of Retirement at the SACRS Spring Conference Business Meeting.

24-17

It was moved by Jaime Godfrey and seconded by Elizabeth Rogers that the Board grant CEO Dave Nelsen (or his Designee) authority to vote ACERA's proxy on behalf of the Board of Retirement at the upcoming SACRS Spring Conference Business Meeting. The motion carried 7 yes (*Bryant, Carson, Clippinger, Godfrey, Levy, Rogers, Simon*), 0 no, and 0 abstentions.

Update on ACERA's 2024 Business Plan

Mr. Nelsen provided an update on the following 2024 Business Plan Goals that the Board adopted in 2022 in support of ACERA's Strategic Plan: **1)** Comprehensive Pension Administration System PGV3 Training, **2)** PGV3 Upgrade and **3)** OnBase Case Manager and PG-OnBase Integration Activity (Document Management). (Mr. Nelsen stated that Goals **1)** thru **3)** take up most of Staff's time, as they all relate to the implementation and development of comprehensive training regarding PGV3. It was noted that PGV3 is scheduled to go live in October 2024); **4)** Communications Methods (Informational Videos for Members); **5)** Investment License Services for Private Market & Subscription (which allows Investment Staff to obtain direct access to important information); **6)** Workforce Excellence (WFE) Phase II (Employee Evaluations, Performance Plans); **7)** Agency Intranet Solution Implementation (Access to Shared Information/Documents); **8)** Expense Submission Phase II-Software Training (Expensify); **9)** Great Plains Update Planning and Process Improvement Review (Accounting Software); and **10)** Advance Death Benefit Election Form and Process Update. It was noted that the Participating Employers will be trained in the use of the Advance Death Benefit Election process. Assistant CEO Carlos Barrios reported that Communications Manager Michael Fara has created training videos that the Board can view. Chief Counsel Jeff Rieger reported that Staff will present proposed revisions to the *Death Benefit Equity Policy* at the Retirees Committee meeting.

David Nelsen, Chief Executive Officer's Report

Mr. Nelsen presented his March 21, 2024 written CEO Report which provided an update on: **1)** Committee and Board Action Items; **2)** Conference/Event Schedule; **3)** Other Items: **a)** Legislation; **b)** Budget; **c)** Investment Staff Alignment Efforts; **d)** DROPs and **3)** Key Performance Indicators.

Mr. Nelsen provided an update on ACERA's Expense Budget stating that although the Expense Budget was \$300,000 over the budget allotment last month due to unanticipated vacation sells, increased healthcare premium and fringe benefits costs, the budget will eventually level out. Mr. Nelsen stated if the Expense Budget needs to be rebalanced, it can be completed in July. Mr. Nelsen will keep the Board apprised of the status.

Mr. Nelsen reported that in order to create a comprehensive growth pattern/career path at ACERA for Investment Department Staff, Senior Leadership worked with the County Human Resources (HR) Department to get the salary ranges in line with the current market for the Investment Analyst and Investment Officer classifications and that the Board of Supervisors (BOS) approved the salaries. Mr. Nelsen stated that Staff also received approval from the Alameda County Civil Service Commission to create a new Senior Investment Officer classification and that Staff is now waiting to receive BOS approval regarding the salary range for that position. It was noted that a system-wide survey was conducted which showed that ACERA's Fund outperformed its peers, which assisted in getting the investment classification salaries in line with the current market. Mr. Nelsen thanked County Administrator Susan Muranishi, the BOS, County HR Department, ACERA HR Officer Vicki Arruda, Ms. Tse and the Investment Team for their efforts regarding this matter. The Board and Staff thanked Mr. Nelsen for his support.

CONFERENCE/ORAL REPORTS

Trustee Jaime Godfrey reported that he attended the Markets Group ALTSLA (Alternative Investments) Conference and that the Conference was worthwhile and very informative. Especially, the presentations regarding Artificial Intelligence (AI), Private Debt, Private Credit and Real Estate. Trustee Godfrey encouraged the Trustees to consider attending next year’s ALTSLA Conference.

Trustee Godfrey reported that while he and Trustee Tarrell Gamble were at the ALTSLA Conference, ACERA Investment Analyst Clint Kuboyama arranged for them to be introduced to and meet with a Representative from Blackrock regarding an investment opportunity.

ANNOUNCEMENTS

Mr. Rieger announced that he and Mr. Nelsen attended the oral argument in the *AHS v. ACERA* litigation that morning. Mr. Nelsen and Mr. Rieger stated that ACERA’s outside counsel Ashley Dunning did an excellent job, the argument seemed to go well and the Board could watch the *AHS v. ACERA* oral argument on the Court’s Website.

BOARD INPUT

None.

To view the March 21, 2024 Board meeting in its entirety, click on the link below:
<https://youtu.be/SUatEUfhwzU>.

ADJOURNMENT

The meeting was adjourned at approximately 2:29 p.m.

Respectfully Submitted,



David Nelsen
Chief Executive Officer

04/18/24

Date Adopted

APPENDIX A
REPORT ON SERVICE RETIREMENTS

ALLAN, Scot
Effective: 1/6/2024
General Services Agency

HUGHES, Tonya
Effective: 12/23/2023
Social Services Agency

ARAGON, Irving
Effective: 12/30/2023
Housing & Community Development

JANSEN, David
Effective: 12/30/2023
Fire Department

ARAGON, Michelle
Effective: 12/30/2023
Housing & Community Development

LAU, Wing Tak
Effective: 12/30/2023
Public Works Agency

BROWN, Phillip
Effective: 1/6/2024
General Services Agency

LINDSAY, Barrie
Effective: 1/10/2024
Zone 7 Water Agency

CARONE, Carrie-Ana
Effective: 12/14/2023
Sheriff's Office

MCLARIN, Benita
Effective: 12/30/2023
Alameda Health System

CHIN, John
Effective: 12/31/2023
Sheriff's Office

MURGAI, Neena
Effective: 1/1/2024
Health Care Services Agency

EBALANG, Rey
Effective: 1/6/2024
Social Services Agency

MYLES, Sylvia
Effective: 1/6/2024
Social Services Agency

FUNG, Phillip
Effective: 12/30/2023
Public Works Agency

NADEL, Jeanine
Effective: 1/2/2024
County Counsel

GONZALES, Michele
Effective: 1/1/2024
Housing & Community Development

PADDOCK, Kevin
Effective: 12/23/2023
Sheriff's Office

GUTIERREZ, Yvonne
Effective: 12/22/2023
Alameda Health System

PAOLINI, Karen
Effective: 12/30/2023
Information Technology Department

HARRISON, Phyllis
Effective: 12/28/2023
Housing & Community Development

PINEDA, Benjamin
Effective: 1/6/2024
Alameda Health System

APPENDIX A
REPORT ON SERVICE RETIREMENTS

POWER, Jeffrey
Effective: 12/14/2023
Sheriff's Office

STEWART, Stephen
Effective: 12/29/2023
Community Development Agency

PURIFICACION, Maribel
Effective: 1/6/2024
County Administrator's Office

VILLASENOR, Eduardo
Effective: 12/31/2023
General Services Agency

SCHMELZER, Barbara
Effective: 1/1/2024
Library

WIEST, Kurt
Effective: 12/27/2023
Housing & Community Development

APPENDIX B
LIST OF DEFERRED RETIREMENTS

APAKAMA, Ugochi
Social Services Agency
Effective Date: 9/29/2023

BURCIAGA, Isaac
Sheriff's Office
Effective: 12/22/2023

ARANDA, Barbarita
Social Services Agency
Effective: 11/16/2022

CALIP, Accalia
Superior Court
Effective: 9/18/2023

ASHBY-ANDERSON, Steven
Superior Court
Effective: 1/5/2024

CELESTINO, John
Alameda Health System
Effective: 6/10/2023

BASS, Hilary
Sheriff's Office
Effective: 2/16/2024

COFFEY, Christina
General Services Agency
Effective: 10/20/2023

BHAKTA, Pooja
Social Services Agency
Effective: 4/22/2022

COTTRELL, Steven
District Attorney
Effective: 1/16/2024

BLACKWELL, Zachary
Sheriff's Office
Effective: 1/2/2024

DAVALOS VIZCARRA, Christian
District Attorney
Effective: 1/12/2024

BRUCE, Tiffani
Alameda Health System
Effective: 1/5/2024

DE LA CRUZ, Nicole
Housing & Community Development
Effective: 1/4/2024

**APPENDIX B
LIST OF DEFERRED RETIREMENTS**

DIOSDADO, Israel
Alameda Health System
Effective: 1/4/2024

GUEVARA, Evett
Sheriff's Office
Effective: 9/9/2023

DONAHUE, Christopher
Library
Effective: 1/6/2024

HARVEY, Kiah
Alameda Health System
Effective: 1/1/2024

DONAIRE, Khristian
Alameda Health System
Effective: 8/6/2023

IHE, Onyinye
Alameda Health System
Effective: 1/11/2024

DUVAL, Jeanne
Social Services Agency
Effective: 6/21/2023

JONES, Leona
Human Resource Services
Effective: 5/12/2023

ESOMONU, Justine
Alameda Health System
Effective: 12/26/2023

KROL, Christopher
Sheriff's Office
Effective: 1/4/2024

FABIYI, Simiade
Alameda Health System
Effective: 1/5/2024

LIANG, Olivia
Health Care Services Agency
Effective: 1/5/2024

FRANCO, Jasmine
Superior Court
Effective: 6/21/2023

LUPO, Jordan
Social Services Agency
Effective: 1/23/2024

GARCIA, Claudia
Social Services Agency
Effective: 7/21/2023

MAUMALANGA, Vea
Probation
Effective: 2/25/2023

GOLDBERG, Lisa
Health Care Services Agency
Effective: 1/6/2024

MOORER, Nia
Social Services Agency
Effective Date: 7/17/2023

GREEN, Lawanda
Health Care Services Agency
Effective: 8/18/2023

MORGENROTH, Kelly
Health Care Services Agency
Effective: 1/16/2024

GRIFFITH, Alaysha
Superior Court
Effective: 9/25/2023

MURILLO, Jacqline
Superior Court
Effective: 4/26/2023

APPENDIX B
LIST OF DEFERRED RETIREMENTS

NGUYEN, Miranda
Alameda Health System
Effective: 4/29/2023

SENG, Chandanny
Social Services Agency
Effective: 8/21/2023

PATRON, Emelinda
Superior Court
Effective: 8/1/2023

TAIARA, Camille
Superior Court
Effective: 8/16/2023

PAULOS, Joshua
Health Care Services Agency
Effective: 1/19/2024

WALSH, Anjanique
Superior Court
Effective: 10/24/2023

PEDROZA, Janet
District Attorney
Effective: 1/10/2024

WANG, Esther
Alameda Health System
Effective: 2/3/2023

PERRY, Stacey
Health Care Services Agency
Effective: 1/12/2024

WEHE, James
Information Technology Department
Effective: 1/19/2024

RAMIREZ, Isabel
Superior Court
Effective: 8/28/2023

WILLIAMS, Kirsten
Social Services Agency
Effective: 2/8/2023

RICHARDS, Aundra
Housing & Community Development
Effective: 12/15/2022

WRIGHT, Marya
Social Services Agency
Effective: 9/1/2023

SCHNEIDER, Jeffrey
Livermore Area Recreation & Park District
Effective: 11/1/2023

YALLICO, Kristine Claire
Alameda Health System
Effective: 4/1/2023

SCOTT, Dana
Social Services Agency
Effective: 2/9/2023

YAUNNER SANCHEZ, Yuliet
Health Care Services Agency
Effective: 11/24/2023

APPENDIX C
LIST OF DECEASED MEMBERS

BAILEY, Lane
Community Development Agency
1/30/2024

JULIN, Richard
Non-Mbr Survivor of Dorothy Julin
1/16/2024

BARTALINI, Dolores
Alameda Health System
1/31/2024

LORETZ, Sharlene
Non-Mbr Survivor of Erwin Loretz
1/10/2024

BERNARD MILLER, Rebecca
Non-Mbr Survivor of Francis Bernard
2/4/2024

LOVELAND, Linda
Non-Mbr Survivor of Henry Murphy
3/18/2023

CARICO, Jean
Social Services Agency
2/9/2024

MALOON, Barbara
Social Services Agency
1/26/2024

CARTER HADNOT, Abaro
Superior Court
2/8/2024

MARTINEZ, Albert
Sheriff's Office
2/7/2024

CRAWFORD, Shirley
Non-Mbr Survivor of Donald Crawford
2/18/2024

NEAL, Flora
Social Services Agency
2/2/2024

DANEHY, Edward
Public Works Agency
2/18/2024

ORTIZ, Joy
Behavioral Health Care Services
2/13/2024

DECOURCY, Ann
Alameda Health System
1/19/2024

OVERMIER, Florence
Non-Mbr Survivor of Carl Overmier
2/8/2024

FERNANDEZ, Janet
Library
2/24/2024

POMBO, Roberto
Alameda Health System
2/16/2024

GUINN, Anna
Non-Mbr Survivor of Curtis Guinn
2/19/2024

POWELL JR., Lilton
Non-Mbr Survivor of Clara Powell
1/25/2024

**APPENDIX C
LIST OF DECEASED MEMBERS**

ROBERSON, Joan
District Attorney
1/30/2024

TECSON, Rogelio
Information Technology Department
2/2/2024

RUNDSTROM, William
County Counsel
1/23/2024

WALKER, Donald
Probation
2/21/2024

SIMMONS, Charles
Sheriff's Office
2/20/2024

WATSON, Ricky
Probation
2/2/2024

SMALL, Scott
Sheriff's Office
2/22/2024

WAGNER, Naomi
Social Services Agency
12/29/2023

**APPENDIX E
APPROVE UNCONTESTED STAFF RECOMMENDATIONS ON
DISABILITY RETIREMENTS AND DEATH BENEFITS**

Name: Carbino, Noelma
Type of Claim: Service-Connected

Staff's Recommendation:

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

Name: Mattison, Donald
Type of Claim: Service- Connected Death

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Ms. Mattson's application for a service-connected death benefits.

**APPENDIX E
APPROVE UNCONTESTED STAFF RECOMMENDATIONS ON
DISABILITY RETIREMENTS AND DEATH BENEFITS**

Name: **Wiltz, LaWanda**
Type of Claim: **Service- Connected**

Staff's Recommendation:

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



MINUTES OF APRIL 3, 2024 RETIREES COMMITTEE MEETING

To: Members of the Retirees Committee
From: Elizabeth Rogers, Chair
Subject: **Summary of the April 3, 2024 Retirees Committee Meeting**

Committee Chair Elizabeth Rogers called the April 3, 2024 Committee meeting to order at 9:34 a.m.

ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE

Committee members present were Elizabeth Rogers (Remote Location) and Henry Levy. Also present were Jaime Godfrey (via Zoom for “just cause”), George Wood and alternate members Cynthia Baron and Kevin Bryant. Committee member Keith Carson joined the meeting after roll call.

Staff present were Carlos Barrios, Assistant Chief Executive Officer; Sandra Dueñas-Cuevas, Benefits Manager; Erica Haywood, Fiscal Service Officer; Jessica Huffman, Benefits Manager; Harsh Jadhav, Chief of Internal Audit; Lisa Johnson, Assistant Chief Executive Officer; David Nelsen, Chief Executive Officer; Jeff Rieger, Chief Counsel; and Betty Tse, Chief Investment Officer.

PUBLIC INPUT

None.

ACTION ITEMS

1. Potential Revisions to the Death Benefit Equity Policy

Chief Counsel Jeff Rieger stated that this matter was brought before the Board of Retirement (Board) after some questions were raised about possibly providing a similar benefit to the discontinued Active Death Equity Benefit (ADEB) to help active members maximize benefits for their beneficiaries. After several meetings regarding this benefit, Staff presented to the Retirees Committee and the Board the Death Benefit Equity Policy, which was approved.

In developing the procedures, forms, and communication materials to implement this Policy, Staff identified ways to make the program better. One improvement is that the revised process takes account of contingent beneficiaries. The previous standalone form that allowed members to designate beneficiaries did not allow members to designate contingent beneficiaries. The new form leverages the current Active or Deferred Member Beneficiary Designation Form by adding the Advance Death Benefit Election designation section, allowing members to designate contingent beneficiaries. Also, Staff believes that

changing the program name to Advance Death Benefit Election better communicates the intent of the program to the members.

Additional improvements relate to making Staff's administration of the program more efficient. The main change is that instead of having a standalone form for members to make their Advance Death Benefit Election, a new section for this election was added to the Active or Deferred Member Beneficiary Designation Form

In response to Trustee Rogers' question, Mr. Rieger stated that the reason members cannot designate a trust as their beneficiary is that the optional settlement is a combined allowance that is an actuarial equivalent to the allowance without the election of the optional settlement, and actuarial equivalence is based on the age of the member and the age of the beneficiary, with an expectation that the benefit will stop someday.

In response to Trustee Woods' question about beneficiaries' ability to pursue a service-connected disability on the member's behalf, Mr. Rieger stated that the form refers to the Death Benefit Equity Policy, which is clear that making this election does not preclude beneficiaries from pursuing a service-connected disability. Staff will ensure that this is also clearly stated on ACERA's website regarding the Advance Death Benefit Election.

Trustee Rogers expressed the Trustees' appreciation again to Jeff Rieger, Carlos Barrios and everyone who worked on this project, stating that everyone put a great deal of effort into implementing this program and did a great job.

It was moved by Henry Levy and seconded by George Wood that the Retirees Committee recommend to the Board of Retirement that it adopt the revisions to the Death Benefit Equity Policy shown in the redline included with this agenda packet.

The motion carried 7 yes (*Baron, Bryant, Carson, Godfrey, Levy, Rogers, Wood*), 0 no, 0 abstentions

INFORMATION ITEMS

1. Via Benefits 2023 Year in Review

Lisa Starr with Via Benefits provided information on Medicare and pre-65 retirees related to enrollment/plan statistics and activity, call statistics, customer satisfaction survey results, Health Reimbursement Arrangement (HRA) account activity, and 2023 and 2024 enhancements. Additional information was provided specific to the Medicare retirees regarding the number of retirees enrolling in plans online and those contacting Via Benefits for assistance with their plan enrollment.

In response to Trustee Carson's question, Ms. Starr stated that the Medicare retirees are a little less comfortable with using technology, and that in 2023, 58% of ACERA's members preferred to talk to a live person.

Trustee Carson asked that with technology changing at a fast pace on a regular basis, what method is being used to monitor, evaluate, and to make decisions about integrating the

different changes and advancements in technology, and how employees are able to adapt in getting the information. Chief Executive Officer David Nelsen responded that in general, from ACERA's standpoint, when it comes to technology and service enhancements, Staff is always looking at what new technologies are available, and whether or not that will add value to our customers. Staff is always in the process of evaluating whether new technology will or will not add value and what it would look like to roll that out.

ACERA rolled out some new technology to our customers during COVID to meet their needs, and they are choosing to continue to use those options rather than coming into our office to conduct business. Based on the retiree surveys, our members have indicated that they are satisfied with the service we provide. ACERA does not survey our active membership specifically around technology and service. Generally, we do not interact with active customers extensively until the time of retirement.

In response to Trustee Rogers' question, Staff will follow-up to find out how many people are represented in the 9,179 HRA claims that were submitted in paper form.

2. Hearing Aid Reimbursement Options and Information

As requested at the December 6, 2023 Retirees Committee meeting, Staff provided a response from Via Benefits' representative regarding its fee to administer the hearing aid benefit through a separate HRA account. In addition, Staff provided information regarding the feasibility of internally processing hearing aid claims taking into account various considerations. Staff also showed a cost comparison of providing the hearing aid benefit at the \$1,000 and \$2,000 levels between Kaiser and Via Benefits.

In response to Trustee Rogers' question, Staff will find out how many of the 119 average claims for hearing aid benefits Kaiser reported were for dependents versus the members.

Trustee Levy suggested coordinating communications with the County of Alameda to advise active employees to save for future medical expense needs after retirement while they are still working. Mr. Nelsen stated that active employees can enroll in and contribute to the deferred compensation plan accounts to save for medical expenses after retirement.

Staff will bring this item back for discussion and possible motion in July or August, after we receive the hearing aid benefit premiums from Kaiser, and cost information to administer the hearing aid benefit from Via Benefits for the 2025 Plan Year.

3. Supplemental Retiree Benefit Reserve Financial Status

Staff presented a 10-year history of the Supplemental Retiree Benefit Reserve (SRBR) activity through December 31, 2023. The total interest credited to the SRBR for 2023 was approximately \$74.6 million of regular earnings, using the assumed rate of return of 3.5000%. No excess earnings were credited. Net deductions were approximately \$56.8 million. The December 31, 2023 ending balance was approximately \$1.2 billion.

TRUSTEE REMARKS

None

FUTURE DISCUSSION ITEMS

- Approval of Payment for Implicit Subsidy Cost for 2023
- Possible Declaration of Intent to Fund Implicit Subsidy Program for 2025

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for June 5, 2024 at 9:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 10:35 a.m.



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: April 18, 2024

TO: Members of the Board of Retirement

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Year-to-Date Operating Expenses & Budget Summary for February 29, 2024

ACERA's year-to-date operating expenses are \$293K over budget for the period ended February 29, 2024. Budget overages and surpluses worth noting are as follows:

Budget Overages

1. *Staffing*: Staffing remains \$257K over budget, despite being \$10K under budget for the month of February. This is attributed to the January \$267K overage which is reflected in the year-to-date financials. The year-to-date for February is comprised of overages in fringe benefits of \$77K, temporary staffing of \$55K, and 5% staff vacancy adjustment of \$146K, and offset by surplus in salaries & wages expenses of (\$21K).
2. *Member Services*: Member Services are \$50K over budget. This amount comprised overages in disability legal arbitration & transcripts of \$2K, disability medical expenses of \$47K, and member printing & postage of \$1K.
3. *Systems*: Systems are \$18K over budget. This amount comprised overages in business continuity expense of \$11K, and minor computer hardware of \$7K.
4. *Depreciation*: Depreciation expense is \$2K over budget from added new network servers.

Budget Surpluses

1. *Staff Development*: Staff Development is \$11K under budget for staff training and conferences.
2. *Professional Fees*: Professional Fees are \$1K under budget. This amount comprised surplus in actuarial fees of (\$5K), offset by overage in legal fees of \$4K.
3. *Office Expense*: Office Expense is \$19K under budget. This amount comprised surpluses in bank charges of (\$2K), building expenses of (\$1K), communications of (\$1K), equipment lease and maintenance of (\$9K), minor equipment and furniture of (\$2K), office maintenance and supplies of (\$3K), and printing and postage of (\$1K).
4. *Board of Retirement*: Board of Retirement is \$3K under budget. This amount comprised surpluses in board compensation of (\$1K), and board miscellaneous expenses of (\$2K).

Staffing Detail

Vacant positions as of February 29, 2024:

Department	Position	Qty	Comments
Benefits	Retirement Assistant Benefit Manager	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 II	1	Vacant - currently budgeted for the year
Investment	Investment Officer	1	Vacant - currently budgeted for the year
	Total Positions	5	

Pension Administration System Project - as of February 29, 2024					
	Year-To-Date			2024 Budget	2019-23 Actual
	Actual	Budget	Variance		
Consultant Fees					
Levi, Ray and Shoup	\$526,563	\$325,000	\$201,563	\$1,950,000	\$3,231,571
Segal and other consultant fees	117,777	98,833	18,943	593,000	2,323,470
Other expenses	-	-	-	-	1,500
Leap Technologies	-	-	-	-	98,970
Total	644,339	423,833	220,506	2,543,000	5,655,511
Staffing	138,523	128,500	10,023	771,000	2,845,789
TOTAL	\$782,862	\$552,333	\$230,529	\$3,314,000	\$8,501,300

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 EXPENSES SUMMARY**

YEAR TO DATE - ACTUAL VS. BUDGET					
<u>February 29, 2024</u>					
	<u>Actual</u>	<u>Budget</u>	<u>YTD</u>	<u>2024</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	\$ 3,014,231	\$ 2,757,460	\$ 256,771	\$ 17,032,000	17.7%
Staff Development	29,575	40,230	(10,655)	351,000	8.4%
Professional Fees (Next Page)	170,547	171,920	(1,373)	1,141,000	14.9%
Office Expense	58,382	77,140	(18,758)	468,000	12.5%
Insurance	103,180	103,460	(280)	637,000	16.2%
Member Services	147,477	97,200	50,277	608,000	24.3%
Systems	221,623	203,800	17,823	1,288,000	17.2%
Depreciation	20,407	18,540	1,867	112,000	18.2%
Board of Retirement	75,871	78,880	(3,009)	707,000	10.7%
Uncollectable Benefit Payments	-	-	-	78,000	0.0%
Total Operating Expense	\$ 3,841,293	\$ 3,548,630	\$ 292,663	\$ 22,422,000	17.1%



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
 PROFESSIONAL FEES
 YEAR TO DATE - ACTUAL VS. BUDGET
 February 29, 2024

	<u>Actual</u> <u>Year-To-Date</u>	<u>Budget</u> <u>Year-To-Date</u>	<u>YTD Variance</u> <u>(Under)/Over</u>	<u>2024</u> <u>Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
Professional Fees					
Consultant Fees - Operations and Projects ¹	\$ 56,000	\$ 55,960	\$ 40	\$ 356,000	15.7%
Actuarial Fees ²	38,000	43,000	(5,000)	490,000	7.8%
External Audit ³	48,000	48,000	-	145,000	33.1%
Legal Fees ⁴	28,547	24,960	3,587	150,000	19.0%
Total Professional Fees	\$ 170,547	\$ 171,920	\$ (1,373)	\$ 1,141,000	14.9%

	<u>Actual</u> <u>Year-To-Date</u>	<u>Budget</u> <u>Year-To-Date</u>	<u>YTD Variance</u> <u>(Under)/Over</u>	<u>2024 Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
¹ CONSULTANT FEES - OPERATIONS AND PROJECTS:					
Benefits					
Alameda County HRS (Benefit Services)	21,000	21,000	-	126,000	16.7%
Segal (Benefit Consultant/Retiree Open Enrollment)	22,167	22,160	7	133,000	16.7%
Total Benefits	43,167	43,160	7	259,000	16.7%
Fiscal Services					
Cashlog	-	-	-	20,000	0.0%
Total Fiscal Services	-	-	-	20,000	0.0%
Human Resources					
Lakeside Group (County Personnel)	12,833	12,800	33	77,000	16.7%
Total Human Resources	12,833	12,800	33	77,000	16.7%
Total Consultant Fees - Operations	56,000	55,960	40	356,000	15.7%
² ACTUARIAL FEES					
Actuarial Valuation	-	-	-	87,500	0.0%
GASB 67 & 68 Valuation	-	-	-	53,500	0.0%
GASB 74 & 75 Actuarial	-	-	-	16,000	0.0%
Actuarial Standard of Practice 51 Pension Risk	-	-	-	30,000	0.0%
Supplemental Consulting	38,000	43,000	(5,000)	258,000	14.7%
Supplemental Retiree Benefit Reserve valuation	-	-	-	45,000	0.0%
Total Actuarial Fees	38,000	43,000	(5,000)	490,000	7.8%
³ EXTERNAL AUDIT					
External audit	40,000	40,000	-	122,000	32.8%
GASB 67 & 68 audit	4,000	4,000	-	11,000	36.4%
GASB 74 & 75 audit	4,000	4,000	-	12,000	33.3%
Total External Audit Fees	48,000	48,000	-	145,000	33.1%
⁴ LEGAL FEES					
Fiduciary & Litigation	2,822	10,000	(7,178)	60,000	4.7%
Tax and Benefit Issues	121	4,160	(4,039)	25,000	0.5%
Miscellaneous Legal Advice	25,604	10,800	14,804	65,000	39.4%
Total Legal Fees	28,547	24,960	3,587	150,000	19.0%

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TOTAL EXPENDITURES VS. PRIOR YEAR ACTUAL
For the Two Months Ending 2/29/2024

	<u>For the Month of February 2024</u>	<u>For the Month of February 2023</u>	<u>Variance</u>	<u>Year-To-Date 2024</u>	<u>Year-To-Date 2023</u>	<u>Variance</u>
STAFFING						
Salaries	839,143	755,051	84,092	1,848,378	1,639,723	208,655
Fringe Benefits	442,461	397,808	44,653	1,078,681	879,415	199,266
Temporary Staffing Cost	40,824	39,303	1,521	87,172	67,166	20,006
Staffing Total	<u>1,322,428</u>	<u>1,192,162</u>	<u>130,266</u>	<u>3,014,231</u>	<u>2,586,304</u>	<u>427,927</u>
STAFF DEVELOPMENT	9,621	5,488	4,133	29,575	19,650	9,925
PROFESSIONAL FEES						
Actuarial Fees	21,500	32,150	(10,650)	38,000	64,300	(26,300)
Consultant Fees - Operations	28,000	34,417	(6,417)	56,000	62,083	(6,083)
Consultant Fees - Legal	16,017	4,124	11,893	28,547	28,065	482
External Audit	24,000	24,100	(100)	48,000	48,200	(200)
Professional Fees Total	<u>89,517</u>	<u>94,791</u>	<u>(5,274)</u>	<u>170,547</u>	<u>202,648</u>	<u>(32,101)</u>
OFFICE EXPENSE						
Bank Charges & Misc. Admin	5,085	3,967	1,118	11,444	9,219	2,225
Building Expenses	2,985	3,301	(316)	5,314	6,603	(1,289)
Communications	10,185	8,111	2,074	19,732	17,620	2,112
Equipment Lease/Maintenance	7,226	7,701	(475)	14,000	15,811	(1,811)
Minor Equipment and Furniture	0	4,386	(4,386)	0	5,089	(5,089)
Office Supplies/Maintenance	3,462	1,742	1,720	5,495	5,901	(406)
Printing & Postage	1,329	928	401	2,397	2,071	326
Office Expense Total	<u>30,272</u>	<u>30,136</u>	<u>136</u>	<u>58,382</u>	<u>62,314</u>	<u>(3,932)</u>
INSURANCE	51,590	46,924	4,666	103,180	93,848	9,332
MEMBER SERVICES						
Disability - Legal Arbitration & Transcripts	(1,817)	(2,483)	666	15,533	(3,283)	18,816
Disability Medical Expense	25,025	15,800	9,225	77,375	27,800	49,575
Disability Claims Management	3,850	3,850	0	7,700	7,700	0
Health Reimbursement Acct. (HRA)	5,562	5,235	327	11,556	10,515	1,041
Member Training & Education	571	509	62	1,253	1,026	227
Printing & Postage - Members	5,920	565	5,355	23,183	7,884	15,299
Virtual Call Center	5,438	5,402	36	10,877	10,804	73
Member Services Total	<u>44,549</u>	<u>28,878</u>	<u>15,671</u>	<u>147,477</u>	<u>62,446</u>	<u>85,031</u>

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TOTAL EXPENDITURES VS. PRIOR YEAR ACTUAL
For the Two Months Ending 2/29/2024

	<u>For the Month of February 2024</u>	<u>For the Month of February 2023</u>	<u>Variance</u>	<u>Year-To-Date 2024</u>	<u>Year-To-Date 2023</u>	<u>Variance</u>
SYSTEMS						
Business Continuity Expense	30,324	16,779	13,545	48,758	31,902	16,856
County Data Processing	11,424	10,874	550	22,872	21,766	1,106
Minor Computer Hardware	5,881	6,218	(337)	14,209	7,711	6,498
Intangible right to use SBITA - GASB96	7,052	0	7,052	13,426	0	13,426
Software Maintenance & Support	65,097	68,093	(2,996)	122,358	128,080	(5,722)
Systems Total	<u>119,778</u>	<u>101,964</u>	<u>17,814</u>	<u>221,623</u>	<u>189,459</u>	<u>32,164</u>
DEPRECIATION						
Depreciation Expense	10,203	9,961	242	20,407	19,923	484
BOARD OF RETIREMENT						
Board Compensation	2,200	2,800	(600)	3,400	3,900	(500)
Board Conferences & Training	2,900	1,776	1,124	4,589	8,720	(4,131)
Board Employer Reimbursement	31,869	29,660	2,209	63,439	59,320	4,119
Board Miscellaneous Expense	1,135	1,085	50	1,914	2,395	(481)
Board Software Maint. & Support	1,236	0	1,236	2,529	0	2,529
Board of Retirement Total	<u>39,340</u>	<u>35,321</u>	<u>4,019</u>	<u>75,871</u>	<u>74,335</u>	<u>1,536</u>
GRAND TOTALS	<u><u>1,717,298</u></u>	<u><u>1,545,625</u></u>	<u><u>171,673</u></u>	<u><u>3,841,293</u></u>	<u><u>3,310,927</u></u>	<u><u>530,366</u></u>



MEMORANDUM TO THE RETIREES' COMMITTEE AND BOARD OF RETIREMENT

DATE: April 3, 2024

TO: Members of the Retirees Committee and Board of Retirement

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Statement of Reserves and Supplemental Retirees Benefit Reserve (SRBR) Status as of December 31, 2023

The Statement of Reserves as of December 31, 2023, is attached for your review. The semi-annual interest crediting as of December 31, 2023, was completed on February 22, 2024.

For the six-month period ended December 31, 2023, approximately \$383.4 million of total interest (\$383.4 million in regular earnings and \$0.0 million in excess earnings) was credited to all the valuation reserve accounts, including the 401(h) account, the advanced UAAL contribution reserve and the SRBR.

- Regular earnings of \$383.4 million were credited to the valuation reserve accounts, the 401(h) account, and the SRBR at crediting rate of 3.5000% and the advance UAAL contribution reserve was credited at rate of 2.0973%; a lower rate compared to all other reserves due to the exclusion of \$184.2 million in available earnings deferred prior to June 30, 2021.
- There was no crediting of earnings above the assumed rate of return (excess earnings).

The total interest crediting rates were 3.5000% to the valuation reserve accounts and the 401(h) account, as well as the SRBR and 2.0973% to the advance UAAL contribution reserve (see table below).

Earnings Classification	Valuation Reserve & 401(h) Accounts		SRBR		Advance UAAL Contribution Reserve	
	Amount	Rate	Amount	Rate	Amount	Rate
Regular Earnings	\$327,091,989	3.5000%	\$ 40,965,043	3.5000%	\$ 15,359,082	2.0973%
Excess Earnings	-	0.0000%	-	0.0000%	-	0.0000%
Total Interest Credited	\$327,091,989	3.5000%	\$ 40,965,043	3.5000%	\$ 15,359,082	2.0973%

The process for crediting interest as of December 31, 2023, is presented in the table below. Note that for this semi-annual interest crediting period, the Contingency Reserve Account (CRA) was adjusted to 1% of total assets, \$114.8 million as of December 31, 2023, and \$78.1 million was subsequently withdrawn from the CRA to meet the interest crediting shortfall. Without the use of the CRA funds, the interest crediting rates would have been 2.7570% for all other reserves and SRBR, and 2.0973% for the advance UAAL contribution reserve. None of the funds made available from CRA were applied to the advance UAAL contribution reserve, as the full equitable share of the CRA balance was used in the June 30, 2022, crediting cycle.

Interest Crediting Methodology as of December 31, 2023	
Expected Actuarial Earnings for the period	\$ 378,873,512.97
10 % Amortization of deferred amounts – (Sum of the last 10 periods)	41,212,449.47
Actuarial earnings on a smoothed basis	420,085,962.44
CRA adjustment to 1% of total assets as of 12/31/2023	(114,806,210.94)
Actuarial earnings available for interest crediting @ 2.7570% & 2.0973%	305,279,751.50
CRA usage to cover the interest crediting shortfall	78,136,362.27
Total amount available for interest crediting @ 3.5000% & 2.0973%	\$ 383,416,113.77
Interest credited at a rate of 3.5000% to Valuation Reserves and 401(h) Account	327,091,988.89
Interest credited at a rate of 3.5000% to SRBR	40,965,042.68
Interest credited at the rate of 2.0973% to the advance UAAL Contribution Reserve (\$0.0 funds made available from CRA were applied)	15,359,082.20

There was a market *gain* of approximately \$518.4 million for the six-month period ended December 31, 2023, which was higher than the expected actuarial earnings of approximately \$378.9 million. As a result, \$139.5 million in *gains* were added to the market stabilization reserve (the difference of the actual market gain/loss and the expected actuarial earnings). In addition, \$41.2 million of net *gains* from the previous ten (10) interest crediting cycles were recognized in the current interest crediting period. Thus, the market stabilization reserve improved from net deferred *losses* of \$391.1 million as of June 30, 2023, to \$292.8 million in deferred *losses* as of December 31, 2023.

Supplemental Retiree Benefits Reserve (SRBR)

The interest credited to the SRBR for the six-month period ended December 31, 2023, was approximately \$41.0 million of regular earning and \$0.0 million of excess earnings.

- For the six-month period ended December 31, 2023, the net deductions from SRBR were approximately \$25.0 million. These deductions include the net transfer to/from the employer advance reserve for 401(h) contributions of \$24.3 million and payments of supplemental COLA and retired death benefits of \$0.7 million.

For the year ended December 31, 2023, approximately \$74.6 million of regular earnings and \$0.0 excess earnings were credited to the SRBR.

- For the year ended December 31, 2023, the net deductions from SRBR were approximately \$56.8 million. These deductions include the net transfer to/from the employer advance reserve for 401(h) contributions of \$47.6 million and \$7.8 million transfer for implicit subsidy as well as payments of supplemental COLA and retired death benefits of \$1.4 million.

Attachments:

- Statement of Reserves as of December 31, 2023
- SRBR Status as of December 31, 2023

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF RESERVES
For the Six Months Ended December 31, 2023

	Beginning Balances 6/30/2023	Net Contributions Benefits, Refunds & Transfers 7/1 - 12/31/2023	Transfer Employers UAAL Adv Rsrv 7/1 - 12/31/2023	Interest Crediting Process 7/1 - 12/31/2023 (3.5000%)	Allocation of Excess Earnings 7/1 - 12/31/2023 (0.0000%)	Ending Balances 12/31/2023
Member Reserves:						
Active Member Reserves	\$ 1,824,597,843	\$ 8,913,137	\$ -	\$ 61,129,627 ¹	- ¹	\$ 1,894,640,607
Employer Advance Reserve	1,697,345,589	49,691,250	31,551,731	57,174,591	-	1,835,763,161
401(h) Account - OPEB	9,217,482	576,542	-	322,612	-	10,116,636
Total Employer Reserves	1,706,563,071	50,267,792	31,551,731	57,497,203 ¹	- ¹	1,845,879,797
Retired Member Reserves	5,844,911,063	(161,476,693)	9,922,519	208,465,159 ¹	- ¹	5,901,822,048
Supplemental Retiree Benefits Reserve	1,170,429,791	(25,007,012)		40,965,042 ¹	- ¹	1,186,387,821
Contingency Reserve	-			36,669,849 ²		36,669,849
Market Stabilization Reserve	(391,144,416)				98,351,287	(292,793,129)
Total Reserves at Fair Value / Fiduciary Net Position	10,155,357,352	(127,302,776)	41,474,250	404,726,880	98,351,287	10,572,606,993
Advance UAAL Contribution Reserve						
County-Safety UAAL Advance Reserve	720,404,657		(40,952,566)	15,108,995 ¹	- ¹	694,561,086
LARPD-General UAAL Advance Reserve	11,924,313		(521,684)	250,087 ¹	- ¹	11,652,716
Total Fiduciary Net Position	\$ 10,887,686,322	\$ (127,302,776)	\$ -	\$ 420,085,962	\$ 98,351,287	\$ 11,278,820,795

Notes: 1. Interest credited as of 12/31/23 includes \$383,416,113 of regular earnings and \$0 excess earning allocation to the SRBR Reserve, advance UAAL contribution reserves, and all other Non-SRBR reserves.

2. Amount includes an increase of the CRA by \$114,806,211 to adjust the balance at 1% total assets as of 12/31/23. After CRA was restored to 1% total assets, there was a subsequent withdrawal of \$78,136,362 to fund the semi-annual interest crediting shortfall. As a result, the CRA balance at 12/31/23 was \$36,669,849, or 0.3194% of total assets.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF RESERVES
For the Year Ended December 31, 2023

	Beginning Balances 1/1/2023	Net Contributions Benefits, Refunds & Transfers 1/1 - 12/31/2023	Transfer Employers UAAL Adv Rsrv 1/1 - 12/31/2023	Interest Crediting Process 6/30/23 & 12/31/2023 (2.8793%) & (3.5000%)	Allocation of Excess Earnings 6/30/23 & 12/31/2023 (0.0000%) & (0.0000%)	Ending Balances 12/31/2023
Member Reserves:						
Active Member Reserves	\$ 1,822,515,878	\$ (37,714,082)	\$ -	\$ 109,838,811 ¹	- ¹	\$ 1,894,640,607
Employer Advance Reserve	1,643,115,584	28,174,050	64,034,884	100,438,643	-	1,835,763,161
401(h) Account - OPEB	8,979,234	556,250	-	581,152	-	10,116,636
Total Employer Reserves	1,652,094,818	28,730,300	64,034,884	101,019,795 ¹	- ¹	1,845,879,797
Retired Member Reserves	5,688,241,688	(185,821,763)	20,129,944	379,272,179 ¹	- ¹	5,901,822,048
Supplemental Retiree Benefits Reserve	1,168,608,503	(56,833,608)	-	74,612,926 ¹	- ¹	1,186,387,821
Contingency Reserve	-		-	36,669,849 ²		36,669,849
Market Stabilization Reserve	(794,113,421)				501,320,292	(292,793,129)
Total Reserves at Fair Value / Fiduciary Net Position	9,537,347,466	(251,639,153)	84,164,828	701,413,560	501,320,292	10,572,606,993
Advance UAAL Contribution Reserve						
County-Safety UAAL Advance Reserve	748,928,975	-	(83,109,118)	28,741,229 ¹	- ¹	694,561,086
LARPd-General UAAL Advance Reserve	12,235,622	-	(1,055,710)	472,804 ¹	- ¹	11,652,716
Total Fiduciary Net Position	\$ 10,298,512,063	\$ (251,639,153)	\$ -	\$ 730,627,593	\$ 501,320,292	\$ 11,278,820,795

Notes: 1. Interest credited as of 06/30/23 and 12/31/23 were \$310,541,631 and \$383,416,113, respectively. The allocation of earnings above the assumed rate of return was \$0 as of 6/30/23 and 12/31/23.

2. Net amount includes increases to the CRA of \$111,064,482 as of 6/30/23 and \$114,806,211 as of 12/31/23, to restore the balance at 1% total assets. The entire restored balance of \$111,064,482 was subsequently withdrawn to fund the semi-annual interest crediting shortfall as of 6/30/23. There was a subsequent withdrawal of \$78,136,362 from the CRA to fund the semi-annual interest crediting shortfall as of 12/31/23. As a result, the CRA balance at 12/31/23 was \$36,669,849 or 0.3194% total assets.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUPPLEMENTAL RETIREE BENEFITS RESERVE (SRBR)
For the Ten Years Ended December 31, 2014 - December 31, 2023**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Beginning Balance	\$ 643,056,500	\$ 789,826,877	\$ 853,842,371	\$ 874,385,246	\$ 893,770,614	\$ 919,488,617	\$ 924,709,823	\$ 931,754,157	\$ 1,131,048,474	\$ 1,168,608,503
Deductions:										
Transferred to Employers Advance Reserve	34,039,593	36,528,264	33,818,832	38,327,914	43,777,409	44,858,371	45,456,100	46,772,130	47,476,858	49,339,096
Employers Implicit Subsidy	6,992,822	5,320,953	6,021,451	8,787,596	5,800,563	6,899,139	6,446,702	7,484,411	5,593,922	7,842,215
Supplemental Cost of Living	1,849,140	1,555,924	1,350,784	1,231,500	1,134,613	1,181,244	1,116,523	932,177	943,290	1,134,334
Death Benefit - Burial - SRBR	223,529	213,909	187,081	187,060	196,576	216,834	230,747	256,683	240,383	228,463
ADEB (Active Death)	-	-	-	-	-	-	-	-	-	-
Total Deductions	<u>43,105,084</u>	<u>43,619,050</u>	<u>41,378,148</u>	<u>48,534,070</u>	<u>50,909,161</u>	<u>53,155,588</u>	<u>53,250,072</u>	<u>55,445,401</u>	<u>54,254,453</u>	<u>58,544,108</u>
Additions:										
Interest Credited to SRBR	54,031,947	62,722,797	60,730,023	66,715,938	64,827,682	57,022,294	58,878,406	69,152,162	79,407,948	74,612,926
Excess Earnings Allocation	132,455,002	43,770,247	-	-	10,574,982	-	-	184,050,056	10,749,534	-
Transferred from Employers Advance Reserve	3,388,512 (1)	1,141,500	1,191,000	1,203,500	1,224,500	1,354,500	1,416,000	1,537,500	1,657,000	1,710,500
Total Additions	<u>189,875,461</u>	<u>107,634,544</u>	<u>61,921,023</u>	<u>67,919,438</u>	<u>76,627,164</u>	<u>58,376,794</u>	<u>60,294,406</u>	<u>254,739,718</u>	<u>91,814,482</u>	<u>76,323,426</u>
Ending Balance	<u>\$ 789,826,877</u>	<u>\$ 853,842,371</u>	<u>\$ 874,385,246</u>	<u>\$ 893,770,614</u>	<u>\$ 919,488,617</u>	<u>\$ 924,709,823</u>	<u>\$ 931,754,157</u>	<u>\$ 1,131,048,474</u>	<u>\$ 1,168,608,503</u>	<u>\$ 1,186,387,821</u>

Notes

(1) These amounts include reclassification of OPEB Administrative Expense contribution reimbursement activities and interest from January 2012 through June 2014; and normal activities for the six month period of July 2014 through December 2014. The SB 1479 reimbursements from the Employer Advance Reserve were inadvertently booked to the 401(h) account instead of SRBR. A total misclassified balance of \$2,649,500 and regular credited interest of \$182,511.54 were transferred from the 401(h) account to SRBR.


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



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: April 18, 2024

TO: Members of the Board of Retirement

FROM: Sandra Dueñas-Cuevas, Benefits Manager 

SUBJECT: **Amendment to Pay Item/Code Lead/Training Responsibilities (PD Office)
– 41G**

The County of Alameda (County) requested an amendment to pay item/code Lead/Training Responsibilities (PD Office) – 41G, which is for pay that is included in “compensation earnable” but is excluded from “pensionable compensation.” Pay code 41G was initially approved at the Board of Retirement’s (Board) September 17, 2015 meeting. This pay code established a footnote provision for additional compensation of 5% of the base pay to be paid to an employee in the job classification of Specialist Clerk I (Job Code 1128NM) when assigned lead and training responsibilities over persons in the same and/or equivalent job codes at the Oakland Branch Office within the Public Defender’s Office. Because this pay code was originally for one employee, it was determined to be excluded from “pensionable compensation”.

The requested amendment expands the use of pay code 41G to five employees in the current job classification of Specialist Clerk I, and also adds another five employees in the job classification of Legal Secretary (Job Code 1240NM), when assigned lead and training responsibilities over employees in the same and/or equivalent job codes, with one lead from both job classifications assigned at each of the five branch offices (East County, Fremont, Juvenile, Main and Oakland) of the Public Defender’s Office. This amendment is effective January 28, 2024.

Staff and Chief Counsel reviewed the required supporting documentation (attached), and made the determination that since the amendment expands the use of this pay code to more than one employee in the job classifications, it will now qualify as “pensionable compensation” under Government Code Section 7522.34 (for PEPRAs members). This pay code increases the employees’ base pay in all pay periods for similarly situated employees in a classification like a normal salary increase. Under the Board of Retirement’s (Board) historical practices, this kind of pay code has been included in both “compensation earnable” and “pensionable compensation”. The two relevant Government Code sections are attached for the Board’s reference.

Staff informed the County that its determination will be included on the Board’s Consent Calendar for its April 18, 2024 meeting. If this item is not pulled from the Consent Calendar for discussion, then the Board will approve Staff’s determination that the amendment to pay item/code Lead/Training Responsibilities (PD Office) – 41G is included as “pensionable compensation” under Government Code Section 7522.34 (for PEPRAs members), and continues to be included as “compensation earnable” under Government Code Section 31461 (for Legacy members).

Attachments



**ALAMEDA COUNTY
AUDITOR-CONTROLLER AGENCY
MELISSA WILK
AUDITOR-CONTROLLER/CLERK-RECORDER**

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

Employer Name:	County of Alameda
Date of Request	02/29/24
Employer Department Submitting the Request	Auditor-Controller's Agency
Contact Person/Employer (include title/position)	Stephanie Tsurumoto
Contact Person Telephone incl area code	(510)272-6581
Contact Person Email address	stephanie.tsurumoto@acgov.org
Pay Item Name (and code Number)	41G – Lead/Trng Resp (PD Office)
Pay Item Effective Date per authorization:	1/28/24
State if additional documentation is attached	Yes – Board Letter

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: 1128NM – Specialist Clerk
1240NM Legal Secretary**

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: Not to exceed 5 employees per Job Code

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

RESPONSE #4: No

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

RESPONSE #5: Percentage – 5% of Base Pay

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

RESPONSE #6: No

Office of the Auditor-Controller
1221 Oak St., Suite 249
Oakland, CA 94612
Tel: (510) 272-6565
Fax: (510) 272-6502

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

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

Clerk-Recorder's Office, Tri-Valley
7600 Dublin Blvd.
Dublin, CA 94568
Tel: (510) 272-6362
Fax: (510) 208-9858

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: 37.5 Hour Work Week

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)

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: Board Letter

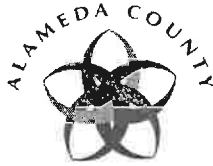
Adopt Salary Ordinance amendments to:

- i. Amend Article 3, Section 3-21 (Miscellaneous), subsection 3-21.92 to increase to five (5) employees in the classification of Specialist Clerk I (Job Code ("JC") 1128) eligible to receive an additional five percent (5%) compensation of base pay when assigned lead and training responsibilities over employees in the same and/or equivalent job code with one (1) lead assigned at the East County Branch Office, Fremont Branch Office, Juvenile Branch Office, Main Office and/or Oakland Branch Office of the Public Defender's ("PD's") Office effective January 28, 2024; and
- ii. Amend Article 3, Section 3-21 (Miscellaneous) to add new subsection 3-21.110 to establish a footnote for a total of five (5) employees in the classification of Legal Secretary (JC 1240) when assigned lead and training responsibilities over employees in the same and/or equivalent job code with one (1) lead assigned at the East County Branch Office, Fremont Branch Office, Juvenile Branch Office, Main Office and/or Oakland Branch Office of the PD's Office, to receive an additional five percent (5%) compensation of the base pay effective January 28, 2024.

Salary Ordinance Section 3-21.92, Salary Ordinance Section 3-21.110

- i. Amend Article 3, Section 3-21 (Miscellaneous), subsection 3-21.92 to increase to five employees in the classification of Specialist Clerk I (Job Code (JC) 1128) eligible to receive an additional five percent compensation of base pay when assigned lead and training responsibilities over employees in the same and/or equivalent job code with one lead assigned at the East County Branch Office, Fremont Branch Office, Juvenile Branch Office, Main Office and/or Oakland Branch Office of the Public Defender's (PD's) Office effective 1/28/24; and
- ii. Amend Article 3, Section 3-21 (Miscellaneous) to add new subsection 3-21.110 to establish a footnote for a total of five employees in the classification of Legal Secretary (JC 1240) when assigned lead and training responsibilities over employees in the same and/or equivalent job code with one lead assigned at the East County Branch Office, Fremont Branch Office, Juvenile Branch Office, Main Office and/or Oakland Branch Office of the PD's Office, to receive an additional five percent compensation of the base pay effective 1/28/24

SECOND READING - CONTINUED FROM 01/23/2024



AGENDA NO. 23.1 January 23, 2024

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

Human Resource Services

January 23, 2024

2nd reading 2/6/24

Honorable Board of Supervisors
County of Alameda
1221 Oak Street, Suite 536
Oakland, California 94612-4305

SUBJECT: ADOPT SALARY ORDINANCE AMENDMENTS TO 1) UPDATE SUBSECTION 3-21.92 TO INCREASE THE NUMBER OF ELIGIBLE EMPLOYEES IN JOB CODE ("JC") 1128 TO RECEIVE LEAD PAY AND 2) ADD NEW SUBSECTION 3-21.110 TO CREATE A FOOTNOTE FOR JC 1240 TO RECEIVE LEAD PAY IN THE PUBLIC DEFENDER'S OFFICE

Dear Board Members:

RECOMMENDATION:

Adopt Salary Ordinance amendments to:

- i. Amend Article 3, Section 3-21 (Miscellaneous), subsection 3-21.92 to increase to five (5) employees in the classification of Specialist Clerk I (Job Code ("JC") 1128) eligible to receive an additional five percent (5%) compensation of base pay when assigned lead and training responsibilities over employees in the same and/or equivalent job code with one (1) lead assigned at the East County Branch Office, Fremont Branch Office, Juvenile Branch Office, Main Office and/or Oakland Branch Office of the Public Defender's ("PD's") Office effective January 28, 2024; and
- ii. Amend Article 3, Section 3-21 (Miscellaneous) to add new subsection 3-21.110 to establish a footnote for a total of five (5) employees in the classification of Legal Secretary (JC 1240) when assigned lead and training responsibilities over employees in the same and/or equivalent job code with one (1) lead assigned at the East County Branch Office, Fremont Branch Office, Juvenile Branch Office, Main Office and/or Oakland Branch Office of the PD's Office, to receive an additional five percent (5%) compensation of the base pay effective January 28, 2024.

DISCUSSION/SUMMARY:

In an effort to address the significantly increased workload of the Administrative Specialist Is/IIs and to provide them with adequate support and relief in each of the five (5) branch offices (East County, Fremont, Juvenile, Main, and Oakland) of the PD's Office, staff recommends amending subsection 3-21.92 and adding new subsection 3-21.110 of the Salary Ordinance. Specifically, for subsection 3-21.92, increasing the number of employees in the classification of Specialist Clerk I (JC 1128) from one (1) to five (5) eligible to receive an additional five percent (5%) compensation of base pay when assigned lead and training responsibilities over employees in the same and/or equivalent job code, will allow the PD's Office to designate one (1) employee for each of its branch offices to function in said capacity, as needed. In addition, to provide further support and relief for the Administrative Specialist Is/IIs, adding new subsection 3-21.110 creates a similar footnote for up to five (5) employees in the classification of Legal Secretary (JC 1240) to also perform lead and training responsibilities of the same or equivalent job code, when assigned as needed. Staff recommends that the amendment of

An Equal Opportunity Employer

subsection 3-21.92 and addition of subsection 3-21.110 be effective January 28, 2024, and reviewed by the Director of Human Resource Services on or before January 28, 2027.

SELECTION CRITERIA:

N/A

FINANCING:

Funds are available in the 2023-2024 Approved Budget and will be included in future years' requested budgets to cover the costs resulting from the recommendations.

VISION 2026 GOAL:

The recommendation meets the 10x goal pathways of **Employment for All** in support of our shared vision of a **Prosperous and Vibrant Economy**.

Very truly yours,

DocuSigned by:

Margarita Zamora

24C63D8E074A48D...

Margarita Zamora, Interim Director
Human Resource Services

- c: CAO
- County Counsel
- Auditor-Controller
- Public Defender

SECOND READING - CONTINUED FROM 01/23/2024

2nd reading 2/6/24

Approved as to Form
DONNA ZIEGLER, County Counsel

By 
Kristy van Herick, Asst. County Counsel

AN ORDINANCE AMENDING
CERTAIN PROVISIONS OF THE 2023-2024
COUNTY OF ALAMEDA SALARY ORDINANCE

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

SECTION I

Article 1, Section, Subsection 3-21.92 of the County of Alameda Salary Ordinance is hereby amended to read as follows:

T2 | ALG
3-21.92 – Effective ~~August 2, 2015~~, January 28, 2024, not to exceed ~~one-five (5)~~ employees in Job Code 1128NM, when assigned lead and training responsibilities over ~~persons-employees~~ in the same and/or equivalent job codes with one (1) lead assigned at the East County Branch Office, Fremont Branch Office, Juvenile Branch Office, Main Office and/or Oakland Branch Office of the Public Defender's Office ~~at the Oakland Branch Office~~ within the Public Defender's Office, shall be compensated and additional ~~5%five~~ percent (5%) of the base pay. This footnote shall be reviewed by the Director of Human Resource Services on or before January 28, 2027.

SECTION II

Article 3, Section 3-21, Subsection 3-21.110 of the County of Alameda Salary Ordinance is hereby added to read as follows:

3-21.110 – Effective January 28, 2024, not to exceed a total of five (5) employees in Job Code 1240, when assigned lead and training responsibilities over employees in the same and/or equivalent job code with one (1) lead assigned at the East County Branch Office, Fremont Branch Office, Juvenile Branch Office, Main Office and/or Oakland Branch Office of the Public Defender's Office, shall be compensated an additional five percent (5%) of the base pay. This footnote shall be reviewed by the Director of Human Resource Services on or before January 28, 2027.

SECTION III

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

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.



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: April 18, 2024

TO: Members of the Board of Retirement

FROM: Sandra Dueñas-Cuevas, Benefits Manager 

SUBJECT: **New Pay Code: Approve as “Compensation Earnable” and “Pensionable Compensation” – County of Alameda**

The County of Alameda (County) requested that new pay code Certified Access Specialist (CASp) – 43B be reviewed to determine whether it qualifies as “compensation earnable” and “pensionable compensation.” This new pay code establishes a footnote for additional compensation of 7% of the base pay to be paid to employees in the job classification of Supervising Building Inspector (Job Code #8332) and/or Building Inspector II (Job Code #8310) who possess and maintain a current and valid Certified Access Specialist (CASp) Certification.

On October 3, 2023, the Board of Supervisors approved adding Subsection 3-15.23 to Article 3, Section 3-15 of the County of Alameda Salary Ordinance. It states: “Effective November 12, 2023, not to exceed two (2) employee in Job Codes 8332 and/or 8310, who possess and maintain a current and valid Certified Access Specialist (CASp) Certification issued from the State of California shall be compensated an additional seven percent (7%) of the base pay.”

This pay code will apply to no more than two employees who have and maintain a valid CASp Certification in either job classifications of Supervising Building Inspector or Building Inspector II. There could be two employees in one job classification who receive the pay, or there could be one employee in each job classification who receives this pay. The County determines which two employees receive this pay based on who receives the CASp Certification first.

Staff and Chief Counsel reviewed the required supporting documentation (attached) and made the determination that this pay code qualifies as “compensation earnable” under Government Code Section 31461 (for Legacy members). This pay code clearly meets the definition of “compensation earnable” because it is paid in cash to the member, it is not paid for overtime and it does not fall under any of the express exclusions in Section 31461.

Whether this pay qualifies as “pensionable compensation” is a close call. Under ACERA’s historical practices implementing Section 7522.34, regular extra pay for holding a certification has been included in “pensionable compensation” if there are at least two employees in a classification who receive that extra pay. Here, it is possible, but not certain, that two employees in a classification will receive the extra pay. This is because the two employees receiving the extra pay might be in two different classifications. The Chief Executive Officer and Chief Counsel ultimately determined to recommend this pay for inclusion in “pensionable compensation.” To qualify as “pensionable compensation,” the pay must be paid to “similarly situated members of the same group or class of employment.” Here, the “similarly situated member” would be a member of the same class who obtains the certification quickly enough to be one of the first two

New Pay Code: Approve as “Compensation Earnable” and “Pensionable Compensation” – County of Alameda (continued)

April 18, 2024

Page 2 of 2

employees with that certification. Further, if two members of the same class receive the pay, they would have a strong case for inclusion of the pay in their “pensionable compensation” when they retire, so it makes sense to collect contributions on the additional pay for sound funding. Finally, this kind of pay is similar to other types of pay that ACERA regularly includes in “pensionable compensation” and is not likely to be subject to manipulation or abuse. For all these reasons, although the question is a close call (and the Board would be within its discretion to exclude this pay code from “pensionable compensation”) Staff recommends that the Board include the pay code in “pensionable compensation.”

The two relevant Government Code sections are attached for the Board’s reference.

Staff informed the County that its determination will be included on the Board’s Consent Calendar for its April 18, 2024 meeting. If this item is not pulled from the Consent Calendar for discussion, then the Board will approve Staff’s determination that pay code Certified Access Specialist (CASp) – 43B is “compensation earnable” under Government Code Section 31461 (for Legacy members) and “pensionable compensation” under Government Code Section 7522.34 (for PEPRAs members).

Attachments



ALAMEDA COUNTY
AUDITOR-CONTROLLER AGENCY
MELISSA WILK
AUDITOR-CONTROLLER/CLERK-RECORDER

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

Employer Name:	County of Alameda
Date of Request	03/07/24
Employer Department Submitting the Request	Auditor-Controller's Agency
Contact Person/Employer (include title/position)	Stephanie Tsurumoto
Contact Person Telephone incl area code	(510)272-6581
Contact Person Email address	stephanie.tsurumoto@acgov.org
Pay Item Name (and code Number)	43B – Certified Access Spec (CASp)
Pay Item Effective Date per authorization:	11/12/23
State if additional documentation is attached	Yes – Board Letter

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: JC 8332 – Supervising Building Inspector
JC 8310 – Building Inspector II**

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: Not to exceed 2 employees

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

RESPONSE #4: No

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

RESPONSE #5: Percentage – 7% of Base Pay

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

RESPONSE #6: No

Office of the Auditor-Controller
1221 Oak St., Suite 249
Oakland, CA 94612
Tel: (510) 272-6565
Fax: (510) 272-6502

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

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

Clerk-Recorder's Office, Tri-Valley
7600 Dublin Blvd.
Dublin, CA 94568
Tel: (510) 272-6362
Fax: (510) 208-9858

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: 40.0 Hour Work Week

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 is 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)

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: Certification

- ii. Amend Article 3, Section 3-15 (Public Works), to add subsection 3-15.23, to establish a footnote for not to exceed two (2) employees in the classifications of Supervising Building Inspector (Job Code ("JC") #8332 and/or Building Inspector II (JC #8310) who possess and maintain a current and valid Certified Access Specialist (CASp) Certification issued from the State of California shall be compensated an additional seven percent (7%) of the base pay effective November 12, 2023.

Salary Ordinance Section 3-15.23

3-15-23 – Effective November 12, 2023, not to exceed two (2) employees in Job Codes 8332 and/or 8310, who possess and maintain a current and valid Certified Access Specialist (CASp) Certification issued from the State of California shall be compensated an additional seven percent (7%) of the base pay. (BOS approved [10/3/23](#))

SECOND READING - CONTINUED FROM 09/19/2023



AGENDA NO. 71 September 19, 2023

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

Human Resource Services

September 19, 2023

2nd reading 10/3/23

Honorable Board of Supervisors
County of Alameda
1221 Oak Street, Suite 536
Oakland, California 94612-4305

File 31058

SUBJECT: ADOPT: 1) INTERNATIONAL FEDERATION OF PROFESSIONAL AND TECHNICAL ENGINEERS, LOCAL 21 CIVIL ENGINEERS MANAGEMENT UNIT ("CEMU") MEMORANDUM OF UNDERSTANDING ("MOU"); AND 2) SALARY ORDINANCE AMENDMENTS TO UPDATE SUBSECTION 1-1.1 AND TO ADD NEW SUBSECTION 3-15.23

Dear Board Members:

RECOMMENDATIONS:

- A. Adopt an Ordinance approving the November 13, 2022 through November 22, 2025 Memorandum of Understanding ("MOU") between the International Federation of Professional and Technical Engineers, Local 21 Civil Engineers Management Unit ("CEMU") and the County of Alameda ("County"); and
- B. Adopt Salary Ordinance amendments to:
 - i. Update Article 1, Section 1-1 (Pay Rate Schedules), Subsection 1-1.1, to reflect the negotiated wage increases and applicable special salary adjustments of the CEMU MOU for classifications in Representation Unit R30; and
 - ii. Amend Article 3, Section 3-15 (Public Works), to add subsection 3-15.23, to establish a footnote for not to exceed two (2) employees in the classifications of Supervising Building Inspector (Job Code ("JC") #8332 and/or Building Inspector II (JC #8310) who possess and maintain a current and valid Certified Access Specialist (CASp) Certification issued from the State of California shall be compensated an additional seven percent (7%) of the base pay effective November 12, 2023.

New Adel's pay

DISCUSSION/SUMMARY:

The CEMU MOU expired and fully terminated as of November 12, 2022. To reach agreement on a successor MOU, representatives of the County and representatives of CEMU (collectively herein, the "Parties") held 22 negotiation sessions beginning October 14, 2022. While the MOU expired and fully terminated on November 12, 2022, the laws governing collective bargaining agreements provide that the terms and conditions set forth in the expired MOU remain in full force and effect until modified through the completion of the collective bargaining process. The collective bargaining process is now complete, and the Parties reached agreement on a successor MOU.

As such, we recommend that your Board adopt an Ordinance approving the November 13, 2022 through November 22, 2025 MOU between the Parties. This new MOU includes the updated provisions as summarized in the attached Summary of Significant Negotiated Terms.

An Equal Opportunity Employer

Furthermore, we recommend that Article 1, Section 1-1 (Pay Rate Schedules), subsection 1-1.1 of the Salary Ordinance be updated to reflect the negotiated wage increases for the classifications in Representation Unit R30, and applicable special salary adjustments for specified classifications in said Representation Unit. And, add subsection 3-15.23 to Article 3, Section 3-15 (Public Works) of the Salary Ordinance to establish a footnote for not to exceed two (2) employees in the classifications of Supervising Building Inspector (JC #8332) and/or Building Inspector II (JC #8310), who possess and maintain a current and valid Certified Access Specialist (CASp) Certification issued from the State of California and who shall be compensated an additional seven percent (7%) of the base pay effective November 12, 2023.

FINANCING:

Funds are available in the 2023-2024 Approved Budget and will be included in future years' requested budgets to cover the costs resulting from the recommendations.

VISION 2026 GOAL:

The Salary Ordinance amendments meet the 10x goal pathways of **Employment for All** in support of our shared vision of a **Prosperous and Vibrant Economy**.

Very truly yours,

DocuSigned by:

Margarita Zamora

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Margarita Zamora, Acting Director
Human Resource Services

c: CAO
Auditor-Controller
County Counsel
Director, GSA
Director, PWA
General Manager, Zone 7

1st reading 9/19/23
2nd reading 10/13/23

SECTION II

File 31058

Article 3, Section 3-15, subsection 3-15-23 of the County of Alameda Salary Ordinance is hereby added to read as follows:

New Add'l Pay 430

3-15-23 – Effective November 12, 2023, not to exceed two (2) employees in Job Codes 8332 and/or 8310, who possess and maintain a current and valid Certified Access Specialist (CASp) Certification issued from the State of California shall be compensated an additional seven percent (7%) of the base pay.

SECTION III

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

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.

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

John M. Erwin,

Plaintiff,

v.

Veradigm Inc., *et al.*,

Defendants.

No. 23 CV 16205

Judge Lindsay C. Jenkins

ORDER

Before the Court are cross motions filed by Gerald Hogan (“Hogan”) and Alameda County Employees’ Retirement Association (“ACERA”) for appointment as lead plaintiff and approval of lead and liaison counsel in this securities class action brought pursuant to the Securities Exchange Act (“Exchange Act”) as amended by the Private Securities Litigation Reform Act (“PSLRA”). The Court appoints ACERA as lead plaintiff because it satisfies the presumptive lead plaintiff criteria and is not subject to unique defenses. Likewise, the Court will approve ACERA’s requested lead counsel, Berman Tabacco, and liaison counsel, Cohen Milstein Sellers & Toll PLLC.

BACKGROUND

Plaintiff John Erwin brought this action against Veradigm Inc. (“Veradigm”) and several of its officers for allegedly making materially false and misleading statements in Veradigm’s public statements, including SEC filings, press releases, and conference calls between February 26, 2021, and December 7, 2023 (the “Class Period”) in violation of Sections 10(b) and 20(a) of the Exchange Act, as well as 17 C.F.R. § 240.10b-5. [Dkt. 10.] As outlined in the amended complaint, Veradigm needed to correct the above false statements through a series of disclosures throughout 2023 that damaged the company’s stock price and ended with the forced resignation of Veradigm’s CEO and CFO.

The first disclosure came on February 23, 2023, when Veradigm announced it overstated revenue by \$20 million between Q3 2021 and Q4 2022 because of a duplicate recording error. [Dkt. 10 ¶ 4.] The next came on March 22, 2023, when Veradigm disclosed the revenue reporting error was greater than previously expected, and that its quarterly filings for 2021 and 2022 needed to be restated and could no longer be relied upon. [*Id.* ¶ 5.] In May, June, August, and September, Veradigm continued to issue public statements disclosing the finding of additional accounting errors and its inability to comply with Nasdaq listing and reporting requirements. [*Id.* ¶¶ 7-11.] Finally, on December 8, 2023, Veradigm announced that

its CEO, Richard Poulton, and CFO, Leah Jones, were forced to resign by its Board of Directors based on findings from an internal investigation, and that new leadership was determining whether additional corrections to Veradigm's financial statements were necessary. [*Id.* ¶ 12.] Plaintiff, a Veradigm shareholder, then filed this lawsuit based on the misrepresentations' negative impact on their investment in Veradigm.

ANALYSIS

In class actions brought under the PSLRA, the Court is required to appoint a lead plaintiff, and if appropriate, approve the lead plaintiff's requested lead and liaison counsel. 15 U.S.C. § 78u-4(a)(3)(B). The selection process for appointing a lead plaintiff is straightforward. The presumptive lead plaintiff is the person or entity that (i) timely filed a motion to become lead plaintiff; (ii) has the largest financial interest at stake of the movants; and (iii) satisfies the requirements of Rule 23. 15 U.S.C. § 78u-4(a)(3)(B)(iii)(I). A party can rebut this by showing either that the presumptive lead plaintiff will not fairly or adequately represent the class, or is subject to unique defenses. 15 U.S.C. § 78u-4(a)(3)(B)(iii)(II). Once appointed, the lead plaintiff can select counsel to represent the class, which is subject to court approval. 15 U.S.C. § 78u-4(a)(3)(B)(iii)(v).

Here, Hogan and ACERA both timely filed motions to become lead plaintiff, but ACERA incurred alleged losses of \$794,821 compared to Hogan's \$25,429.11. [Dkt. 17 at 7; Dkt. 20 at 10.]¹ Because ACERA has a larger financial interest in the litigation, it is the presumptive lead plaintiff unless it does not satisfy Rule 23.

To determine whether a potential lead plaintiff satisfies Rule 23 at this stage of the litigation, the Court focuses on adequacy and typicality. *Colwell v. Exicure Inc.*, 2023 WL 2572454, at *2 (N.D. Ill. Mar. 20, 2023). A lead plaintiff can satisfy the adequacy requirement "if (1) its claims are not antagonistic or in conflict with those of the class; (2) it has sufficient interest in the outcome of the case to ensure vigorous advocacy; and (3) it is represented by competent, experienced counsel who be able to prosecute the litigation vigorously." *In re Groupon, Inc. Sec. Litig.*, 2012 WL 3779311, at *3 (N.D. Ill. Aug. 28, 2012). ACERA contends that it is adequate to represent the class because its claims are aligned with other class members, it suffered a substantial loss, and retained sophisticated counsel. [Dkt. 20 at 11.] Hogan does not argue otherwise, and the Court agrees.

Typicality exists if the lead plaintiff's "claims or defenses ... are typical of the claims or defenses of the class." *Colwell*, 2023 WL 2572454, at *2 (quoting *In re Groupon*, 2012 WL 3779311, at *3); *see also Hedick v. Kraft Heinz Co.*, 2019 WL 4958238, at *9 (N.D. Ill. Oct. 8, 2019) (typicality is satisfied when the lead plaintiff's claims "arise[] from the same event or practice or course of conduct that gives rise to the claims of other class members and his or her claims are based on the same legal

¹ Citations to docket filings generally refer to the electronic pagination provided by CM/ECF, which may not be consistent with page numbers in the underlying documents.

theory.”) According to Hogan, ACERA does not satisfy typicality and is subject to the unique defense of non-reliance because it purchased nearly a quarter of its Veradigm shares after Veradigm’s first two corrective disclosures.² [Dkt. 33 at 2-6.]

ACERA purchased roughly 24% of its total Class Period stock in Veradigm after Veradigm began disclosing errors in February 2023; including after Veradigm announced certain financial statements could no longer be relied upon. [Dkt. 33 at 3-4; Dkt. 39 at 1; *see also* Dkt. 21-2.] Hogan argues that ACERA’s post-disclosure purchases make it atypical based on the presumption that investors would not purchase Veradigm stock after learning about the company’s ongoing issues, and that its decision to purchase stock under such circumstances renders ACERA open to the unique defense of non-reliance—that is, non-reliance on the stock’s market price. [Dkt. 33 at 4-6.] Hogan further contends that even if ACERA successfully defeats these challenges, “the mere prospect ... that it will become a focus of discovery” is enough to disqualify ACERA. [*Id.*] The Court disagrees.

The fundamental problem with Hogan’s position is that there is no basis for the Court to conclude that other investors did not make some post-disclosure purchases, nor that ACERA did not rely on Veradigm’s stock market price when it made its purchases. The unreliability of Veradigm’s financial statements was public knowledge, and that knowledge is presumably baked into the new stock price under the fraud-on-the-market theory underpinning securities litigation. [Dkt. 39 at 2-3.] This is why the majority of courts have held “purchasing stock after a corrective disclosure does not, on its own, subject a Plaintiff to a unique defense.” *Pub. Emps.’ Ret. Sys. of Miss. v. TreeHouse Foods, Inc.*, 2020 WL 919249, at *5 (N.D. Ill. Feb. 26, 2020); *see also In re Northfield Lab’ys, Inc. Sec. Litig.*, 267 F.R.D. 536, 542 (N.D. Ill. 2010) (“the fact that an individual found it reasonable to purchase shares at a lower price after the alleged fraud was disclosed does not mean the individual failed to rely on the market price when s/he made purchases during the class period.”) Put differently, there is nothing improper—and a party does not open itself up to unique defenses—simply because it purchased a company’s stock post-disclosure so long as it is operating with only public knowledge, and has not explicitly disavowed reliance on the market price. *See TreeHouse Foods, Inc.*, 2020 WL 919249 at *5-6. And because post-disclosure purchases are not inherently suspect or unusual, there is no reason why ACERA’s here would make it atypical amongst Veradigm investors.

This principle distinguishes this case from the out-of-district cases Hogan relies on. As the Court explained in *TreeHouse*, both *In re Safeguard Scientifics* and *Gamco Investors*³ involved cases where post-disclosure purchases were made based on other factors beyond stock market price. *Id.* at *5. Likewise, the plaintiff in *Rocco*

² Hogan blends his arguments regarding typicality and reliance, so the Court will do the same.

³ Full citations are *In re Safeguard Scientifics*, 216 F.R.D. 577 (E.D. Pa. 2003) and *GAMCO Investors, Inc. v. Vivendi, S.A.*, 927 F.Supp.2d 88 (SDNY 2013).

made his post-disclosure purchases despite his knowledge of a second, non-public fraud. *Rocco v. Nam Tai Electronics, Inc.*, 245 F.R.D. 131, 136 (S.D.N.Y. 2007) (proposed plaintiff subject to unique defenses because he “bought Nam Tai stock despite information he had about Nam Tai’s allegedly manipulated finances ... but nowhere is it alleged that this fraud has ever been publicly corrected.”) And the proposed lead plaintiff in *In re Hebron* knew about the harmful contents of a non-public presentation. *In re Hebron Tech. Co., Ltd. Sec. Litig.*, 2020 WL 5548856, at *7 n.7 (S.D.N.Y. Sept. 16, 2020); *see also In re Bally Total Fitness Sec. Litig.*, 2005 WL 627960, at *6 (N.D. Ill. Mar. 15, 2005) (proposed plaintiff was an in-and-out trader that did not rely on market price).

Hogan has not pointed to any evidence here that ACERA acted on anything other than publicly available market knowledge. This failure likewise leaves the Court unpersuaded that any discovery or other attention related to these potential issues, even if ultimately unsuccessful, is enough to make ACERA atypical. *Rogers v. Baxter Int’l Inc.*, 2006 WL 794734, at *3 (N.D. Ill. Mar. 22, 2006) (to defeat typicality, the issue must “consume the merits of the case.”) From the record before it, ACERA appears to have made a common investment decision (possibly shared by other investors) based on publicly-available knowledge as reflected in Veradigm’s stock price. The Court therefore determines that ACERA is the presumptive lead plaintiff that is not subject to unique defenses and appoints ACERA lead plaintiff.⁴

Having determined that ACERA is the appropriate lead plaintiff, the Court likewise adopts ACERA’s choice for lead and liaison counsel. Courts “should not disturb the lead plaintiff’s choice of class counsel unless necessary to protect the interests of the class.” *Hedick*, 2019 WL 4958238, at *11. Here, both Berman Tabacco (lead counsel) and Cohen Milstein Sellers & Toll PLLC (liaison counsel) have substantial experience and success in representing plaintiffs in securities class actions. [Dkt. 21-4, 21-5.] No party has raised any objection to the selection of this counsel, and the Court has no reason to doubt ACERA’s choice. Berman Tabacco is hereby appointed lead counsel, and Cohen Milstein is appointed liaison counsel.

CONCLUSION

For the reasons stated herein, ACERA is appointed lead plaintiff and Berman Tabacco and Cohen Milstein are approved as lead and liaison counsel, respectively.

Enter: 23 CV 16205
Date: March 1, 2024



Lindsay C. Jenkins
United States District Judge

⁴ For these same reasons, the Court denies Hogan’s request to be appointed co-lead plaintiff.

I. Purpose:

This Policy establishes administrative procedures to allow ACERA members to pre-file a disability retirement application and Optional Settlement election so that their beneficiaries may be eligible to receive the maximum benefits allowable under the County Employees' Retirement Law of 1937 ("CERL") if the members become entitled to a disability retirement before dying.

II. Board Findings

- A. Before the first payment of a retirement allowance, members may elect Optional Settlement 2 (Gov't Code § 31762) or Optional Settlement 4 (Gov't Code § 31764). Each provides lifetime monthly allowances to a member's designated beneficiary (Optional Settlement 2) or multiple designated beneficiaries (Optional Settlement 4) upon the member's death, with a reduced lifetime allowance paid to the member. The total benefits paid under Optional Settlements are actuarially equivalent to the member's unmodified retirement allowance alone.
- B. Members with terminal injuries or illnesses that render them permanently incapacitated for duty before they die may apply for a disability retirement and elect Optional Settlement 2 or Optional Settlement 4.
- C. Some members with terminal injuries or illnesses die before they apply for a disability retirement and elect Optional Settlement 2 or Optional Settlement 4. This can result in lower benefits for their beneficiaries compared to beneficiaries of members who apply for a disability retirement and elect Optional Settlement 2 or Optional Settlement 4. The Board finds that different outcomes for beneficiaries, based on whether a member was able to apply for a disability retirement, are arbitrary, inequitable and should be avoided whenever possible.
- D. In *Gorman v. Cranston* (1966) 64 Cal.2d 441, an active member of a retirement system had surgery planned and wanted to ensure that his beneficiaries would receive the maximum available benefits under law if he became permanently incapacitated and was unable to apply for a disability retirement before dying. The member filled out a disability application and requested that "if he were to become disabled and unable to post the letter, his son should mail copies to" the appropriate parties. After the member's death, his son mailed the application to the appropriate parties. The California Supreme Court held that the retirement system was required to process the disability retirement application. The Board finds that the principles in *Gorman v.*

Cranston should apply equally to all ACERA members without regard to their individual circumstances (e.g., whether they have surgery planned).

- E. Based on input from its Medical Advisor, the Board finds it is reasonable to conclude that every member with a terminal injury or illness while eligible to apply for a disability retirement would be able to establish permanent incapacity for some amount of time between the time of injury or illness and death. Further, all members should be able to maximize the benefits available to their beneficiaries irrespective of how quickly they die after suffering a fatal injury or illness.
- F. This Policy does not expand members' eligibility to retire for disability retirement and it does not expand the benefits available to members who retire for disability.

III. Death Benefit Equity Procedures

- A. **Advance Death Benefit Election.** ACERA will make available to members an Advance Death Benefit Election ("ADBE") as part of ACERA's Active or Deferred Member Beneficiary Designation Form. If a fully executed ADBE is on file with ACERA, it shall serve as the member's application for a non-service-connected disability retirement and selection of Optional Settlement 2 (one beneficiary) or Optional Settlement 4 (more than one beneficiary), if the member later becomes eligible for a disability retirement but dies before applying for a disability retirement, unless the member has revoked the ADBE, per Section III(B), or Invalidation Event has occurred before the member's death, per Section III(C).
- B. **Revocation.** A member may revoke their ADBE in a writing filed with ACERA.
- C. **Invalidation Events.** If any of the following events occur after the member files an ADBE and before the member's death, the ADBE shall be wholly or partially invalidated as described below:

- i. **Dissolution Of Marriage/Termination Of Domestic Partnership After ADBE:**
 - a. If a member names a spouse or domestic partner as an Optional Settlement 2 beneficiary in an ADBE and the marriage or domestic partnership later dissolves or terminates, the ADBE shall be wholly invalidated.
 - b. If a member names a spouse or domestic partner as one of multiple Optional Settlement 4 beneficiaries in an ADBE and the marriage or domestic partnership later dissolves or terminates, the designation of the spouse or domestic partner shall be invalidated. The remaining beneficiaries in the ADBE shall receive the percentage designated to the spouse or domestic partner based on their proportional designations. For example, if the spouse was a 50%

beneficiary and there was a 30% beneficiary and a 20% beneficiary, the 30% beneficiary will become a 60% beneficiary and the 20% beneficiary will become a 40% beneficiary.

2. **Marriage/Domestic Partnership After ADBE:** If a member marries or enters into a domestic partnership after filing an ADBE and the member's ADBE would result in lower payments to that spouse or domestic partner than would otherwise be available under governing law, the ADBE shall be wholly invalidated.
3. **Children Born Or Adopted After ADBE:** If a member's child is born or adopted by the member after the member files an ADBE and the ADBE would result in lower payments to that child than would otherwise be available under governing law, the ADBE shall be wholly invalidated.
4. **Newly Filed Active or Deferred Member Beneficiary Designation Form:** When a member files a new Active or Deferred Member Beneficiary Designation Form with ACERA, that filing wholly invalidates any ADBE the member previously filed, whether or not the ADBE is elected on the new Active or Deferred Member Beneficiary Designation Form.
5. **Death Of Beneficiaries After ADBE:**
 - a. If all primary and contingent beneficiaries on an ADBE predecease the member, the ADBE shall be wholly invalidated.
 - b. If some, but not all, primary beneficiaries on an ADBE predecease the member, the remaining primary beneficiaries on the ADBE shall receive the percentage designated to the deceased primary beneficiary based on their proportional designations. For example, if the deceased beneficiary was a 50% beneficiary and there was a 30% beneficiary and a 20% beneficiary, the 30% beneficiary will become a 60% beneficiary and the 20% beneficiary will become a 40% beneficiary. If all primary beneficiaries are deceased, then benefits will be paid to any living contingent beneficiaries as if they were the primary beneficiaries.

D. **Service Connected Disability Claims.** If a service-connected disability would result in greater benefits or tax advantages for the beneficiaries designated in the ADBE, one or more of the designated beneficiaries may pursue a claim for a service-connected disability for the deceased member. Such claims will proceed through ACERA's Disability Retirement Procedures. If the member was eligible for a non-service-connected disability (i.e., five years of ACERA or combined reciprocal service), benefits shall be paid to the beneficiaries in the ADBE based on

a non-service-connected disability while the claim for a service-connected disability is pending. If the Board grants a claim for a service-connected disability, the additional benefits and/or tax advantages shall be paid to all designated beneficiaries, regardless of whether they all participated in the pursuit of the claim for service-connection. If a surviving spouse or domestic partner is the sole designated beneficiary on the ADBE and would receive greater benefits for a service-connected death than for a service-connected disability with Optional Settlement 2 election, the surviving spouse or domestic partner shall receive those greater benefits.

E. Processing An ADBE Upon Member's Death

- i. After the member's death, the ACERA Chief Executive Officer (or designee) will place the member's disability application on the Board's Consent Calendar (or regular calendar at the discretion of the Chief Executive Officer) with at least 60-day notice to the member's employer. The Board will receive supporting documentation to show the member's cause of death and the fact that the member satisfied all requirements for a non-service-connected disability before death in its confidential agenda backup. The Chief Executive Officer may, but not need, include input from the Board's Medical Advisor. The notice to the employer must include copies of the documents provided to the Board and the employer will be advised of its right to object to the granting of the disability application.
 - a. If the employer does not object and the Board grants the application on its Consent Calendar, the member's Optional Settlement 2 or Optional Settlement 4 election will be implemented.
 - b. If the employer objects, the disability application will be removed from the Consent Calendar and will proceed through ACERA's Disability Retirement Procedures to determine whether the member was entitled to a disability retirement before death.
 - 1) If the Board finds the member was entitled to a disability retirement before death, the member's disability retirement will be granted and the member's Optional Settlement 2 or Optional Settlement 4 election will be implemented.
 - 2) If the Board does not find that the member was entitled to a disability retirement before death, the member's ADBE shall be null and void and the member's death benefits shall be determined as if the ADBE never existed.

IV. Policy Modifications

This Policy will be reviewed by the Retirees Committee at least every three years. The Committee will make recommendations to the Board concerning any improvements or modifications it deems necessary.

V. Policy History

- A. The Board adopted this Policy on December 21, 2023.
- B. The Board revised this Policy on April 18, 2024.

REGULAR CALENDAR
REPORTS and ACTION ITEMS

**COMMITTEE REPORTS,
RECOMMENDATIONS and MOTIONS:**

See Page 3 of the Attached Board Agenda for this month's Committee Reports and/or Motions for the April 18, 2024 Actuarial & Audit Committee.



*Office of the Chief Executive Officer
Office of Administration*

DATE: April 18, 2024
TO: Members of the Board of Retirement
FROM: Dave Nelsen, Chief Executive Officer *DN*
SUBJECT: Voting Proxy on SACRS Business Meeting Action Items

As you are aware, the State Association of County Retirement Systems (SACRS) will be conducting its Business Meeting at the Spring Conference on May 10, 2024. There are four action items the Board of Retirement can vote on, if it chooses to do so. The action items are as follows:

- Secretary's Report-Receive and File
- Treasurer's Report-Receive and File
- Audit Committee Report-Approve Annual Audit
- Nomination Committee Report-Board of Directors Election

The first three items are common, and fairly pro-forma. The last item is more significant.

Board of Directors Election: The SACRS Nominating Committee has provided a recommended slate of candidates, and two additional individuals who were nominated but weren't recommended by the Nominating Committee. No other candidates submitted information for consideration to the Nominating Committee.

You can vote to support the slate below, or choose not to support the slate or any individual candidate. However, individuals who have not been nominated through the SACRS process are not eligible for consideration.

SACRS Nominating Committee Recommended Slate:

- President – David MacDonald, Contra Costa CERA
- Vice President – Adele Tagaloa, Orange CERS
- Treasurer – Jordan Kaufman, Kern CERA
- Secretary – Zandra Cholmondeley, Santa Barbara CERS
- Regular Member – David Gilmore, San Diego CERA
- Regular Member – Rhonda Biese-meier, Stanislaus CERA

Other Nominations Submitted:

- Daniel Vasquez, Marin CERA
- Alysia Bonner, Fresno CERA

Recommendation

The first three items are fairly pro forma, and I would recommend you advise me to vote to receive and file and approve the audit. I would also recommend you support the slate of candidates recommended by the Nominating Committee.

Your options are to:

1. Instruct the CEO (or his Designee) on how to vote on each individual SACRS action item.
2. Give the CEO (or his Designee) authority to vote proxy on all the SACRS action items using his discretion on behalf of the Board of Retirement, which includes voting for the candidates recommended by the Nominating Committee.

Enclosure: 1) SACRS Business Meeting Packet

ENCLOSURE 1



March 14, 2024

To: SACRS Trustees & SACRS Administrators/CEO's
 From: Vivian Gray, SACRS Immediate Past President, Nominating Committee Chair
 SACRS Nominating Committee
 Re: SACRS Board of Director Elections 2024-2025 - Elections Notice

SACRS BOD 2024-2025 election process began January 1, 2024. Please provide this election notice to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2024	Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.
March 25, 2024	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 10, 2024	Nomination Committee to conduct elections during the SACRS Business Meeting at the Spring Conference
May 10, 2024	Board of Directors take office for 1 year

Per SACRS Bylaws, Article VIII, Section 1. Board of Director and Section 2. Elections of Directors:

Section 1. Board of Directors. *The Board shall consist of the officers of SACRS as described in Article VI, Section 1, the immediate Past President, and two (2) regular members*

A. Immediate Past President. *The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.*

B. Two (2) Regular Members. *Two (2) regular members shall also be members of the Board with full voting rights.*

Section 2. Elections of Directors. *Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.*



The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25.

The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.

Director elections shall take place during the first regular meeting of each calendar year. The election shall be conducted by an open roll call vote, and shall conform to Article V, Sections 6 and 7 of these Bylaws.

Newly elected Directors shall assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer shall co-serve with the newly elected Treasurer through the completion of the current fiscal year.

The elections are being held at the SACRS Spring Conference May 7-10, 2024. Elections take place during the Annual Business meeting on Friday, May 10, 2024, in Santa Barbara at the Hilton Santa Barbara Beachfront Resort.

SACRS Nominating Committee Recommended Slate:

- President – David MacDonald, Contra Costa CERA
- Vice President – Adele Tagaloa, Orange CERS
- Treasurer – Jordan Kaufman, Kern CERA
- Secretary – Zandra Cholmondeley, Santa Barbara CERS
- Regular Member – David Gilmore, San Diego CERA
- Regular Member – Rhonda Bieseimeier, Stanislaus CERA

Other Nominations Submitted:

- Daniel Vasquez, Marin CERA
- Alysia Bonner, Fresno CERA

Please prepare your voting delegate to have the ability to vote by the recommended ballot and by each position separately.

If you have any questions, please contact Vivian Gray at vgray@lacera.com.

Thank you for your prompt attention to this timely matter.

Sincerely,

Vivian Gray

Vivian Gray, Trustee, Los Angeles CERA and SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Executive Director

Attached: Nominee Submissions

President, David MacDonald, Contra Costa CERA



David J MacDonald, MD



January 19, 2024

SACRS Nominating Committee
Vivian Gray, Chair

Dear Ms. Gray,

I would like to express my interest in running as President for the SACRS' Board of Directors for the 2024/2025 year.

I was first elected to the SACRS board in 2020 and currently serve as the SACRS President. I am also an elected trustee of the CCCERA Retirement Board (since 2016) and currently serve as the CCCERA Board Vice Chair. I appreciate the level of responsibility entrusted to me in looking after our members' retirement plans. I understand the incredible value of a defined benefit plan for my coworkers and our retirees.

I have a long history of dedicated service to my coworkers and union members, and I carry this spirit into my role as an elected trustee. My work with SACRS has meant further education and inspiration from the SACRS organization via its conferences and programs. SACRS has enhanced my abilities to serve as an effective CCCERA trustee.

I desire to continue my service on the SACRS board. My roles on the SACRS board have been incredibly valuable to me. My work in SACRS allows me to further promote, protect and build upon pension programs under CERL for county public employees statewide. We have good momentum with SACRS that will mean the further constructive evolution of our organization.

Thank you for your time and consideration.

Sincerely and respectfully,

David J MacDonald, MD



SACRS Board of Directors Elections 2024-2025

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2024.** Please submit to the Nominating Committee Chair at vgray@lacera.com AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: David J. MacDonald, MD
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: dmacdcccera@gmail.com Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: CCCERA
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="radio"/> Other - Vice Chair X (elected board member)
Applying for SACRS Board of Directors Position (select only one)	<input checked="" type="radio"/> President X <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	<ul style="list-style-type: none"> * SACRS Board of Directors, Member – 2020-2021 & 2021-2022 * SACRS Vice President – 2022-2023 * SACRS President – 2023-2024 * Vice Chair, CCCERA Board of Retirement * Elected general member trustee of CCCERA since 2016 * President, Physicians', and Dentists of Contra Costa (PDOCC), since 2010 (Union for health care providers working at Contra Costa County). * 30 years serving on the PDOCC Executive Board, including many years as Vice President and President. * 33 years of service to Contra Costa County as a physician working in the Department of Health Services. * Education/Pension Trustee Certificates: <ul style="list-style-type: none"> - Bachelor of Science, Biology – UC Irvine - Doctor of Medicine – UC Irvine - UC Berkeley (SACRS) – Modern Investment Theory & Practice for Retirement Systems - Wharton Business School – Portfolio Concepts & Management - IFEBP – CAPPP program, Trustees Master's Program - CALAPRS Trustee Education – Principles of Pension Governance

Vice President, Adele Tagaloa, OCERS

Serving the Active and Retired Members of:

CITY OF SAN JUAN
CAPISTRANO

COUNTY OF ORANGE

ORANGE COUNTY
CEMETERY DISTRICT

ORANGE COUNTY CHILDREN &
FAMILIES COMMISSION

ORANGE COUNTY
DEPARTMENT OF EDUCATION
(CLOSED TO NEW MEMBERS)

ORANGE COUNTY
EMPLOYEES RETIREMENT
SYSTEM

ORANGE COUNTY FIRE
AUTHORITY

ORANGE COUNTY IN-HOME
SUPPORTIVE SERVICES PUBLIC
AUTHORITY

ORANGE COUNTY LOCAL
AGENCY FORMATION
COMMISSION

ORANGE COUNTY PUBLIC LAW
LIBRARY

ORANGE COUNTY
SANITATION DISTRICT

ORANGE COUNTY
TRANSPORTATION
AUTHORITY

SUPERIOR COURT OF
CALIFORNIA, COUNTY
OF ORANGE

TRANSPORTATION
CORRIDOR AGENCIES

UCI MEDICAL CENTER AND
CAMPUS (CLOSED TO NEW
MEMBERS)

February 21, 2024

By Mail and Electronic Mail [vgray@lacera.com]

Ms. Vivian Gray
SACRS Nominating Committee Chair
SACRS
840 Richards Blvd.
Sacramento, CA 95811

Re: NOMINATION FOR SACRS BOARD OF DIRECTORS ELECTION 2024-2025

Dear Ms. Gray:

As a regular member of SACRS, the Orange County Employees Retirement System (OCERS) is entitled, under the SACRS Bylaws, Article VIII, Section 2, to submit nominations for the election of directors for the SACRS Board of Directors.

On February 21, 2024, the OCERS Board of Retirement met and took action to nominate OCERS trustee, Adele Tagalao, for the position of her choosing on the SACRS Board of Directors and directed me to submit this nomination to the SACRS Nominating Committee. Ms. Tagalao intends to pursue the position of VICE PRESIDENT of the SACRS Board and will forward her submission form directly to SACRS.

Accordingly, please accept this letter as **OCERS' nomination of OCERS Trustee, Adele Tagalao, for election to the position of VICE PRESIDENT of the SACRS Board of Directors at the 2024-2025 SACRS Board of Directors Election to take place on May 10, 2024.**

Please do not hesitate to contact me at (714) 558-6222 if you have any questions or require additional information. Thank you.

Best regards,



Steve Delaney
Chief Executive Officer

cc: Sulema H. Peterson, SACRS Administrator

Adele M. Tagaloa

2223 East Wellington Ave, Suite 100, Santa Ana, CA 92804 | [REDACTED] | atagaloa@ocers.org

February 25, 2024

Ms. Vivian Gray
SACRS Immediate Past President, Nominating Committee Chair
State Association of County Retirement Systems (SACRS)
840 Richards Blvd
Sacramento, CA 95811

Dear Ms. Vivian Gray:

Please accept this letter of my intent to run for SACRS Board of Directors for the office of Vice President.

I believe I am qualified to serve as Vice President based on my thirteen years of leadership positions in my employee labor organization, serving 1.8 million registered voters by providing transparent, accurate and secure elections, over 16 years in the non-profit and private sector and most importantly, as a Trustee on the Orange County Employees Retirement System. Most recently, serving on SACRS Vice President and Chair of the Programming Committee for the year 2023-2024 collaborating to enhance high-quality education for our trustees, with affiliates, staff and other CERL counties ensuring pension security.

I hold a passion for democracy, organized labor, and education accessibility that encompasses everything in my career and life. Since I have been elected to the OCERS Board of Retirement, trustee education has been one of my main priorities. All thought the last two years has proven a challenge for in-person conferences and education, this did not deter me from attending as many different organization's education, on any platform that I could. With that experience, in my opinion, SACRS is the leading organization for public pension organizations.

While attending SACRS Fall Conference in 2021, the level of professionalism and outstanding leadership, solidified my desire to be more than an attendee at SACRS. I have found an organization that understands the challenge and importance of pensions, education and duty, for trustees in our CERL 37 Act Systems. I have shared to many about the fantastic speakers and the subjects that reach beyond pensions. This past year serving as your SACRS Secretary, has allowed me to represent trustees, for example:

- Based on feedback, submitting topics and speakers that would benefit trustees, investment staff, and affiliates
- Commitment to working on long-term goals for all our members

Using my leadership experience, it is my goal to continue to share all the benefits of SACRS to members and to continue to make SACRS the premier pension organization in a changing world.

It would be an honor to serve on the SACRS Board of Directors as Vice President and truly appreciate your consideration.

Sincerely,



Adele Tagaloa
Trustee, General Member-Elected
Orange County Employees Retirement System (OCERS)



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2024-2025**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2024.** Please submit to the Nominating Committee Chair at vgray@lacera.com AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: Adele Tagaloa
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: 2223 East Wellington Ave, Suite 100 Santa Ana, CA 92701 Email Address: atagaloa@ocers.org Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: Orange County Employees Retirement System (OCERS)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input checked="" type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input checked="" type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio in Paragraph Format (CV format and screenshot photos will not be accepted)	<ul style="list-style-type: none"> • Vice President, SACRS • Programming Committee Chair, SACRS • Elected General Member Trustee, OCERS, 2020 to present • Over 14 years of service to the County of Orange • Proudly serving 1.8 million registered voters at the Registrar of Voters • Chair, OCERS Disability Committee 2020 to 2022 • Vice Chair, OCERS Investment Committee 2022 • Chair, OCERS Investment Committee 2023 • OCERS Governance Committee member 2022 • Union Steward, Orange County Employees Association (OCEA) 2012 to present • Board of Directors, OCEA 2018 to present <p>Public Pension Trustee Certificates: NCPERS - Accredited Fiduciary Program - Accredited Fiduciary designation 2024 Public Pension Investment Management Program - UC Berkeley CALAPRS Principles of Pension Governance and Principles for Trustees Completed 209 hours of education, 2023</p>

Treasurer, Jordan Kaufman, Kern CERA



Jordan Kaufman
Treasurer and Tax Collector
Chase Nunneley
Assistant Treasurer and Tax Collector

January 16, 2024

Vivian Gray, Nominating Committee Chairman
 State Association of County Retirement Systems

Re: Letter of interest to continue on the Board of Directors of SACRS in the position of Treasurer

Dear Vivian and members of the Nominating Committee,

Thank you for the opportunity to express my interest in continuing on the SACRS Board of Directors in the position of Treasurer. I believe that I have the knowledge, experience and motivation to add value to the Board. I am in my third term as the elected Kern County Treasurer-Tax Collector, and I am an 19 year member of the Kern County Employees Retirement Association (KCERA) as a general elected, alternate, and statutory trustee. I have a deep background in public fund investment and retirement plan administration and I am or have been the Treasurer of many organizations and associations.

As the elected Treasurer-Tax Collector, I manage the County's \$6.7 billion treasury pool, provide banking services to over 200 different county agencies and districts, and collect over \$1.6 billion in local property taxes. I am also the Plan Administrator for the County's 457(b) deferred compensation plan with over \$700 million in participant assets.

I am or have been the Treasurer of the following entities: County of Kern; California Association of County Treasurer's and Tax Collectors (CACTTC); United Way of Kern County; Boy Scouts of America Southern Sierra Council; California Statewide Communities Development Authority (CSCDA); and Kern County Management Council.

I have dedicated my career to public service and I am proud to serve the residents of Kern County and the employees of the County of Kern and I feel that I can continue to bring value to SACRS Board of Directors. Thank you in advance for your consideration and feel free to call me if you have any questions at 661-204-1510.

Sincerely,

Jordan Kaufman
 Kern County Treasurer-Tax Collector
 Deferred Compensation Plan Administrator

Attachment

M:\Administration\SACRS\SACRS Board Letter of Interest.doc



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2024-2025**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2024.** Please submit to the Nominating Committee Chair at vgray@lacera.com **AND** to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: Jordan Kaufman
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: 1115 Truxtun Avenue, 2nd Floor Bakersfield, CA 93301 Email Address: jkaufman@kerncounty.com Phone: 661-204-1510
Name of Retirement System Candidate Currently Serves On	System Name: Kern CERA
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="checkbox"/> Other <u>Statutory</u>
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input checked="" type="checkbox"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio in Paragraph Format (CV format and screenshot photos will not be accepted)	<p>I am the current SACRS Treasurer and am excited for the opportunity to continue in this role. I am in my third term as the elected Kern County Treasurer-Tax Collector with fiduciary responsibility over the \$6.7 billion Treasury Investment Pool and the responsibility of annually collecting over \$1.6 billion in local property taxes. I am also the Plan Administrator for the \$700 million deferred compensation plan for County employees. Prior to being elected, I became the assistant Treasurer-Tax Collector in 2006. Prior to 2006, I spent over a decade in the County Administrative Office where I performed budget and policy analysis and was involved in the issuance of various types of municipal bonds for the County. I am the Treasurer and past Chairman of the United Way of Kern County, Trustee and past Chairman of the Kern County Employees Retirement Association (KCERA), Vice Chair of the California Statewide Communities Development Authority (CSCDA), Treasurer of the Boy Scouts of America Southern Sierra Council. I have a Bachelor of Science degree in Industrial Technology from Cal Poly San Luis Obispo. I live in Bakersfield with my beautiful wife Kristen and we have four children.</p>

Secretary, Zandra Cholmondeley, Santa Barbara CERS

From: [Zandra Cholmondeley](#)
To: [Vivian Gray](#); [Sulema Peterson](#)
Subject: Letter of Intent to serve as Secretary, SACRS Board of Directors
Date: Monday, February 26, 2024 1:19:41 PM

Dear Ms. Gray,

I hereby express my interest in serving as Secretary on the SACRS Board of Directors for the 2024-25 term of office.

I have been a regular attendee at SACRS conferences since 2009, when I joined the Board of Directors the Santa Barbara County Employees' Retirement System as elected retiree trustee. I currently serve as Secretary (2023-24) and have previously served as Secretary on the SACRS Board of Directors in 2013-14. I have also served on the SACRS program committee over the past 11 years and have contributed to the lineup of speakers and panelists at SACRS conferences during this period.

I would be honored to continue to serve as Secretary on the SACRS Board of Directors.

Yours sincerely,
Zandra Cholmondeley,
Elected Retiree Trustee,
Santa Barbara County Employees' Retirement System

Sent from my iPad



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2024-2025**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2024.** Please submit to the Nominating Committee Chair at vgray@lacera.com AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: Zandra Cholmondeley
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: [REDACTED] Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: Santa Barbara County Employees' Retirement System
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input checked="" type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input checked="" type="radio"/> Vice President <input type="radio"/> Treasurer <input checked="" type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio in Paragraph Format (CV format and screenshot photos will not be accepted)	<p>Zandra Cholmondeley was elected to represent County retirees as a trustee on the governing board of the Santa Barbara County Retirement System (SBCERS) in November 2008. She joined the SBCERS Board in January 2009 and starting in January 2010, served two terms as Chair of the Board. She currently serves as Secretary on the SACRS Board (2023-24) and previously served as Secretary of this board from 2014-15. She has also served three terms as the President of the Retired Employees of Santa Barbara County (RESBC).</p> <p>Zandra retired in July 2008. As Principal Analyst for Santa Barbara County she was charged with overseeing the development of the County's annual budget and performed numerous special projects for the County Executive Officer (CEO). Her budget responsibilities included working with County departments to ensure the accuracy of projections and overall preparation of the budget document. Special projects experience included implementing fiscal policy for the County Executive Office.</p>

Regular Member, David Gilmore, San Diego CERA

January 24, 2024

Ms. Vivian Gray
Chair
Nominating Committee
State Association of County Retirement Systems


Dear Ms. Gray,

This letter is to state my intention to run for re-election. Attached please find my application for the State Association of County Retirement Systems Board of Directors.

I have been working with retirement education since first joining the county of San Diego almost 27 years ago. Working this past year with the SACRS team has been very educational and has provided a sense of accomplishment. The team is a caring group of individuals that are truly looking to provide a great experience for pension system trustees to learn and grow in their roles as board members.

My goal is to keep supporting the SACRS training mission. I respectfully request and thank you in advance for the consideration of the Nominating Committee in supporting my candidacy for election to the SACRS Board of Directors.

Respectfully,


David Gilmore

SDCERA Trustee



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Name of Candidate	Name: David Gilmore
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: D.Gilmore@sdcera.org Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: San Diego County Employees Retirement Association
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input checked="" type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio in Paragraph Format (CV format and screenshot photos will not be accepted)	<p>I am serving SDCERA for my second term. Currently, I am the Board Chair. I have two more years in this board term. I am a 27 year employee of San Diego County. Currently, I am the Training Division manager for the Sheriff's Department. I have a BBA in Accounting and an MPA in Public Administration. I have served on the SACRS Board for the past year and enjoyed participating in the development of training opportunities for pension trustees from around the state of California.</p> <p>I appreciate your support.</p>

Regular Member, Rhona Bieseimer, Stanislaus CERA

Rhonda Bieseemeier



February 22, 2024

Ms. Vivian Gray
SACRS Nominating Committee Chair

Ms. Sulema Peterson
SACRS Executive Director

Dear Ms. Gray and Ms. Peterson,

My name is Rhonda Bieseemeier and I am interested in serving as a member of the SACRS Board of Directors. I am a strong proponent of furthering and protecting retiree's defined benefit plans.

I have always been impressed by the quality of education I receive through SACRS, both at conferences and through the UC Berkeley Program. The SACRS organization is impressively well- run, providing top-notch presenters to improve member's understanding of investments and other aspects of pension management. The networking opportunities you provide enhance the educational experience.

I would like to stress that once I commit to a position, I am involved and dedicated to assuring that a certain level of excellence is maintained. I recognize that SACRS maintains such a level and I'd like to be a part of its future.

I appreciate that you are willing to consider me for a position on the Board of SACRS.

Sincerely,

Rhonda Bieseemeier



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Name of Candidate	Name: Rhonda Bieseemeier
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: [REDACTED] Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: Stanislaus County Employees' Retirement Association (StanCERA)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input checked="" type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input checked="" type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio in Paragraph Format (CV format and screenshot photos will not be accepted)	<p>I was elected as the Retiree Alternate Representative to the StanCERA Board of Retirement in July 2017, and was re-elected for a second term in 2020. In 2023, I was elected as the Retiree Representative and currently serve as a Trustee in that capacity. Since joining the Board in 2017, I have attended numerous SACRS conferences and the SACRS/UC Berkeley Program.</p> <p>I am committed to retirees as evidenced by volunteer positions I have held since retiring in 2008. They include President and board member of the Retired Employees of Stanislaus County (RESCO) 2008 – present and Delegate to the California Retired County Employees Association (CRCEA) 2009 - 2023. Additionally, my current experience as an Equal Rights Commissioner for Stanislaus County would be beneficial in continuing the goals of inclusiveness to which SACRS aspires.</p> <p>I was raised in Modesto, California. I have two accomplished young adult children, two dogs & a cat. My favorite things include spending time with my children and my many friends, meeting new people, participating in community events, traveling, and photography.</p>



DANIEL W. VASQUEZ, CBE

Mr. Daniel W. Vasquez is an economist and investor with nearly three decades experience investing across several traditional asset classes (public and private markets) and emerging ones. He is a Board Trustee for the Marin County Employees' Retirement Association (MCERA), where he has investment fiduciary duty over \$3 Billion in public pension assets for 7,000 members. He is also a Board Trustee and Investment Committee member for the Marin Health Medical Center in Greenbrae, CA.

Previously he led EDM Investments, an SEC, and State of California Registered Investment Advisor he founded, generating over 15% annualized rate of return to investors. Before EDM Investments, he was Vice President and Product Manager in the Relationship Management Group at private equity asset manager Hamilton Lane Advisors, LLC, where he co-managed the Golden State Investment Fund ("GSIF") - a CalPERS-sponsored \$500 million private equity mandate (\$250million in fund-of-funds + \$250million in direct co-investments), deploying private equity capital targeting mid-to-late stage companies and early-to-mid stage venture and mezzanine funds with a unique emphasis in companies from California's underserved market (immigrant, women, LGBT, minority, rural, and inner city). GSIF successfully invested in nearly twenty funds and co-investments, generating numerous ancillary environmental and societal benefits aligned with broader economic prosperity goals.

As an economist he served as a Research Associate at Harvard Business School's Institute for Strategy & Competitiveness, leading the Institute's data analytic efforts under the direct apprenticeship of Professor Michael E. Porter. While there, he assisted Professor Porter with course development and teaching for the MBA program (*Competition & Strategy* core course and *Microeconomics of Competition* elective course), as well as leading many national and international clusters of innovation initiatives, and special projects like the World Economic Forum's annual Global Competitiveness Report. While at Harvard, he also led the empirical effort to create the California Initiative, the precursor to the GSIF, while working alongside then-California State Treasurer Phil Angelides.

Early in his career, he served as a Legislative Aide to U.S. Senator Barbara Boxer on Capitol Hill, where he worked on issues relating to the budget, immigration, housing, and urban affairs. He previously served as Senior Advisor to the Oxford Social Impact Bond Fund, the Stanford Latino Entrepreneur Initiative, and the Assembly Committee on Jobs, Economic Development, and the Economy in the State of California Legislature.

As a U.S. military service member, he is a Lieutenant in the Army component of the California State Guard, where he serves as S-1 Administrative + Personnel Officer (previous Platoon Leader) in the Emergency Response Command, Team Blaze. He was recognized for his service in Northern California during the initial 2020 COVID response mission. He was also awarded the NY State Medal for Humane Service in 2019 when he served in the New York Guard (88th Area Command). He attended Officer Candidate School. He previously served as a Commissioner on the Emergency Preparedness Commission in the City of Mill Valley, CA. He was also the Head Coach for the Redwood High School Football Team (Junior Varsity) in Larkspur, CA – his alma mater.

He holds the Certified Business Economist (CBE) designation from the National Association of Business Economics. He received his *B.A. degree* from UC Berkeley; his *Certificate of Completion* in Public and International Affairs from the Wilson School at Princeton University; his *M.P.P. degree* in Economic Policy from The University of Chicago, where he was a Woodrow Wilson Fellow and studied under Nobel economists Gary Becker, Ronald Coase, and Robert Fogel; and his *M.B.A.* in finance and *P.G.D.* degrees from Oxford University (Pembroke College & Said Business School). He holds Graduate Certificates from The Wharton School, where he completed the Investment Strategies & Portfolio Management Program and the SACRS-UC Berkeley Public Pension Investment Management Program.

He lives in Mill Valley, California and is an avid hiker and jazz enthusiast.



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Name of Candidate	Name: Mr. Daniel W. Vasquez, CBE
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: <u>1 McInnis Parkway, Suite 100</u> <u>San Rafael, CA 94903-2764</u> Email Address: <u>MCERAVasquez@marincounty.gov</u> Phone: <u>415-533-4244</u>
Name of Retirement System Candidate Currently Serves On	System Name: Marin County Employees' Retirement System (MCERA)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other Appointed
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio in Paragraph Format (CV format and screenshot photos will not be accepted)	With nearly three decades experience as an economist and institutional investor (Alumni of the U.S. Senate, The Conference Board, Harvard's Institute for Strategy & Competitiveness, Morgan Stanley, and Hamilton Lane), Daniel Vasquez is a dedicated Board Trustee at the Marin County Employee's Retirement Association (MCERA), overseeing \$3.3 billion in public pension assets for 7,000 members. He is a member of the Investment, Finance & Risk Management Committees, and serves on the Education Committee of the State Association of County Retirement Systems (SACRS) in California. He holds the Certified Business Economist (CBE) designation from the National Association for Business Economics. He is a graduate of UC Berkeley (BA), The University of Chicago (MPP), and Oxford University (MBA & PGD), while having completed Executive Education Programs at Wharton (Investment Strategies & Portfolio Management) and UC Berkeley-Haas-SACRS (Public Pension Investment Management). He was recently Honorably Discharged from the California Guard (Army) with the rank of Lieutenant and was the head football coach at Redwood High School in Larkspur, CA.

February 28, 2024

Dear SACRS Nominating Committee Chair,

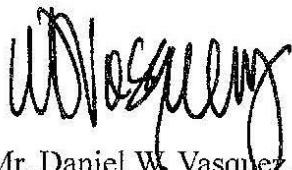
As we near the 2024 SACRS Spring Conference in Santa Barbara, I would welcome a few spare moments and ask for your support as a SACRS Board Director for the 2024-25 year.

- With nearly 30 years' experience as an economist and institutional investor (Alumni of the U.S. Senate, The Conference Board, Harvard's Institute for Strategy & Competitiveness, Morgan Stanley, and Hamilton Lane), I am a dedicated Board Trustee at the Marin County Employee's Retirement Association (MCERA), overseeing \$3.3 billion in public pension assets for 7,000 members, while serving as a member of the Investment, and Finance & Risk Management Committees.
- I also serve on the SACRS Education Committee, representing 20 County systems, \$110 billion in retirement assets, and over 500,000 members. Consistent with this spirit of service, I was recently Honorably Discharged from the California Guard (Army) with the rank of Lieutenant (Platoon Leader, Emergency Response Command) and was the head football coach at Redwood High School, my alma mater, in Larkspur, CA.
- I hold the Certified Business Economics (CBE) designation from the National Association for Business Economics. I am a graduate of UC Berkeley (BA), The University of Chicago (MPP), and Oxford University (MBA & PGD), while having also completed Executive Education Programs at Wharton (Investment Strategies & Portfolio Management) and UC Berkeley-Haas (SACRS Program in Public Pension Investment Management).

Investment stewardship, corporate governance, and fiduciary duty are moral imperatives for me, strengthening the social contract imbedded in my oath as a Trustee and public official. My aim is to bring this conviction, experience, judgement, and leadership with me to the SACRS in service.

As I have much to give in the spirit of public service, I would be honored and humbled for your support as a Board Director.

Sincerely,



Mr. Daniel W. Vasquez, CBE
Board Trustee,
Marin County Employees' Retirement System

Alysia Bonner

740 E Voorman Avenue | Fresno CA 93701 | 559-903-3035 | lavonbonner@yahoo.com

VIA EMAIL

SACRS Nominating Committee Members
Vivian Gray, Chair

Dear Ms. Gray and Members of the Nominating Committee:

I would like to be considered for appointment to the Board of Directors for the 2024-2025 current open Secretary position. I am a General Elected member of Fresno County (FCERA). I have been an employee of the County of Fresno for over 25 years.

I offer SACRS my background experience and expertise as a board member for the Economic Opportunities Commission (EOC) Human Resource - Retirement Committee as well as serving as a Commissioner for the EOC. It is one of the largest Community Action agencies in the country.

In addition, I sit as a dual appointed board member by the County of Fresno and City of Fresno for the Fresno Regional Workforce Development Board. I am a former president of the Service Employees International Union (SEIU) Local 521 and a board member of SEIU California.

I am a proven responsible fiduciary and steward. I have no ties with any asset managers or affiliated financial positions that are or may appear to be in conflict with the interests of SACRS' mission and vision.

SACRS is the most relevant organization for trustee education for the 20 1937 Act County systems. I would be honored to be part of the SACRS' leadership that moves the needle forward with a focus to increase SACRS's level of recognition while maintaining its reputation as an excellent educational forum for trustees, and related pension community.

Thank you for your consideration.

Sincerely,



Alysia Bonner

cc: Sulema Peterson, SACRS Administration




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Name of Candidate	Name: Alysia Bonner
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: 740 E Voorman Ave., Fresno, CA, 93701 Email Address: lavonbonner@yahoo.com Phone: 559-903-3035
Name of Retirement System Candidate Currently Serves On	System Name: Fresno County Employees Retirement Association (FCERA)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input checked="" type="radio"/> Vice President <input type="radio"/> Treasurer <input checked="" type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio in Paragraph Format (CV format and screenshot photos will not be accepted)	<p>I have been a dedicated County of Fresno employee for the past 25 years. I work at the Department of Public Health on the front line to meet the needs of our valued consumers.</p> <p>I have proven experience as a responsible fiduciary and leader, serving our community as:</p> <p>Commissioner on the board of the Fresno Economic Opportunities Commission (EOC), considered one of the largest Community Action Agencies in the country. Member - EOC Retirement & Human Resources committee.</p> <p>Director on the Fresno Regional Workforce Development Board. I am a appointed Director by the County of Fresno Board of Supervisor and City of Fresno.</p> <p>Elected Trustee on the Fresno County Employees Retirement Association (FCERA). I serve on the Audit and Disability committees.</p>



TO: Members of the Board of Retirement
FROM: Betty Tse – Chief Investment Officer 
DATE: April 18, 2024
SUBJECT: Education Session: Asset Liability Study Overview and Methodology

In preparation of the subject matter and per the IC Chair's suggestion, I would like to recommend that the Board review the following two items from the February 7, 2024 ICM agenda:

- NEPC's 2024 Capital Market Assumptions (CMA) slides – see attached
- NEPC's Consultant Sam Austin's audio clip oral presentation – kindly click BoardEffect link <https://acera.boardeffect.com/downloads/vfile/18365219> which will direct you to download, click the file and access the audio through a media player. ¹

Staff looks forward to reviewing The Total Fund's Asset Liability Study and Asset Allocation with you in the April 18, 2024 Board Meeting and May 1, 2024 ICM, respectively.

¹ The public can access the audio clip oral presentation by clicking this link https://www.acera.org/sites/main/files/file-attachments/extractedaudio_1_1.mp3?1712167037



KEY MARKET THEMES AND ASSUMPTIONS

ALAMEDA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

Sam Austin, Partner
Dan Hennessy, Sr. Consultant

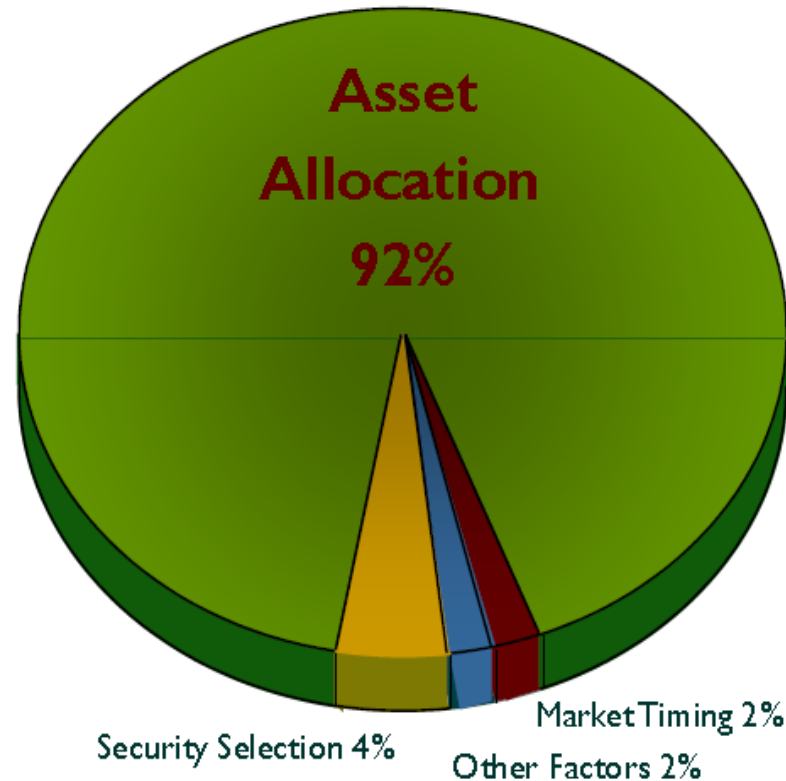


TODAY'S AGENDA

- **Review of NEPC's asset class forecasting process**
- **Discussion of the Key Investment Themes that NEPC expects to impact capital markets**

ASSET ALLOCATION: THE KEY INVESTMENT DECISION

Determinants of Portfolio Performance



Source: *Determinants of Portfolio Performance II: An Update*, Brinson, et al, *Financial Analysts Journal*, May/June 1991, pp 40-48.



ASSET CLASS ASSUMPTIONS

OVERVIEW

- **NEPC's capital market assumptions are available each quarter and reflect December 31, 2023 market data**
- **Valuation expansion weighed on forward-looking return expectations for global equity markets**
- **Interest rate volatility persisted; forward rate and inflation expectations appear suppressed relative to the resilient U.S. economic backdrop**
- **NEPC remains biased to a higher interest rate and stickier inflation environment than current market pricing**
- **We recommend adding strategic U.S. TIPS exposure: the outlook is favorable at current real yields and breakeven inflation levels**
- **Public fixed income expected returns continue to offer an attractive risk-return profile relative to public equities**



ASSET CLASS ASSUMPTIONS

DEVELOPMENT

- **Assumptions are published for over 70 asset classes**
 - NEPC publishes return forecasts for 10-year and 30-year periods
- **Market data as of 12/31/2023**
 - Assumptions are developed with NEPC valuations models and rely on a building block approach
- **The 10-year return outlook is intended to support strategic asset allocation analysis**
- **30-year return assumptions are used for actuarial inputs and long-term planning**

Asset Allocation Process

1. Finalize list of new asset classes
2. Calculate asset class volatility and correlation assumptions
3. Set model terminal values, growth, and inflation inputs
4. Model data updated at quarter-end
5. Review model outputs and produce asset class return assumptions
6. Assumptions released on the 15th calendar day after quarter-end

ASSET CLASS BUILDING BLOCKS

METHODOLOGY

- **Asset models reflect current and forecasted market data to inform expected returns**
- **Systematic inputs are paired with a long-term trend to terminal values**
- **Model inputs are aggregated to capture key return drivers for each asset class**
- **Building block inputs will differ across asset class categories**



CORE ASSET CLASS RETURN ASSUMPTIONS

	Asset Class	12/31/23 10-Year Return	12/31/22 10-Year Return	Delta
	Cash	3.9%	4.0%	-0.1%
	U.S. Inflation	2.6%	2.5%	+0.1%
Equity	U.S. Large-Cap Equity	4.4%	5.4%	-1.0%
	Non-U.S. Developed Equity	4.6%	5.6%	-1.0%
	Emerging Market Equity	8.6%	9.6%	-1.0%
	Global Equity*	5.4%	6.3%	-0.9%
	Private Equity*	9.0%	9.2%	-0.2%
Fixed Income	U.S. Treasury Bond	4.2%	4.2%	-
	U.S. Municipal Bond	3.5%	4.4%	-0.9%
	U.S. Aggregate Bond*	4.6%	4.8%	-0.2%
	U.S. TIPS	4.6%	4.4%	+0.2%
	U.S. High Yield Corporate Bond	6.1%	7.1%	-1.0%
	Private Debt*	8.3%	8.8%	-0.5%
Real Assets	Commodity Futures	4.6%	4.2%	+0.4%
	REIT	6.0%	6.2%	-0.2%
	Gold	4.9%	5.1%	-0.2%
	Real Estate - Core	5.4%	4.0%	+1.4%
	Private Real Assets - Infrastructure	6.8%	6.6%	+0.2%
Multi-Asset	60% S&P 500 & 40% U.S. Aggregate	4.8%	5.3%	-0.5%
	60% MSCI ACWI & 40% U.S. Agg.	5.4%	6.0%	-0.6%
	Hedge Fund*	6.1%	6.5%	-0.4%

*Calculated as a blend of other asset classes



U.S. INFLATION ASSUMPTIONS

OVERVIEW

- Inflation is a key building block to develop asset class assumptions
- Inflation assumptions are model-driven and informed by multiple inputs for both the U.S. and global assets
- NEPC's inflation assumption forecasts near-term paths for major Consumer Price Index (CPI) components including food, energy, core services, and shelter costs
 - CPI is expected to converge with breakeven inflation rates over the long-term
- A composite inflation assumption reflects a blend of NEPC's inflation forecast and market-implied breakeven inflation rates

Region	10-Year Inflation Assumption	12-Month Change	30-Year Inflation Assumption	12-Month Change
United States	2.6%	+0.1%	2.6%	-



KEY INVESTMENT THEMES

2024 MARKET THEMES

NEPC MARKET OUTLOOK

- **At the start of each year, we identify the Market Themes that we believe will impact the investment landscape over the next 12 months**
- **Market Themes represent essential factors for investors and are likely to exert significant influence on market pricing and investor sentiment**
- **Disruptions in these factors will reveal new investment opportunities and likely alter our understanding of market dynamics**



ADJUSTING TO A “COST OF CAPITAL”

2024 MARKET THEMES



Normalizing Higher Interest Rates

Economy is not acclimated to long-term interest rate environment of 4% or higher



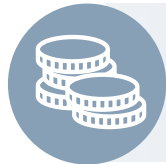
Tighter Bank Lending Standards

Access to capital for entities needing to refinance will be a 2024 focus point



Benefits Accrue for Fixed Rate Borrowers

Fixed rate borrowers have time to adjust capital structure to the rate environment



Interest Income

Income flows to savers but drains availability of capital for the economy



M&A Dealmaking Complexity

Deal volume is more limited and pathway to finalize transactions are tighter

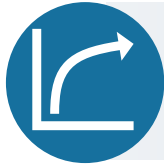
MAGNIFICENT SEVEN

2024 MARKET THEMES



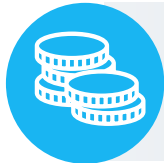
Unprecedented Size

Massive Scale; Just 7 companies account for 28% of the S&P 500 Index



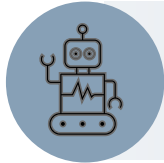
Priced For Perfection

Sky-high earnings growth expectations offer limited upside at current valuations



Free Cash Flow Cows

Operating cash flows and revenue quality insulated names from higher rates



Tech Dominance

Pioneers of tech in their own right, but new tech advances can usurp them



Nifty Fifty Vibes

Historically, growth at this size becomes harder and darling stocks tend to fade

U.S. FISCAL DEBT PROFILE

2024 MARKET THEMES



Interest Rate Implications

Fundamentals suggest perpetual deficit cycle requires higher interest rates



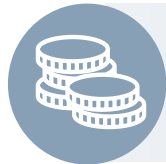
Inflation Pressure

Money supply can absorb the debt but stoke demand and inflation



Dollar Impact

The dollar still has no competitor for global reserve currency status



Crowding Out Effect

Increasing supply of Treasuries will compete for credit vs. other investments



Nominal Growth Needed

To maintain a healthy debt-to-GDP ratio, higher nominal GDP growth is needed

ARTIFICIAL INTELLIGENCE

2024 MARKET THEMES



AI as a Tool

Artificial Intelligence will be used with humans rather than replace humans



Productivity Gains

Adoption of AI may boost real economic growth and enhance productivity



Impact is Beyond Tech Sector

Current market has favored tech sector, broader industry effects remain unknown



AI Proof Statement

Novel products and successful AI adoption will test valuations in 2024



Geopolitics May Alter Adoption

Costs for semiconductors, data, regulation could slow adoption

HEIGHTENED GEOPOLITICAL RISK

2024 MARKET THEMES



Instant Transmission of (Mis)Information

The speed of information amplifies tail risks and introduces uncertainty



Market Impact of Geopolitics

Historically, geopolitics have a short-lived market impact following a flash point



The Balance of Power

Geopolitical alignments must be chosen by countries caught in the middle



2024 Global Election "Supercycle"

Elections increase the likelihood of geopolitical surprises for the market



Rebalance Opportunities

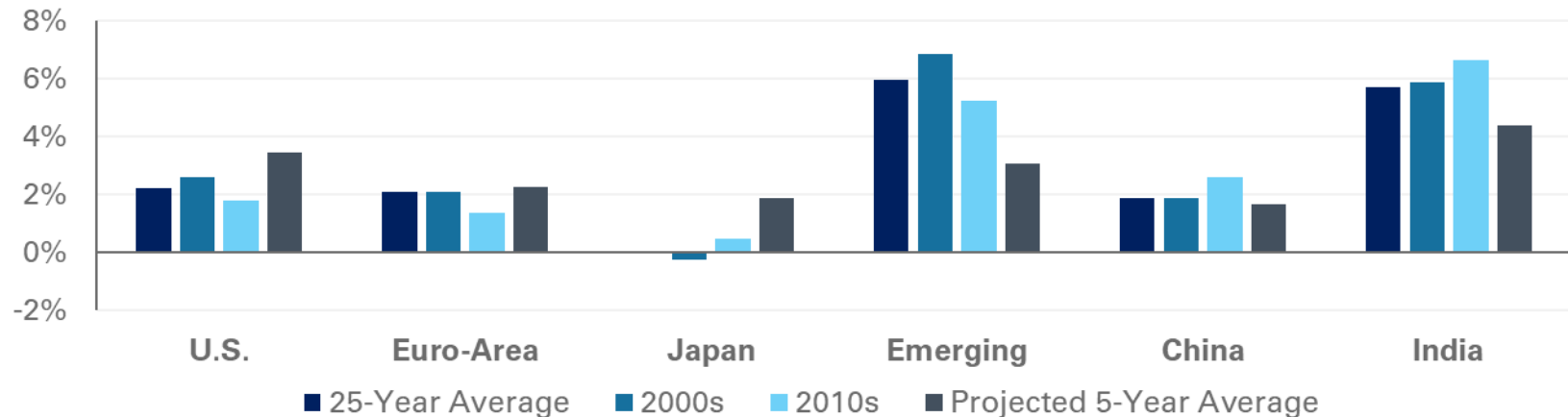
Find opportunities amid volatility around geopolitical events and election outcomes



MACROECONOMIC

GLOBAL INFLATION

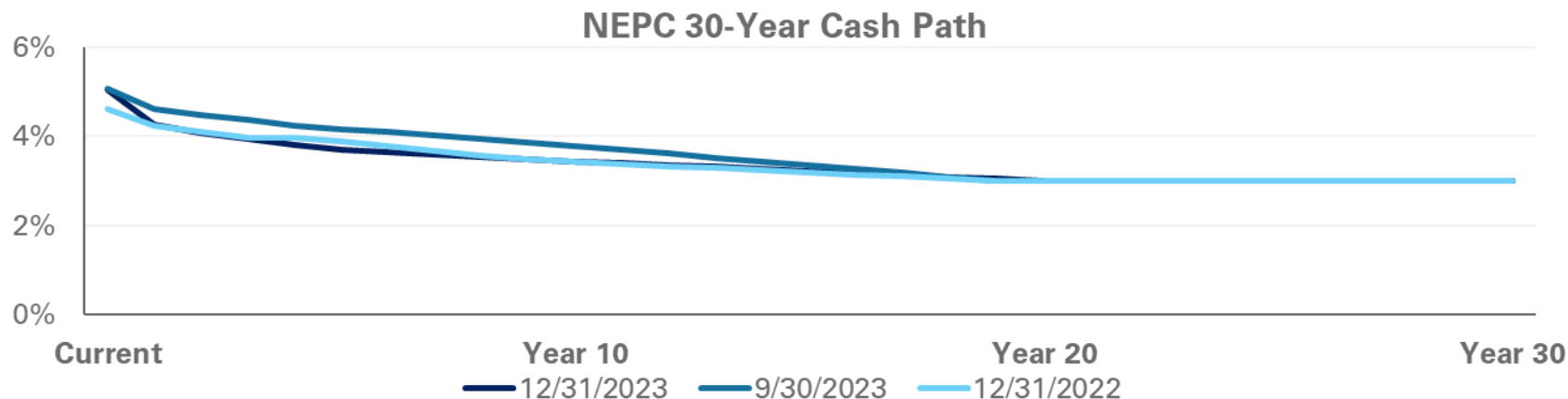
HISTORICAL INFLATION



- **Non-U.S. forecasts are guided by IMF forecasts, local consumer and producer price indices, and global interest rate curves**
- **Near-term inflation levels for developed markets are projected to be higher relative to history**
 - Long-term inflation assumptions reflect NEPC and central bank targets
 - The expected inflation differential between emerging and developed markets has narrowed significantly

U.S. CASH

EXPECTATIONS



- **Cash is a foundational input for all asset class return expectations**
 - Cash + risk premia is an input for long-term asset class return projections
- **Cash assumptions reflect inflation and real interest rates**
- **A composite cash assumption is built from a blend of NEPC’s cash forecast and market forward pricing of short-term interest rates**

10-Year Cash Assumption	30-Year Cash Assumption
3.9%	3.4%

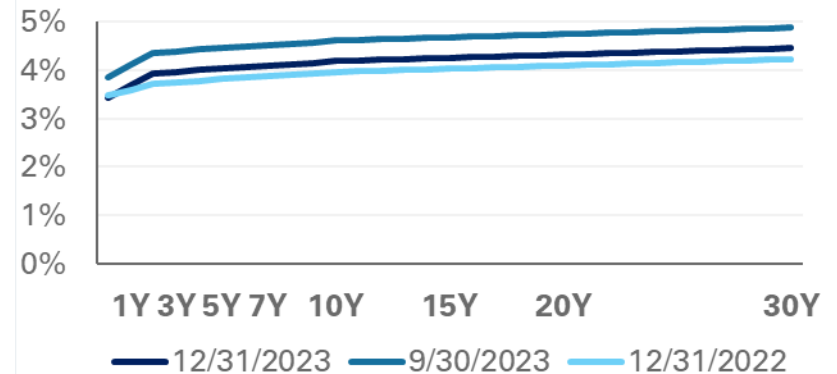


Sources: Bloomberg, FactSet, NEPC

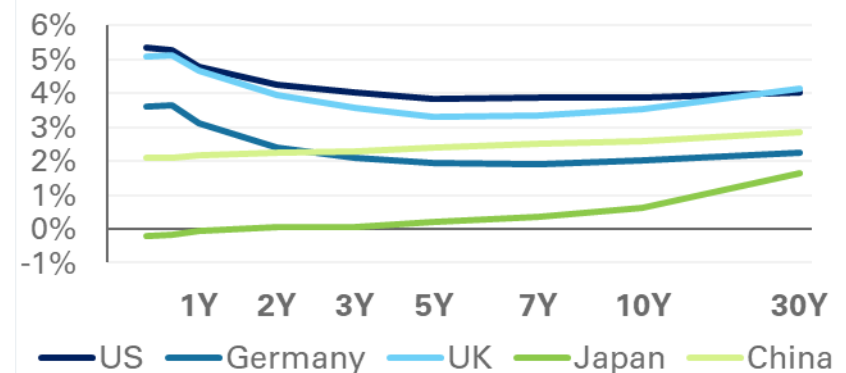
GLOBAL INTEREST RATE EXPECTATIONS

- **Real yields have normalized, reflecting a tighter monetary policy environment**
 - Attractive real yields should signal a shift in risk posture for investors
- **Markets remain biased to a lower interest rate environment - diverging from Fed projections in the near-term**
- **The outlook is less attractive for non-U.S. developed markets due to the nominal yield differential relative to the U.S.**

NEPC 10-Year Forward Curve



Global Yield Curves



Sources: FactSet, NEPC



PUBLIC EQUITY

PUBLIC EQUITY ASSUMPTIONS

OVERVIEW

- **Valuation expansion weighed on forward-looking return expectations**
 - U.S. mega-cap outperformance has driven U.S. large-cap index valuations above NEPC's terminal value, detracting from expected returns
- **Long-term valuation inputs are tied to NEPC's path for interest rates and inflation, reflecting valuation sensitivity to the macro environment**
- **Non-U.S. Developed Market assumptions reflect negative real earnings growth as current profit margins remain near cyclical highs**
- **Emerging market assumptions incorporate weaker market expectations for economic growth and earnings, reflecting uncertainty around China**
- **NEPC encourages a strategic bias to small-cap with the use of active management relative to small-cap exposure in the MSCI ACWI IMI**



PUBLIC EQUITY ASSUMPTIONS

BUILDING BLOCKS

Illiquidity Premium	The return expected for assets with illiquidity risk
Valuation	Represents P/E multiple contraction or expansion relative to long-term trend
Inflation	Market-specific inflation based on country-level revenue exposure
Real Earnings Growth	Market-specific real growth based on a weighted-average of country revenue exposure and GDP growth
Dividend Yield	Income distributed to shareholders adjusted to reflect market trends

Asset Class	12/31/23 10-Yr Return	12-Month Change
U.S. Large-Cap Equity	4.4%	-1.0%
U.S. Small/Mid-Cap Equity	6.0%	-0.5%
Non-U.S. Developed Equity	4.6%	-1.0%
Non-U.S. Developed Small-Cap Equity	6.4%	-0.3%
Emerging Market Equity	8.6%	-1.0%
Emerging Market Small-Cap Equity	7.9%	-1.4%
China Equity	9.9%	+1.2%
Hedge Fund - Equity	5.5%	-0.5%
Global Equity*	5.4%	-0.9%
Private Equity*	9.0%	-0.2%

Source: NEPC

*Calculated as a blend of other asset classes

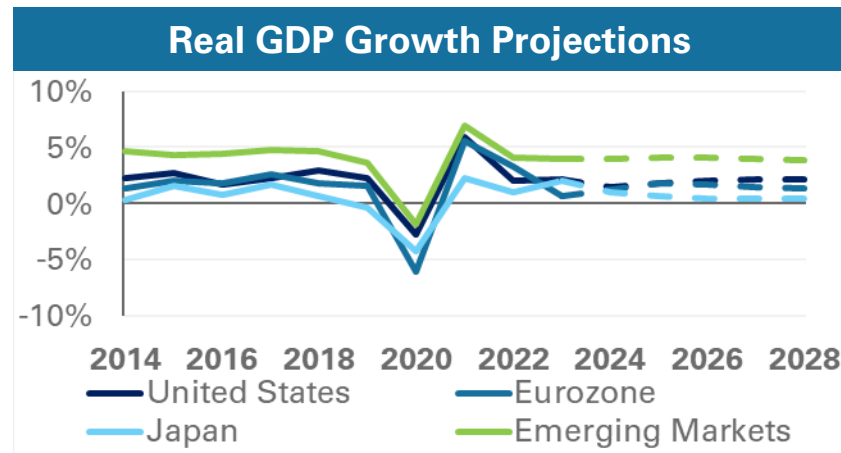


PUBLIC EQUITY

REAL EARNINGS GROWTH

- **Equities with a greater share of revenue from emerging markets are forecasted to benefit from higher sales growth**
 - Non-U.S. stocks benefit from a greater portion of revenue from EM than U.S. stocks

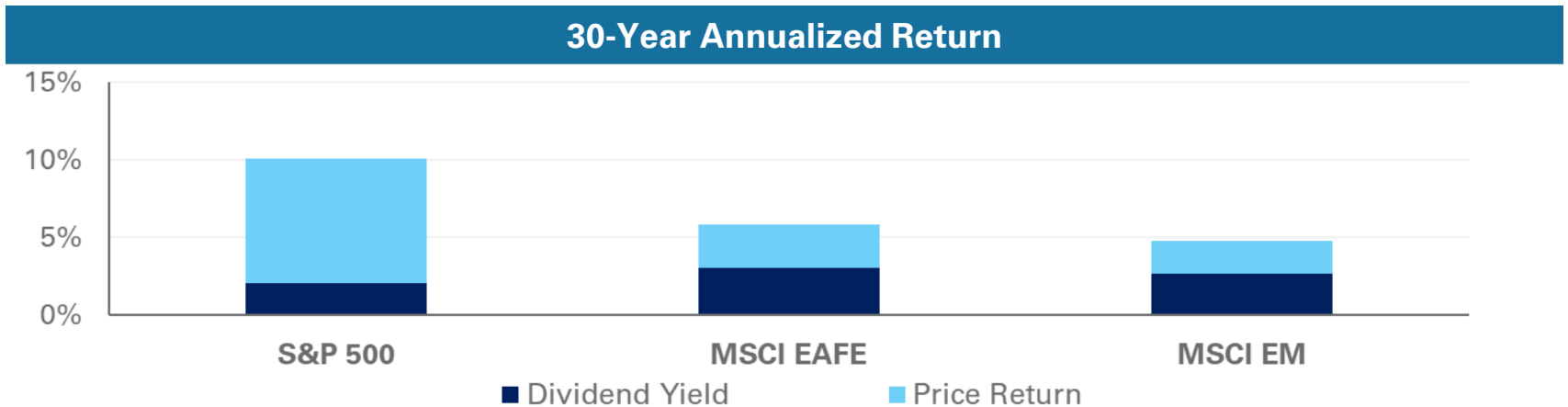
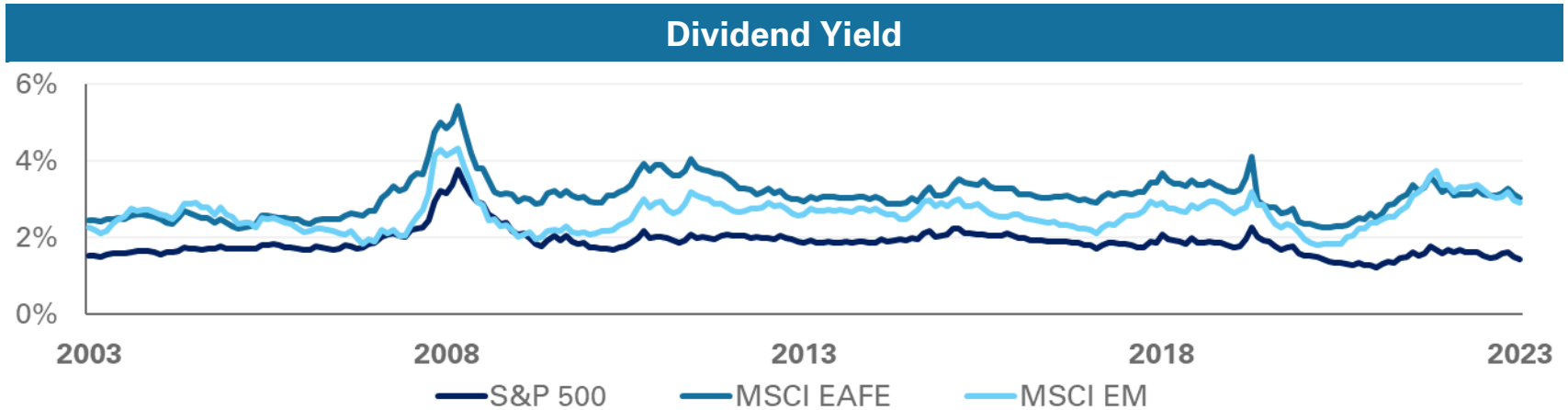
- **We expect elevated real earnings growth for small-caps over the long-term relative to large-cap**
 - Over the long-term we expect a forward-looking risk premium for small-cap and mid-cap equities relative to large-cap stocks



Sources: IMF, MSCI, FactSet, NEPC

PUBLIC EQUITY DIVIDEND YIELD

NON-U.S. EQUITY OFFERS HIGHER DIVIDEND YIELDS



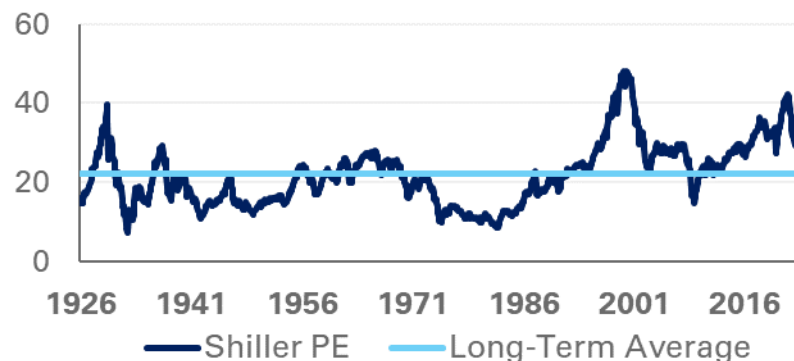
Sources: S&P, MSCI, FactSet

PUBLIC EQUITY

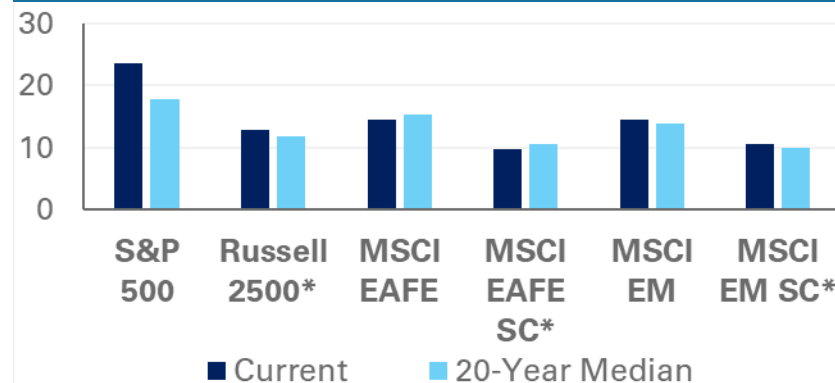
VALUATION

- **Valuations remain elevated relative to long-term averages**
 - U.S. large-cap valuations represent the largest drag on returns across the equity complex
- **EAFE valuation inputs are lower relative to the U.S. and reflect the economic growth profile**
- **Emerging markets offer an elevated total return opportunity relative to developed markets**

S&P 500 Shiller PE Ratio



Trailing PE Relative Median



Sources: S&P, Shiller, Russell, MSCI, FactSet, NEPC; Shiller PE long-term average beginning in 1926

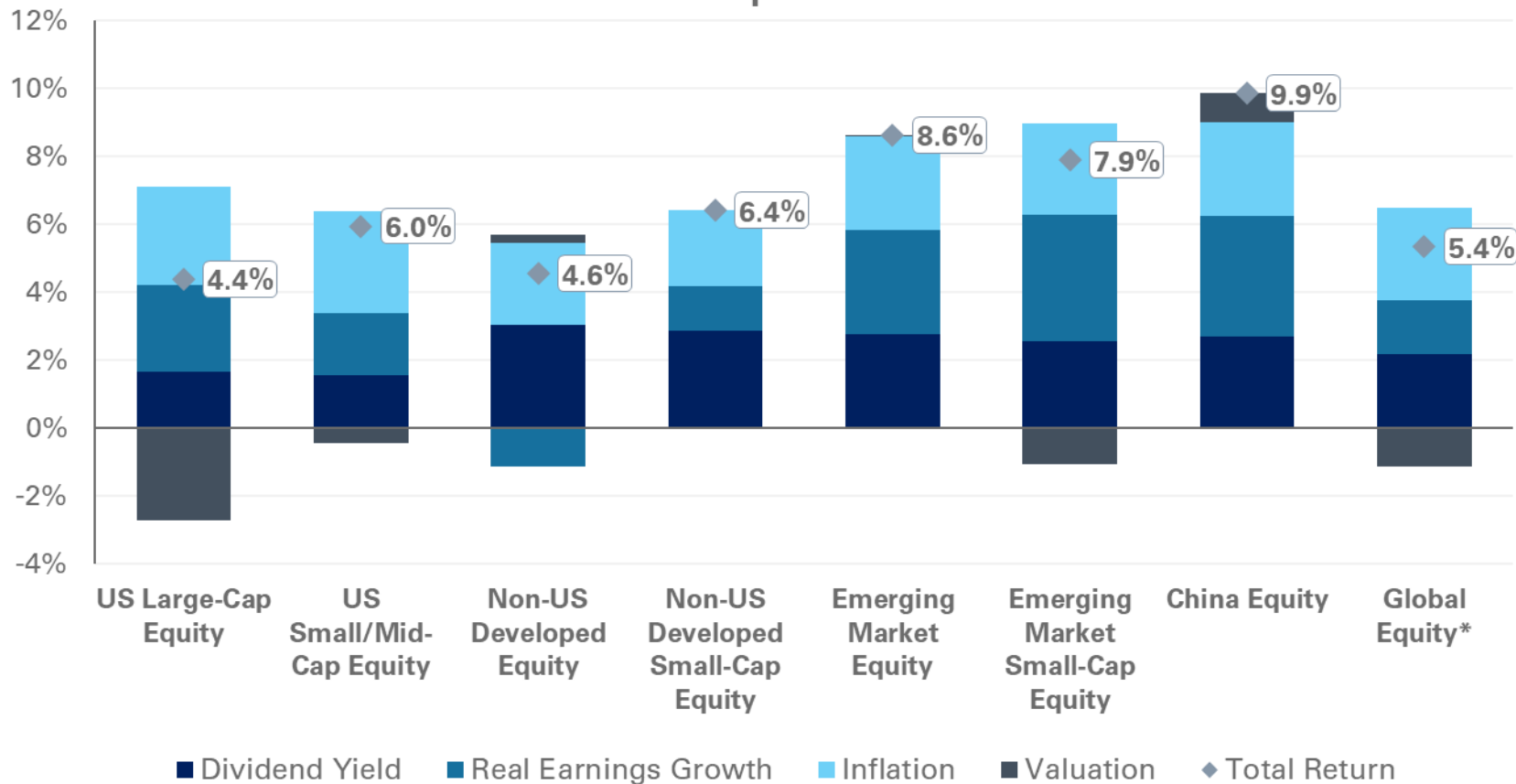
Note: *Small cap indices valuations based on EV/EBITDA multiples



PUBLIC EQUITY

BUILDING BLOCKS

10-Year Expected Return



Source: NEPC

*Calculated as a blend of other classes





FIXED INCOME

FIXED INCOME ASSUMPTIONS

OVERVIEW

- **Despite elevated interest rate volatility, Treasury assumptions are unchanged year-over-year as yields round-tripped during 2023**
- **Credit spreads tightened to below median levels across investment grade and high yield bonds, leading to lower return expectations**
- **We encourage a dedicated safe-haven fixed income allocation to serve as a critical liquidity source for the portfolio**
 - Sizing of the safe-haven exposure is a strategic exercise and reflects investor return objectives, risk-tolerance, and private market pacing plan needs
- **High-quality fixed income is an asset class group designed to support lower volatility portfolios and larger strategic targets to fixed income**
 - We recommend introducing strategic targets to U.S. TIPS given attractive real yield levels and breakeven inflation rates
- **We encourage the use of return-seeking credit investments, specifically high yield bonds, in a strategic asset allocation policy**



FIXED INCOME ASSUMPTIONS

BUILDING BLOCKS

Illiquidity Premium	The return expected for assets with illiquidity risk
Government Rates Price Change	Change due to shifts in current yields relative to forecasted rates
Credit Deterioration	The average loss for credit assets due to defaults and recovery rates
Spread Price Change	Valuation change due to changes in credit spreads relative to long-term targets
Credit Spread	Yield premium provided by securities with credit risk
Government Rates	The yield attributed to sovereign bonds that do not have credit risk

Asset Class	12/31/23 10-Yr Return	12-Month Change
U.S. TIPS	4.6%	+0.2%
U.S. Treasury Bond	4.2%	-
U.S. Corporate Bond	5.3%	-0.6%
U.S. MBS	4.4%	-0.1%
U.S. High Yield Corporate	6.1%	-1.0%
U.S. Leveraged Loan	7.2%	-0.6%
EMD External Debt	7.1%	-
EMD Local Currency Debt	6.1%	-1.1%
Non-U.S. Govt. Bond	2.4%	-0.2%
U.S. Muni Bond (1-10 Year)	2.9%	-0.3%
U.S. High Yield Muni Bond	4.5%	-1.2%
Hedge Fund – Credit	6.6%	-0.5%
U.S. Aggregate Bond*	4.6%	-0.2%
Private Debt*	8.3%	-0.5%

Source: NEPC

*Calculated as a blend of other asset classes

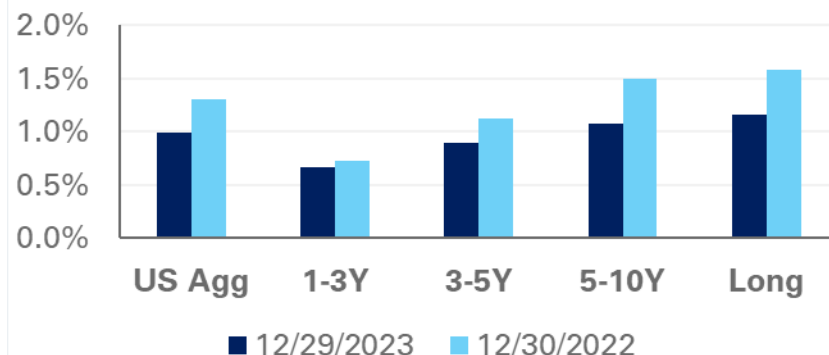


FIXED INCOME

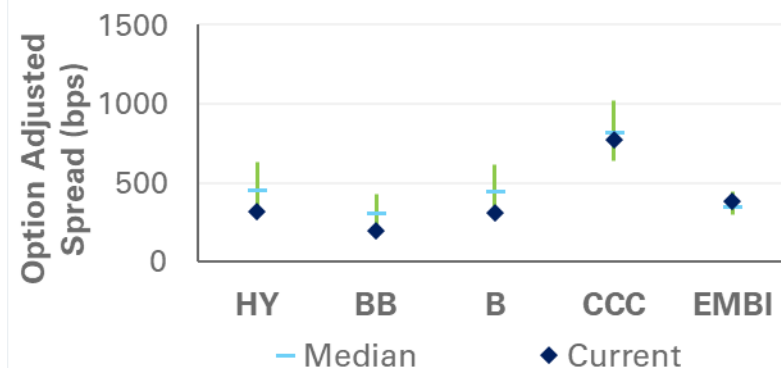
CREDIT SPREADS

- Credit spreads have tightened and are broadly below median levels
- Lower spread levels weigh on future return expectations given less overall carry return
- Credit spread assumptions reflect a path towards long term median levels
- Default and recovery rate assumptions are informed by long-term history

U.S. Corporate OAS by Maturity



Return-Seeking Credit Spreads



Sources: Barclays, JPM, FactSet, NEPC; Spread medians as of 12/31/2000 and range represents 25th to 75th percentile

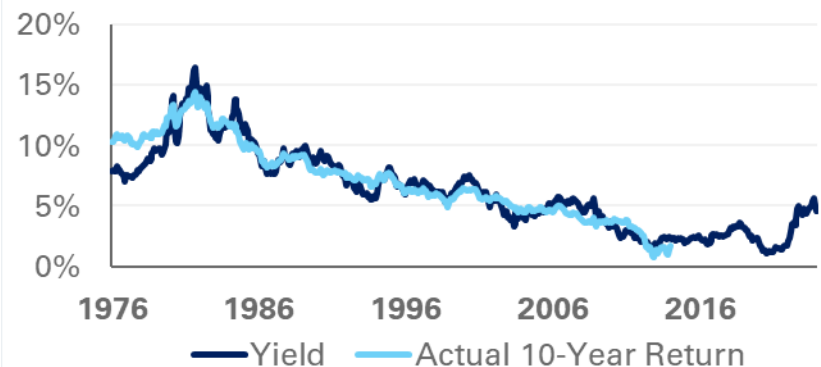


FIXED INCOME

GOVERNMENT RATES

- **Government rates price change reflects shifts in interest rates, the yield curve, and roll down**
 - Roll down refers to the price change due to the aging of a bond along the yield curve
- **Intermediate Treasury yields are near terminal values, even as long yields remain suppressed**
- **A normalization of yield curve steepness is a headwind to long duration fixed income**

Barclays U.S. Aggregate Bond



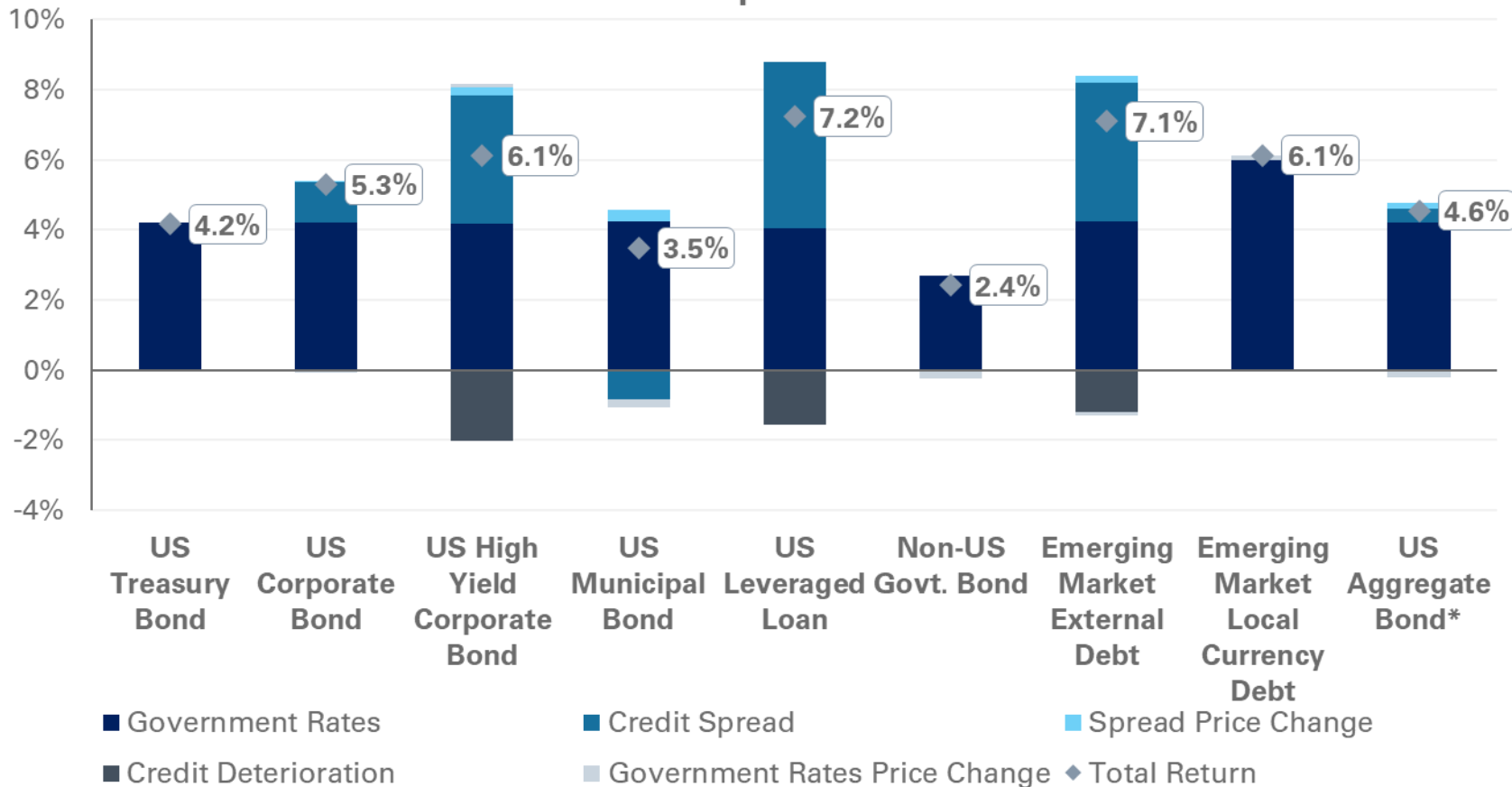
Annual Change in Treasury Yields



FIXED INCOME

BUILDING BLOCKS

10-Year Expected Return



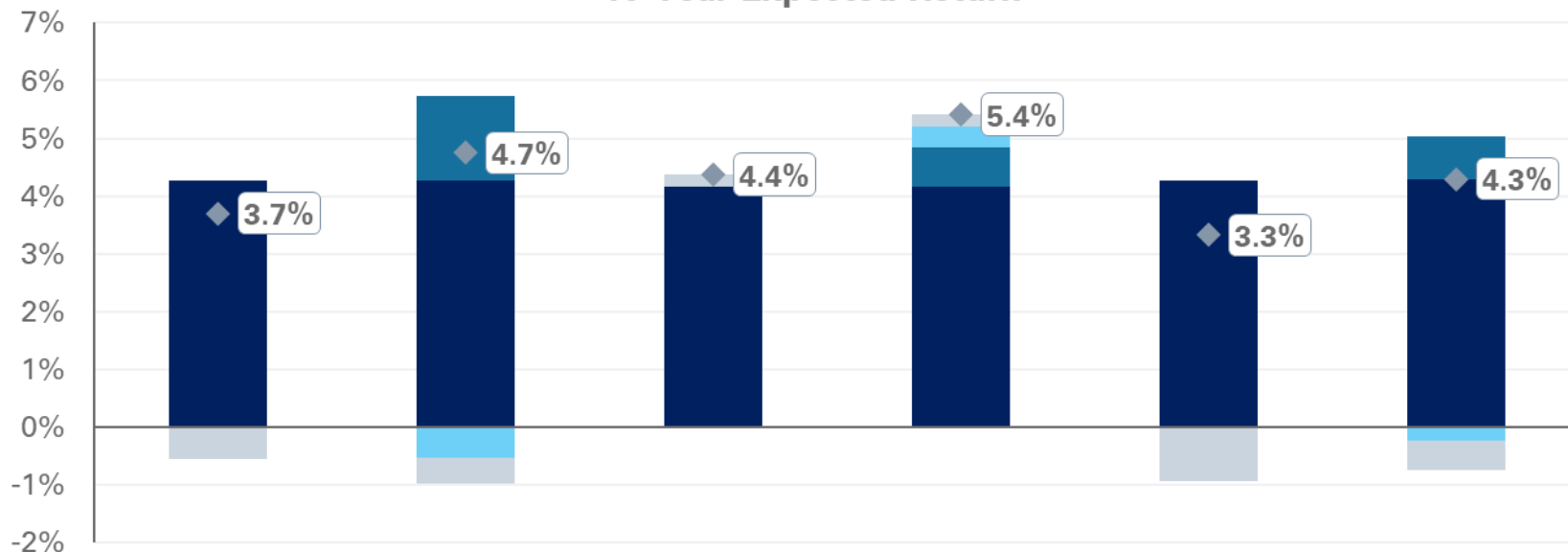
Source: NEPC
 *Calculated as a blend of other classes



FIXED INCOME

BUILDING BLOCKS

10-Year Expected Return



US Long-Term Treasury Bond US Long-Term Corporate Bond US Short-Term Treasury Bond US Short-Term Corporate Bond 20+ Year US Treasury STRIPS US Long-Term Govt/Credit*

- Government Rates
- Credit Deterioration
- Credit Spread
- Government Rates Price Change
- Spread Price Change
- ◆ Total Return

Source: NEPC
*Calculated as a blend of other classes





REAL ASSET

REAL ASSET ASSUMPTIONS

OVERVIEW

- **Real asset exposure can enhance risk-adjusted returns as markets undergo a secular shift toward higher interest rates and inflation levels**
 - Lagged real estate valuation data reflects a slow adjustment to these dynamics
- **Real assets provide exposure to inflation-sensitive asset classes and offer diversification benefits to the portfolio**
 - A diversifying blend of real assets provides an elevated beta to inflation relative to public equity and nominal bond exposure
- **We encourage investors to evaluate strategic real asset exposure relative to their long-term investment objectives and spending needs**
 - We believe building portfolio inflation sensitivity is a strategic exercise and public real assets serve as a complement to private market investments
- **NEPC recommends a strategic real assets target comprising an equal-weight blend to commodity futures, natural resource equity, public infrastructure equity, REITs, and gold**



REAL ASSET ASSUMPTIONS

BUILDING BLOCKS

Illiquidity Premium	The return expected for assets with illiquidity risk
Valuation	The change in price of the asset moving to a terminal value or real average level
Inflation	Based on the inflation path as defined by breakeven-inflation rates and NEPC assumptions
Growth	Market-specific real growth based on a weighted-average of country-level revenue exposure and GDP growth
Real Income	The inflation-adjusted income produced by the asset

Asset Class	12/31/23 10-Yr Return	12-Month Change
Commodity Futures	4.6%	+0.4%
Midstream Energy	5.5%	-0.5%
REIT	6.0%	-0.2%
Global Infrastructure Equity	6.6%	+1.0%
Global Natural Resources Equity	6.2%	+0.7%
Gold	4.9%	-0.2%
Real Estate - Core	5.4%	+1.4%
Real Estate - Non-Core	7.1%	+1.8%
Private Debt - Real Estate	6.3%	+0.5%
Private Real Assets - Natural Resources	8.2%	+0.1%
Private Real Assets - Infrastructure	6.8%	+0.2%

Source: NEPC

*Calculated as a blend of other asset classes

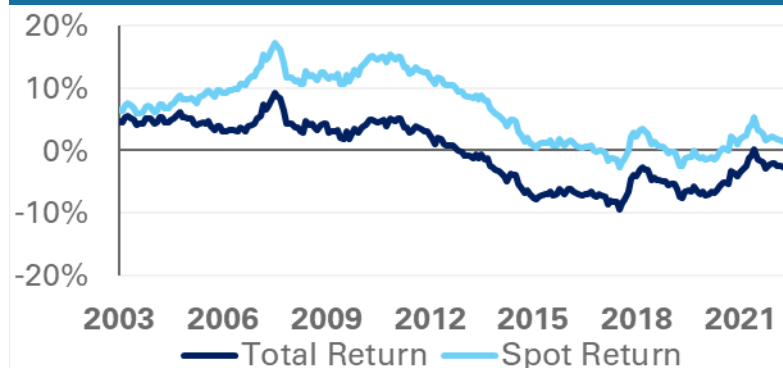


REAL ASSET

REAL INCOME

- **Equity: Real income is inflation-adjusted dividend yield**
 - Includes public infrastructure, REITs, midstream energy, and natural resource equity
- **Real Estate: Real income is net operating income (NOI)**
 - NOI growth tracks the business cycle and economic regimes
- **Commodity Futures: Real income reflects collateral return and the futures roll yield**
 - Collateral is based on a cash proxy over the time horizon and has increased in-line with cash rates

Commodities Rolling 10-Year Returns



Real Assets Yields

	12/31/23	12/31/22
Midstream Energy	5.6%	5.9%
Real Estate - Core	2.6%	2.6%
U.S. REITs	4.2%	4.4%
Global Infrastructure Equities	3.6%	3.2%
Natural Resource Equities	3.7%	3.8%
U.S. 10-Year Breakeven Inflation	2.2%	2.3%
Commodity Index Roll Yield	-0.9%	5.7%

Sources: Bloomberg, NCREIF, Alerian, NAREIT, S&P, FactSet, NEPC

*Commodity Index Roll Yield represents a proprietary calculation methodology

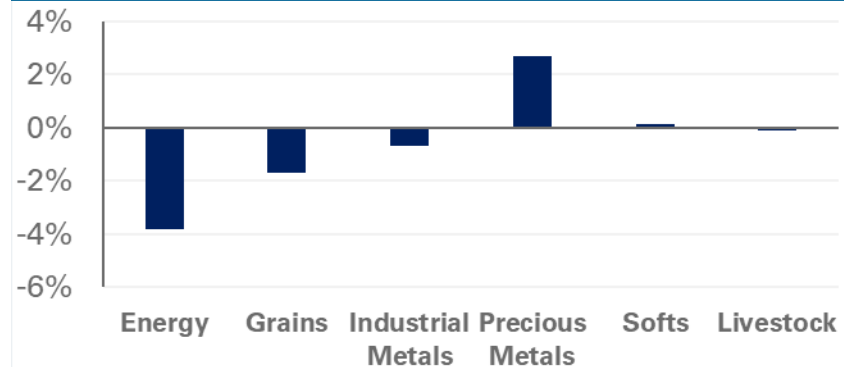


REAL ASSET

VALUATION

- **Commodity valuation inputs reflect the long-term average of spot prices**
 - Many areas of the commodity index are trading at a premium to long-term real averages
- **Valuation assumptions for other real assets are based on asset-specific valuation inputs**
 - Capitalization rates are used for core real estate, price-to-earnings for global infrastructure and global natural resources equity
 - Gold's valuation incorporates the asset's historical risk premia and the impact of the macroeconomic market regime

Discount/Premium to 10-Year Real Average



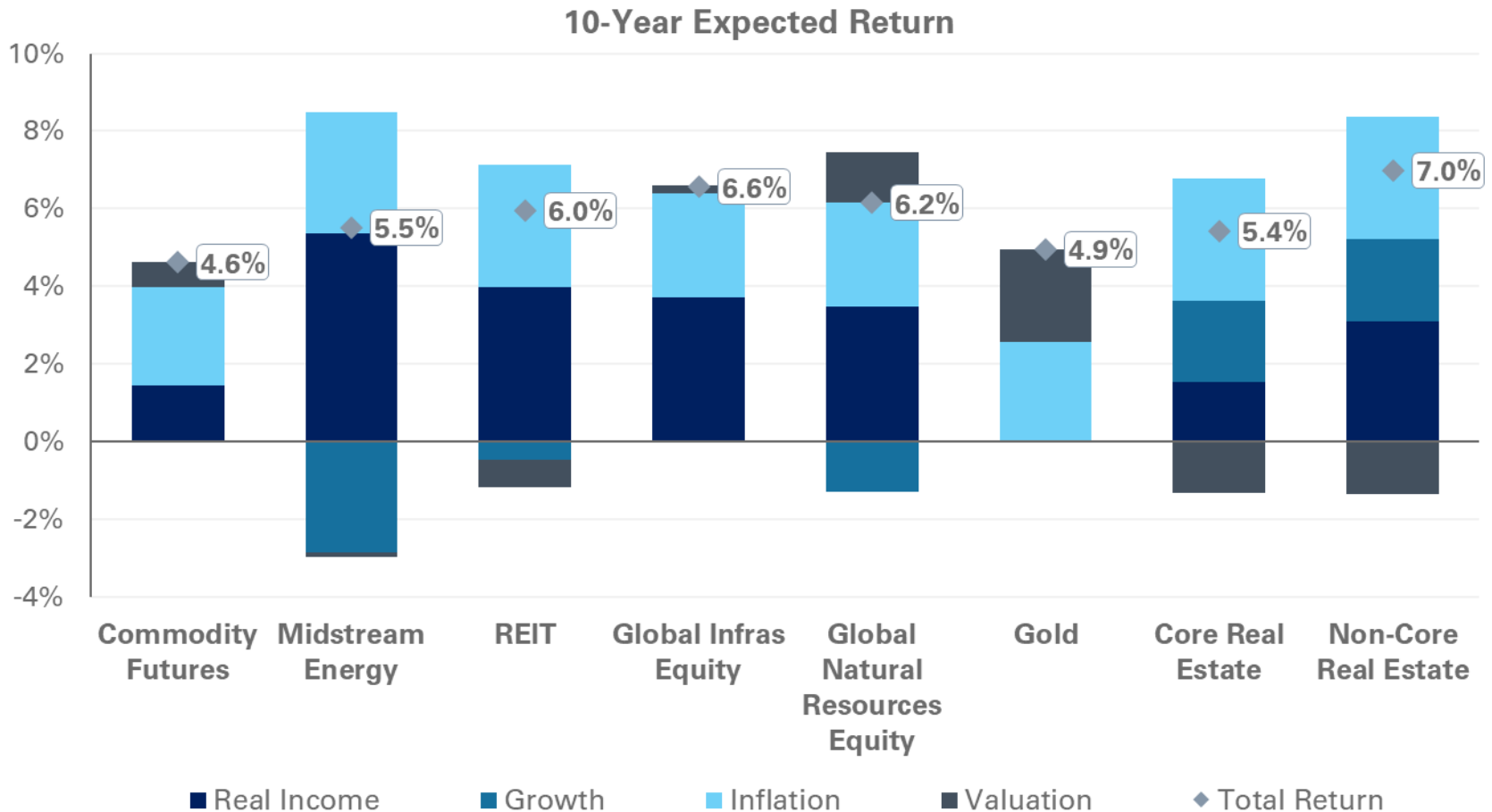
Real Price of Gold



Sources: FactSet, NEPC



REAL ASSET BUILDING BLOCKS



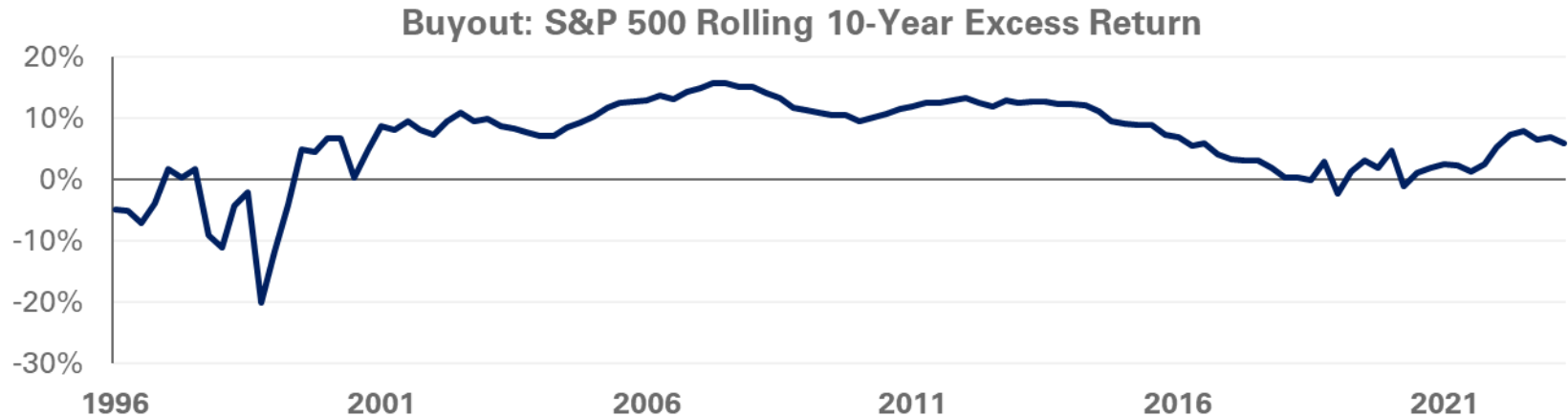
Source: NEPC



ALTERNATIVE ASSETS

ALTERNATIVE ASSETS

METHODOLOGY

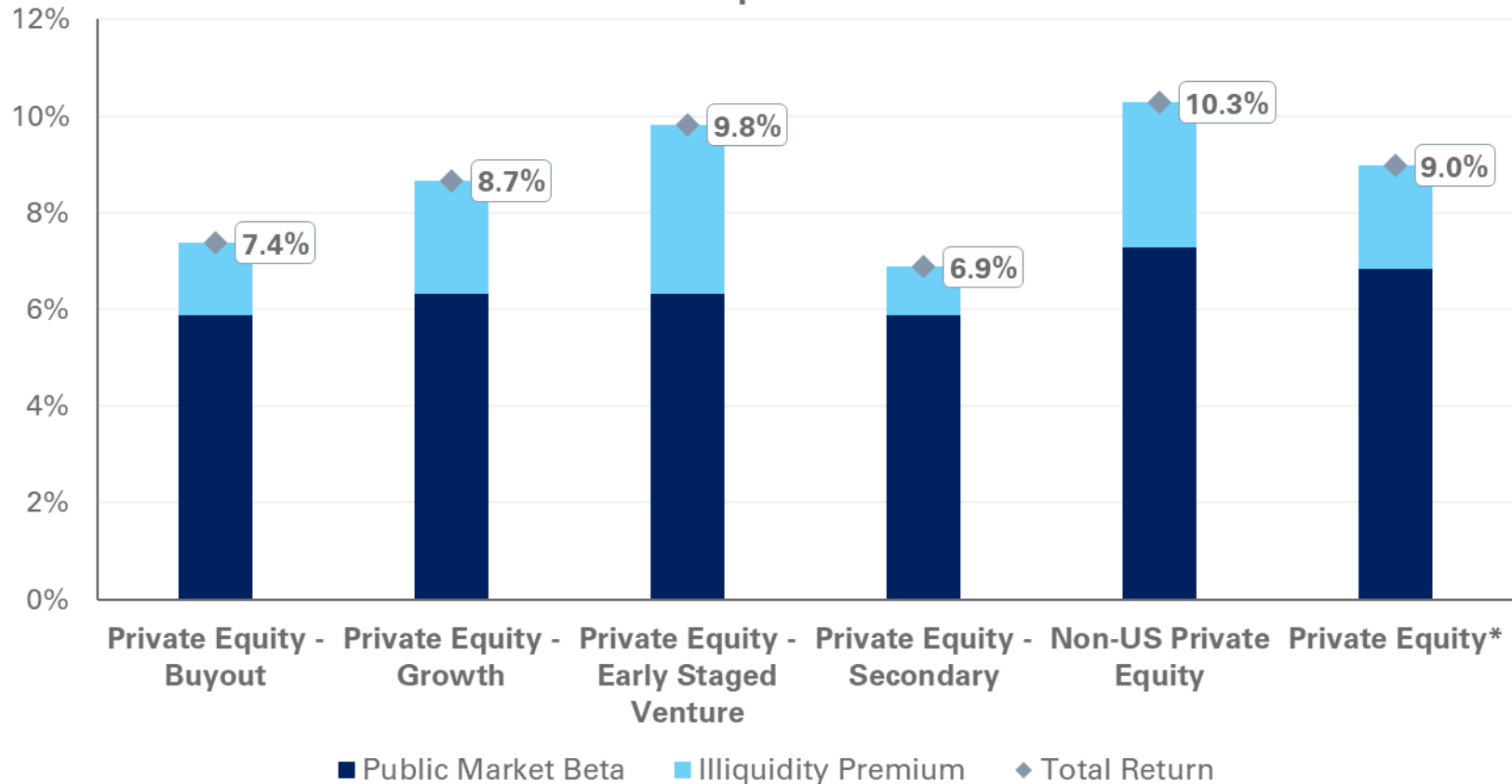


- **Private market assumptions are constructed from public market betas with an added illiquidity premia**
 - Historically, the observed illiquidity premium has been a significant component driving private market returns
- **Hedge fund assumptions are constructed from betas to public markets with an added alpha assumption**

PRIVATE EQUITY

BUILDING BLOCKS

10-Year Expected Return



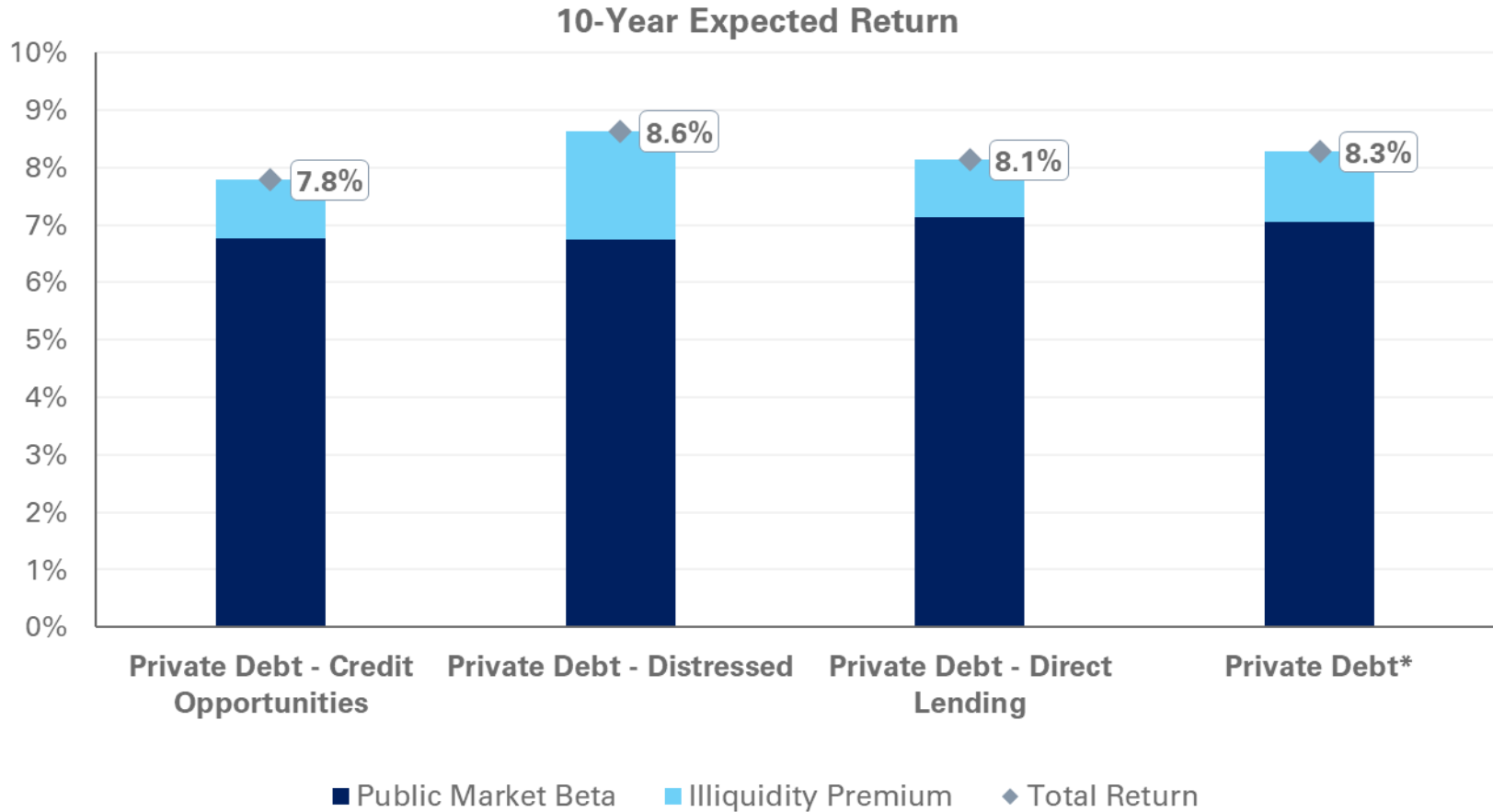
Source: NEPC

*Private Equity is a derived composite of 34% U.S. Buyout, 34% U.S. Growth, 8.5% U.S. Secondary, 8.5% U.S. Venture, 15% Non-U.S. PE



PRIVATE DEBT

BUILDING BLOCKS

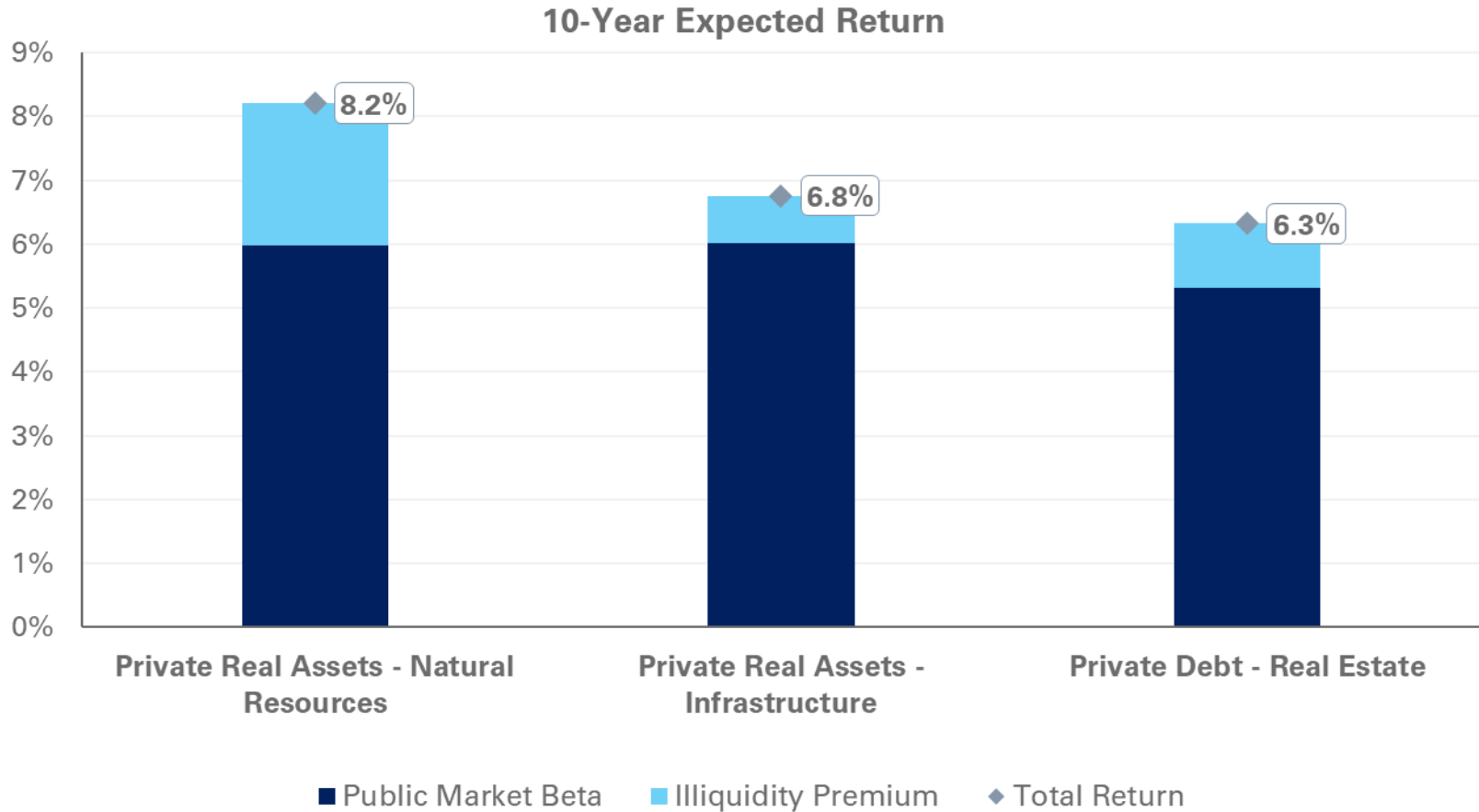


Source: NEPC

*Private Debt is a derived composite of 25% Mezzanine, 25% Distressed, 50% Direct Lending

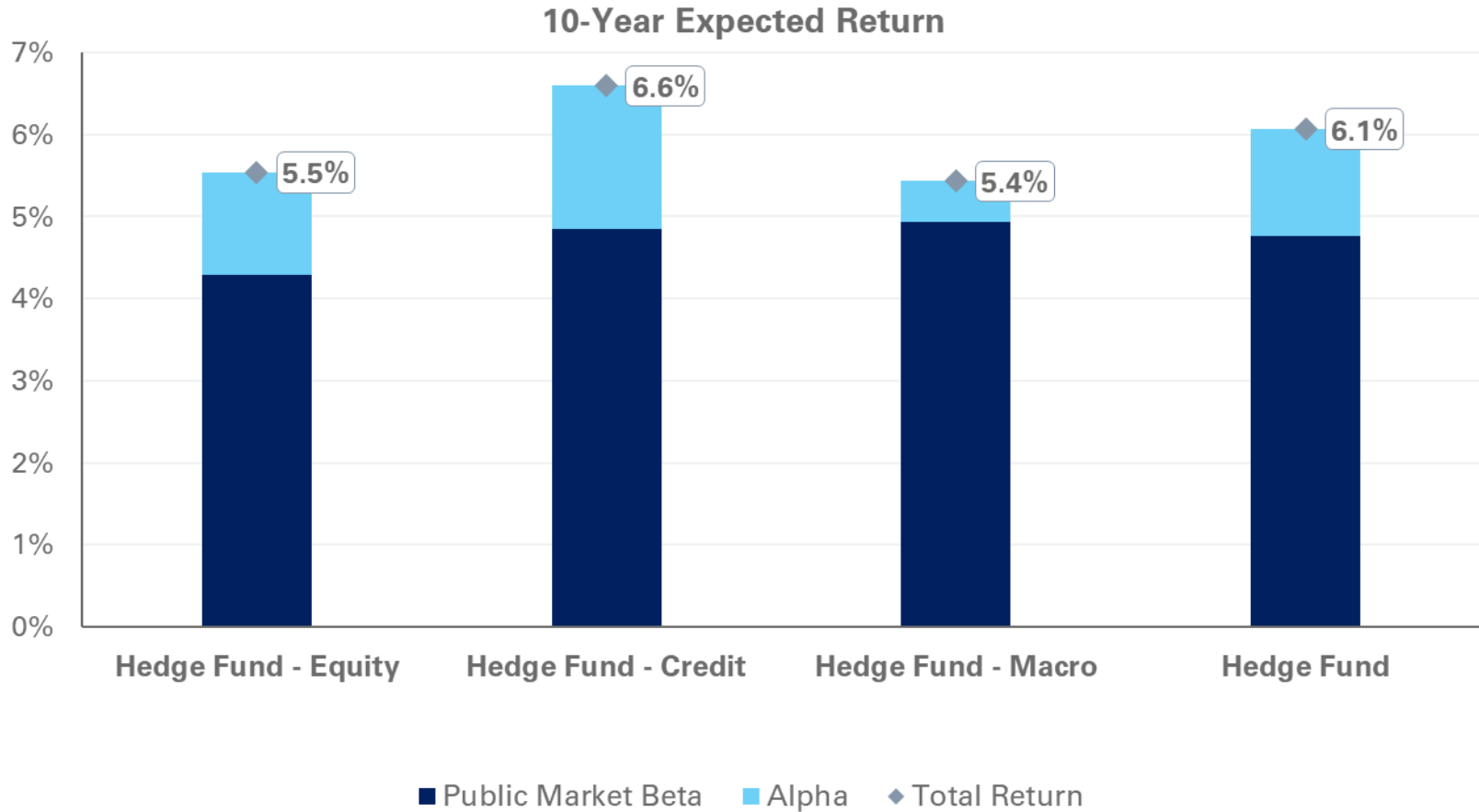


PRIVATE REAL ASSET BUILDING BLOCKS



HEDGE FUND

BUILDING BLOCKS



Source: NEPC

*Hedge Funds is a derived composite of 40% Long/Short, 40% Credit, 20% Macro





APPENDIX

PRIVATE MARKETS COMPOSITES

PUBLIC MARKET BETA INPUTS FOR PRIVATE MARKETS

PRIVATE EQUITY

Buyout: 25% U.S. Large Cap, 75% U.S. Small/Mid Cap

Secondary: 25% U.S. Large Cap, 75% U.S. Small/Mid Cap

Growth: 100% U.S. Small/Mid Cap

Early-Stage Venture: 100% U.S. Small/Mid Cap

Non-U.S.: 70% International Small Cap, 30% Emerging Small Cap

Composite: 34% Buyout, 34% Growth, 15 % Non-U.S., 8.5% Secondary, 8.5% Early Venture

PRIVATE DEBT

Direct Lending: 100% Bank Loans

Distressed: 20% U.S. Small/Mid Cap, 60% U.S. High Yield, 20% Bank Loans

Credit Opportunities: 34% U.S. SMID Cap, 33% U.S. High Yield, 33% Bank Loans

Composite: 50% Direct Lending, 25% Credit Opportunities, 25% Distressed

PRIVATE REAL ASSETS

Energy: 30% Comm., 35% Midstream, 35% Public Resource Equity

Infra/Land: 30% Commodities, 70% Public Infrastructure

Private Real Estate Debt: 50% CMBS, 50% Real Estate - Core



10-YEAR RETURN FORECASTS

EQUITY

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
U.S. Large-Cap Equity	4.4%	5.4%	-1.0%
U.S. Small/Mid-Cap Equity	6.0%	6.5%	-0.5%
Non-U.S. Developed Equity	4.6%	5.6%	-1.0%
Non-U.S. Developed Equity (USD Hedge)	4.8%	5.8%	-1.0%
Non-U.S. Developed Small-Cap Equity	6.4%	6.7%	-0.3%
Emerging Market Equity	8.6%	9.6%	-1.0%
Emerging Market Small-Cap Equity	7.9%	9.3%	-1.4%
Hedge Fund - Equity	5.5%	6.0%	-0.5%
Private Equity - Buyout	7.4%	7.7%	-0.3%
Private Equity - Growth	8.7%	8.8%	-0.1%
Private Equity - Early Stage Venture	9.8%	10.0%	-0.2%
Private Equity - Secondary	6.9%	7.2%	-0.3%
Non-U.S. Private Equity	10.3%	10.4%	-0.1%
China Equity	9.9%	8.7%	+1.2%
Global Equity*	5.4%	6.3%	-0.9%
Private Equity*	9.0%	9.2%	-0.2%



*Calculated as a blend of other asset classes

10-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
Cash	3.9%	4.0%	-0.1%
US TIPS	4.6%	4.4%	+0.2%
US Treasury Bond	4.2%	4.2%	-
US Corporate Bond	5.3%	5.9%	-0.6%
US Corporate Bond - AAA	4.4%	4.9%	-0.5%
US Corporate Bond - AA	4.6%	5.0%	-0.4%
US Corporate Bond - A	5.1%	5.6%	-0.5%
US Corporate Bond - BBB	5.6%	6.2%	-0.6%
US Mortgage-Backed Securities	4.4%	4.5%	-0.1%
US Securitized Bond	5.2%	5.2%	-
US Collateralized Loan Obligation	5.5%	5.8%	-0.3%
US Municipal Bond	3.5%	4.4%	-0.9%
US Municipal Bond (1-10 Year)	2.9%	3.2%	-0.3%
US Taxable Municipal Bond	5.3%	5.5%	-0.2%



10-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
Non-US Government Bond	2.4%	2.6%	-0.2%
Non-US Government Bond (USD Hedge)	2.6%	2.9%	-0.3%
Non-US Inflation-Linked Bond (USD Hedge)	3.2%	3.4%	-0.2%
US Short-Term TIPS (1-3 Year)	4.7%	4.3%	+0.4%
US Short-Term Treasury Bond (1-3 Year)	4.4%	4.2%	+0.2%
US Short-Term Corporate Bond (1-3 Year)	5.4%	5.4%	-
US Intermediate-Term TIPS (3-10 Year)	4.6%	4.4%	+0.2%
US Intermediate-Term Treasury Bond (3-10 Year)	4.2%	4.2%	-
US Intermediate-Term Corporate Bond (3-10 Year)	5.6%	6.1%	-0.5%
US Long-Term TIPS (10-30 Year)	4.5%	4.5%	-
US Long-Term Treasury Bond (10-30 Year)	3.7%	4.0%	-0.3%
US Long-Term Corporate Bond (10-30 Year)	4.7%	5.8%	-1.1%
20+ Year US Treasury STRIPS	3.3%	3.9%	-0.6%
10 Year US Treasury Bond	4.2%	4.3%	-0.1%
10 Year Non-US Government Bond (USD Hedge)	2.1%	2.2%	-0.1%
US Aggregate Bond*	4.6%	4.8%	-0.2%



*Calculated as a blend of other asset classes

10-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
US High Yield Corporate Bond	6.1%	7.1%	-1.0%
US Corporate Bond - BB	6.8%	7.5%	-0.7%
US Corporate Bond - B	6.3%	7.5%	-1.2%
US Corporate Bond - CCC/Below	1.4%	2.9%	-1.5%
US Short-Term High Yield Corporate Bond (1-3 Year)	5.5%	6.2%	-0.7%
US Leveraged Loan	7.2%	7.8%	-0.6%
Emerging Market Investment Grade External Debt	5.0%	-	-
Emerging Market High Yield External Debt	9.0%	-	-
Emerging Market Local Currency Debt	6.1%	7.2%	-1.1%
US High Yield Securitized Bond	8.7%	8.9%	-0.2%
US High Yield Collateralized Loan Obligation	7.8%	8.5%	-0.7%
US High Yield Municipal Bond	4.5%	5.7%	-1.2%
Hedge Fund - Credit	6.6%	7.1%	-0.5%
Private Debt - Credit Opportunities	7.8%	8.2%	-0.4%
Private Debt - Distressed	8.6%	9.0%	-0.4%
Private Debt - Direct Lending	8.1%	8.8%	-0.7%
Private Debt*	8.3%	8.8%	-0.5%

*Calculated as a blend of other asset classes



10-YEAR RETURN FORECASTS

REAL ASSETS

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
Commodity Futures	4.6%	4.2%	+0.4%
Midstream Energy	5.5%	6.0%	-0.5%
REIT	6.0%	6.2%	-0.2%
Global Infrastructure Equity	6.6%	5.6%	+1.0%
Global Natural Resources Equity	6.2%	5.5%	+0.7%
Gold	4.9%	5.1%	-0.2%
Real Estate - Core	5.4%	4.0%	+1.4%
Real Estate – Value-Add	6.6%	5.8%	+0.8%
Real Estate - Opportunistic	7.6%	7.4%	+0.2%
Private Debt - Real Estate	6.3%	5.8%	+0.5%
Private Real Assets - Natural Resources	8.2%	8.1%	+0.1%
Private Real Assets - Infrastructure	6.8%	6.6%	+0.2%



30-YEAR RETURN FORECASTS

EQUITY

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
U.S. Large-Cap Equity	6.7%	6.9%	-0.2%
U.S. Small/Mid-Cap Equity	7.4%	7.4%	-
Non-U.S. Developed Equity	6.4%	6.7%	-0.3%
Non-U.S. Developed Equity (USD Hedge)	6.6%	6.9%	-0.3%
Non-U.S. Developed Small-Cap Equity	7.5%	7.5%	-
Emerging Market Equity	9.2%	9.6%	-0.4%
Emerging Market Small-Cap Equity	9.1%	9.6%	-0.5%
Hedge Fund - Equity	6.0%	6.2%	-0.2%
Private Equity - Buyout	8.8%	8.8%	-
Private Equity - Growth	9.7%	9.8%	-0.1%
Private Equity - Early Stage Venture	10.6%	10.6%	-
Private Equity - Secondary	8.2%	8.2%	-
Non-U.S. Private Equity	10.8%	10.8%	-
China Equity	9.5%	9.1%	+0.4%
Global Equity*	7.3%	7.5%	-0.2%
Private Equity*	10.1%	10.1%	-



*Calculated as a blend of other asset classes

30-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
Cash	3.4%	3.4%	-
US TIPS	4.7%	4.3%	+0.4%
US Treasury Bond	4.3%	4.1%	+0.2%
US Corporate Bond	5.9%	5.9%	-
US Corporate Bond - AAA	5.1%	5.1%	-
US Corporate Bond - AA	5.1%	5.0%	+0.1%
US Corporate Bond - A	5.5%	5.5%	-
US Corporate Bond - BBB	6.1%	6.1%	-
US Mortgage-Backed Securities	4.6%	4.4%	+0.2%
US Securitized Bond	5.4%	5.1%	+0.3%
US Collateralized Loan Obligation	4.9%	5.2%	-0.3%
US Municipal Bond	3.8%	3.9%	-0.1%
US Municipal Bond (1-10 Year)	3.5%	3.4%	+0.1%
US Taxable Municipal Bond	6.0%	5.8%	+0.2%

30-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
Non-US Government Bond	2.9%	3.2%	-0.3%
Non-US Government Bond (USD Hedge)	3.2%	3.4%	-0.2%
Non-US Inflation-Linked Bond (USD Hedge)	3.3%	3.6%	-0.3%
US Short-Term TIPS (1-3 Year)	4.4%	3.9%	+0.5%
US Short-Term Treasury Bond (1-3 Year)	4.2%	3.8%	+0.4%
US Short-Term Corporate Bond (1-3 Year)	5.2%	4.9%	+0.3%
US Intermediate-Term TIPS (3-10 Year)	4.7%	4.4%	+0.3%
US Intermediate-Term Treasury Bond (3-10 Year)	4.4%	4.2%	+0.2%
US Intermediate-Term Corporate Bond (3-10 Year)	6.0%	6.0%	-
US Long-Term TIPS (10-30 Year)	4.8%	4.6%	+0.2%
US Long-Term Treasury Bond (10-30 Year)	4.3%	4.3%	-
US Long-Term Corporate Bond (10-30 Year)	6.0%	6.2%	-0.2%
20+ Year US Treasury STRIPS	4.2%	4.3%	-0.1%
10 Year US Treasury Bond	4.8%	4.7%	+0.1%
10 Year Non-US Government Bond (USD Hedge)	2.8%	3.1%	-0.3%
US Aggregate Bond*	4.9%	4.7%	+0.2%

*Calculated as a blend of other asset classes



30-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
US High Yield Corporate Bond	7.1%	7.3%	-0.2%
US Corporate Bond - BB	7.7%	7.7%	-
US Corporate Bond - B	7.1%	7.2%	-0.1%
US Corporate Bond - CCC/Below	1.9%	2.1%	-0.2%
US Short-Term High Yield Corporate Bond (1-3 Year)	5.6%	5.5%	+0.1%
US Leveraged Loan	6.6%	6.9%	-0.3%
Emerging Market Investment Grade External Debt	5.9%	-	-
Emerging Market High Yield External Debt	8.4%	-	-
Emerging Market Local Currency Debt	5.5%	6.1%	-0.6%
US High Yield Securitized Bond	8.3%	8.1%	+0.2%
US High Yield Collateralized Loan Obligation	7.3%	7.7%	-0.4%
US High Yield Municipal Bond	4.9%	5.7%	-0.8%
Hedge Fund - Credit	7.0%	7.1%	-0.1%
Private Debt - Credit Opportunities	8.4%	8.4%	-
Private Debt - Distressed	9.3%	9.4%	-0.1%
Private Debt - Direct Lending	8.9%	9.1%	-0.2%
Private Debt*	9.0%	9.1%	-0.1%

*Calculated as a blend of other asset classes



30-YEAR RETURN FORECASTS

REAL ASSETS

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
Commodity Futures	3.9%	3.2%	+0.7%
Midstream Energy	6.6%	6.7%	-0.1%
REIT	7.3%	7.3%	-
Global Infrastructure Equity	7.0%	6.7%	+0.3%
Global Natural Resources Equity	7.1%	6.6%	+0.5%
Gold	4.8%	4.8%	-
Real Estate - Core	6.1%	5.1%	+1.0%
Real Estate – Value-Add	7.3%	6.9%	+0.4%
Real Estate - Opportunistic	8.2%	8.6%	-0.4%
Private Debt - Real Estate	6.6%	6.0%	+0.6%
Private Real Assets - Natural Resources	8.7%	8.4%	+0.3%
Private Real Assets - Infrastructure	7.1%	7.0%	+0.1%

VOLATILITY FORECASTS

EQUITY

Volatility			
Asset Class	12/31/2023	12/31/2022	Delta
U.S. Large-Cap Equity	17.2%	16.9%	+0.3%
U.S. Small/Mid-Cap Equity	21.0%	20.8%	+0.2%
Non-U.S. Developed Equity	19.7%	19.6%	+0.1%
Non-U.S. Developed Equity (USD Hedge)	17.7%	17.6%	+0.1%
Non-U.S. Developed Small-Cap Equity	24.2%	24.2%	-
Emerging Market Equity	28.1%	28.6%	-0.5%
Emerging Market Small-Cap Equity	31.4%	31.9%	-0.5%
Hedge Fund - Equity	11.0%	11.1%	-0.1%
Private Equity - Buyout	20.0%	20.0%	-
Private Equity - Growth	31.5%	31.4%	+0.1%
Private Equity - Early Stage Venture	46.5%	45.0%	+1.5%
Private Equity - Secondary	20.4%	21.0%	-0.6%
Non-U.S. Private Equity	32.0%	32.0%	-
China Equity	30.6%	30.7%	-0.1%
Global Equity*	18.2%	18.1%	+0.1%
Private Equity*	25.9%	25.7%	+0.2%



*Calculated as a blend of other asset classes

VOLATILITY FORECASTS

FIXED INCOME

Volatility			
Asset Class	12/31/2023	12/31/2022	Delta
Cash	0.6%	0.6%	-
US TIPS	6.0%	6.1%	-0.1%
US Treasury Bond	5.4%	5.4%	-
US Corporate Bond	7.7%	7.6%	+0.1%
US Corporate Bond - AAA	6.8%	6.5%	+0.3%
US Corporate Bond - AA	6.6%	6.4%	+0.2%
US Corporate Bond - A	7.6%	7.5%	+0.1%
US Corporate Bond - BBB	8.4%	8.4%	-
US Mortgage-Backed Securities	6.5%	6.5%	-
US Securitized Bond	8.0%	8.2%	-0.2%
US Collateralized Loan Obligation	7.7%	7.6%	+0.1%
US Municipal Bond	6.0%	6.0%	-
US Municipal Bond (1-10 Year)	4.5%	4.5%	-
US Taxable Municipal Bond	7.5%	7.5%	-

VOLATILITY FORECASTS

FIXED INCOME

Volatility			
Asset Class	12/31/2023	12/31/2022	Delta
Non-US Government Bond	9.5%	9.5%	-
Non-US Government Bond (USD Hedge)	4.1%	4.1%	-
Non-US Inflation-Linked Bond (USD Hedge)	6.7%	6.6%	+0.1%
US Short-Term TIPS (1-3 Year)	3.3%	3.4%	-0.1%
US Short-Term Treasury Bond (1-3 Year)	2.3%	2.3%	-
US Short-Term Corporate Bond (1-3 Year)	2.8%	2.8%	-
US Intermediate-Term TIPS (3-10 Year)	6.0%	6.0%	-
US Intermediate-Term Treasury Bond (3-10 Year)	5.9%	5.9%	-
US Intermediate-Term Corporate Bond (3-10 Year)	7.1%	7.1%	-
US Long-Term TIPS (10-30 Year)	12.4%	12.4%	-
US Long-Term Treasury Bond (10-30 Year)	11.8%	11.8%	-
US Long-Term Corporate Bond (10-30 Year)	11.9%	12.1%	-0.2%
20+ Year US Treasury STRIPS	20.7%	20.7%	-
10 Year US Treasury Bond	7.5%	7.5%	-
10 Year Non-US Government Bond (USD Hedge)	5.0%	5.1%	-0.1%
US Aggregate Bond*	5.8%	5.8%	-



*Calculated as a blend of other asset classes

VOLATILITY FORECASTS

FIXED INCOME

Volatility			
Asset Class	12/31/2023	12/31/2022	Delta
US High Yield Corporate Bond	11.2%	11.1%	+0.1%
US Corporate Bond - BB	9.7%	9.7%	-
US Corporate Bond - B	11.6%	11.7%	-0.1%
US Corporate Bond - CCC/Below	20.3%	20.3%	-
US Short-Term High Yield Corporate Bond (1-3 Year)	8.2%	8.5%	-0.3%
US Leveraged Loan	9.1%	9.1%	-
Emerging Market Investment Grade External Debt	8.7%	-	-
Emerging Market High Yield External Debt	17.5%	-	-
Emerging Market Local Currency Debt	12.7%	13.0%	-0.3%
US High Yield Securitized Bond	11.2%	11.1%	+0.1%
US High Yield Collateralized Loan Obligation	10.4%	10.4%	-
US High Yield Municipal Bond	12.0%	12.0%	-
Hedge Fund - Credit	9.9%	10.0%	-0.1%
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Private Debt - Distressed	14.4%	14.6%	-0.2%
Private Debt - Direct Lending	11.0%	11.0%	-
Private Debt*	11.8%	11.8%	-

*Calculated as a blend of other asset classes



VOLATILITY FORECASTS

REAL ASSETS

Volatility			
Asset Class	12/31/2023	12/31/2022	Delta
Commodity Futures	18.5%	18.5%	-
Midstream Energy	28.2%	28.8%	-0.6%
REIT	21.8%	21.7%	+0.1%
Global Infrastructure Equity	19.4%	20.6%	-1.2%
Global Natural Resources Equity	23.3%	23.5%	-0.2%
Gold	16.4%	16.3%	+0.1%
Real Estate - Core	15.0%	15.0%	-
Real Estate – Value-Add	23.4%	20.4%	+3.0%
Real Estate - Opportunistic	25.8%	23.3%	+2.5%
Private Debt - Real Estate	11.9%	11.9%	-
Private Real Assets - Natural Resources	32.3%	32.5%	-0.2%
Private Real Assets - Infrastructure	12.4%	12.4%	-

INFORMATION DISCLAIMER

Past performance is no guarantee of future results.

The goal of this report is to provide a basis for substantiating asset allocation recommendations. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.

Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.

All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

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ASSET LIABILITY STUDY OVERVIEW & METHODOLOGY

APRIL 3, 2024

Sam Austin, Partner

Rose Dean, Partner

Dan Hennessy, Senior Consultant





PURPOSE & METHODOLOGY OF AI STUDY

PURPOSE OF ASSET-LIABILITY STUDY

- **Review the current/projected financial status of the plan over long-term horizon**
- **Determine appropriateness of current asset allocation with consideration of:**
 - Expected progress of liabilities and cash flows/liquidity needs
 - Path of funded status
- **Test sensitivity of plan (Assets and Liabilities) to various range of outcomes**
 - Market performance across range of economic environments
 - Contribution volatility
 - Range of liquidity environments
- **Consider appropriate asset mixes and expected return on assets**
 - Assess return target against tradeoff of volatility/range of outcomes
 - Analyze inclusion/exclusion of various asset classes/strategies

FIRST PRINCIPLES

- **The funding of pension benefits is made possible through the combination of member and employer contributions and returns on investment**
- **The long-term expected return on assets drives the selection of an appropriate discount rate for public pension liabilities**
- **Expected return on assets is based on assumptions – actual experience will likely depart from those assumptions**
- **Long-term nature of pension obligations positions well-funded pension plans to take advantage of long-term investment opportunities**
- **It is critical and healthy for pension trustees to regularly review fundamental characteristics of the pension plan:**
 - Risk tolerance
 - Viability of long-term investment return
- **Risk is multi-dimensional and should be considered from different perspectives – Risk is not just volatility!**
 - Volatility, potential for drawdowns, illiquidity, exposure to economic factors, etc.
- **Return expectations are generally lower than historical returns, forcing many investors to reconsider both return expectations and appropriate levels of risk**

BALANCING THE PENSION EQUATION

- All the complexities of pension plans boil down to the classic equation:

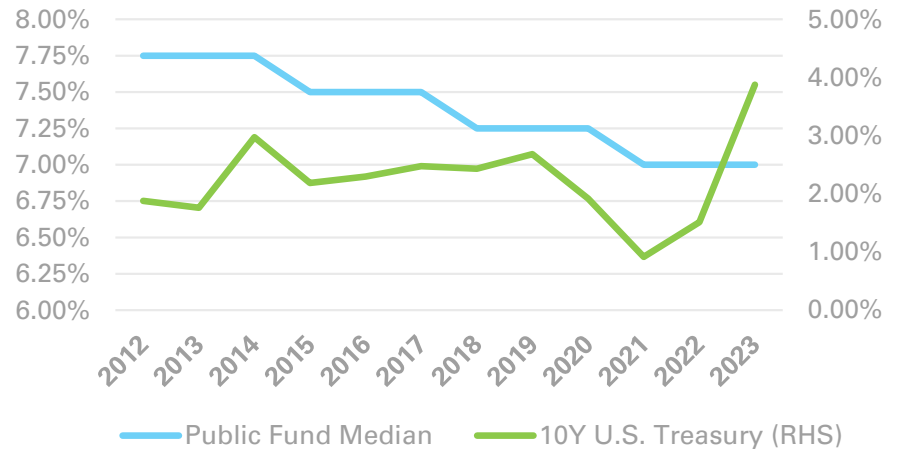
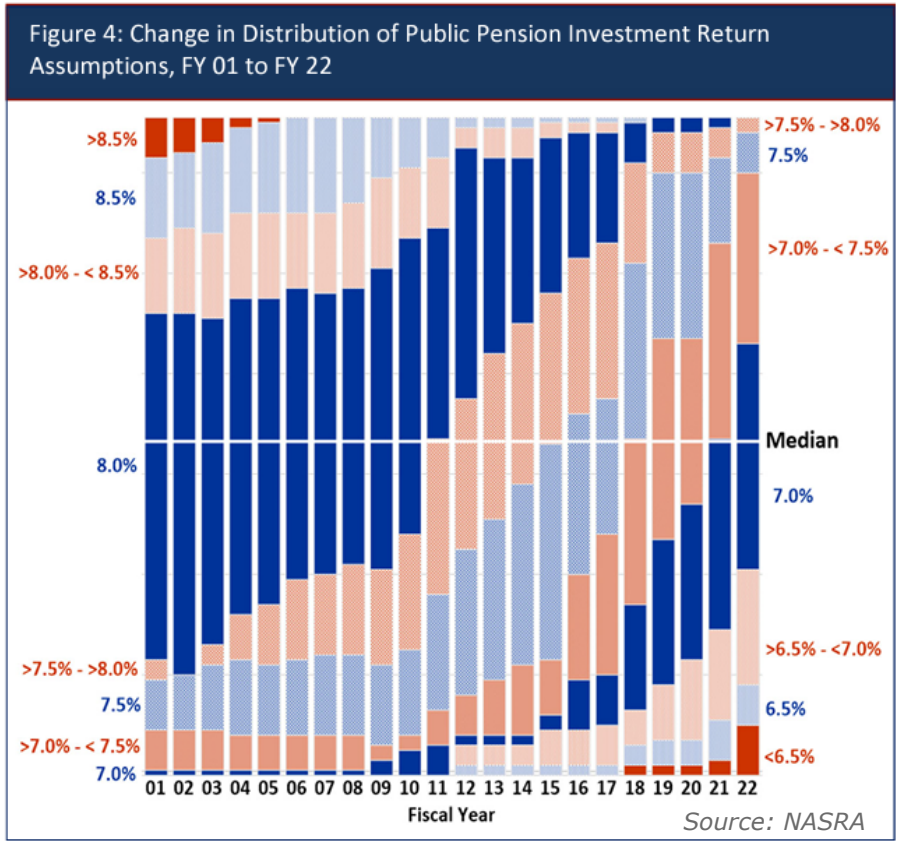
$$B + E = C + I$$

- Benefits (B), Expenses (E), Contributions (C), and Investment Earnings (I)

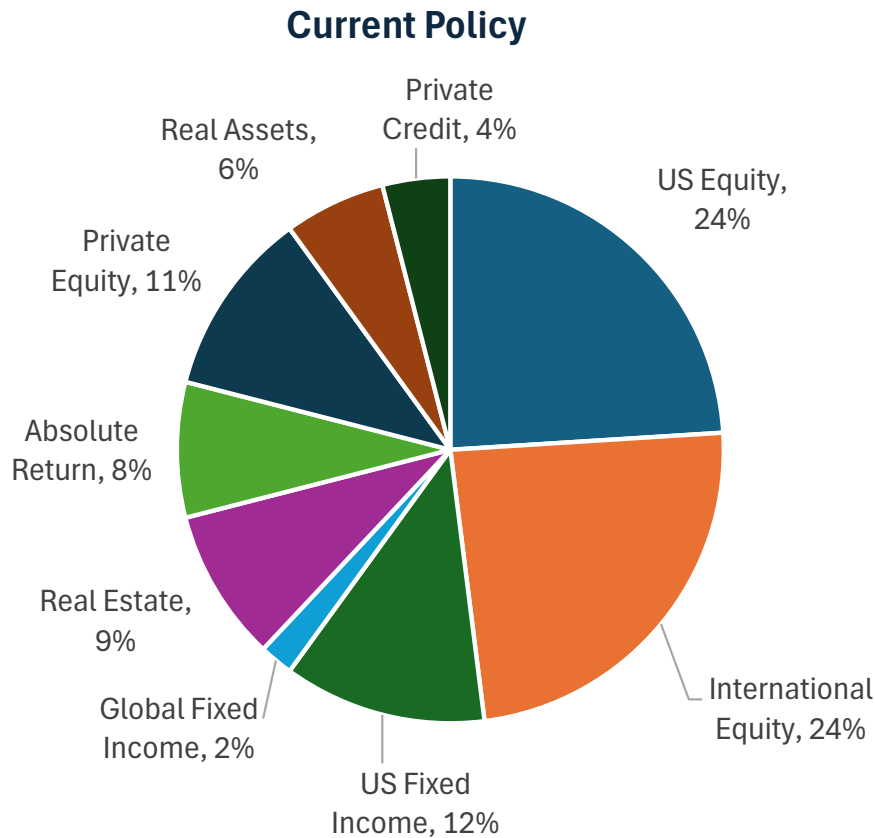
Plan Factor	Flexibility/Constraint
(B + E) Benefits & Expenses	Lower "C" and/or "I" can be offset with an equivalent reduction in outflows: <ul style="list-style-type: none"> Vested benefits generally cannot be reduced Non-vested benefits can be reduced, but challenging on many levels Political, paternal, generational equity, etc.
(C) Contributions	Fund contribution model should offer adequate flexibility to balance equation: <ul style="list-style-type: none"> Dynamic or static employer/employee contribution rates Closed or open amortization period on unfunded liability designed to fully fund the plan Employer and employee contribution obligations are assumed to be made each year
(I) Investment Return	Investment pool can be restructured to maintain target return <ul style="list-style-type: none"> Increase risk and/or portfolio efficiency Expected return (and risk level) could be scaled down over time as funded status improves allowing for maintenance of long-term plan stability Low annual returns (below expectations) require adjusting other levers <ul style="list-style-type: none"> Higher Contributions Higher Investment Returns in later years

EXPECTED RETURN

- **Expected return and liability discount rate are closely linked for public pension plans**
 - Corporate DB: stringent regulations
 - Going-concern of government entities has historically provided comfort in public plans taking longer term approach
 - Expected returns are forward-looking
- **Historical market environment has led to downward trend in EROAs for public pensions**
 - Median 2023 EROA = 7.0%
- **Low expected returns put pressure on assumptions and outcomes but...**
 - Market re-pricing and higher inflation may push return expectations higher looking forward



ACERA CURRENT PORTFOLIO EXPECTATIONS



	10 Year	30 Year
<i>Expected Return</i>	6.4%	7.6%
<i>Expected Volatility</i>	14.6%	14.6%
<i>Sharpe Ratio</i>	0.17	0.29
<i>Sortino Ratio</i>	0.52	0.64

Probabilities using 2024 Assumptions	
Probability of 1-Year Return Under 0.00%	33.1%
Probability of 10 Year Return Under 0.00%	8.3%
Probability of 10 Year Return Under 7.00%	55.2%
Probability of 30-Year Return Under 7.00%	40.7%



Note: Expectations are based on NEPC capital market assumptions as of 12/31/23.

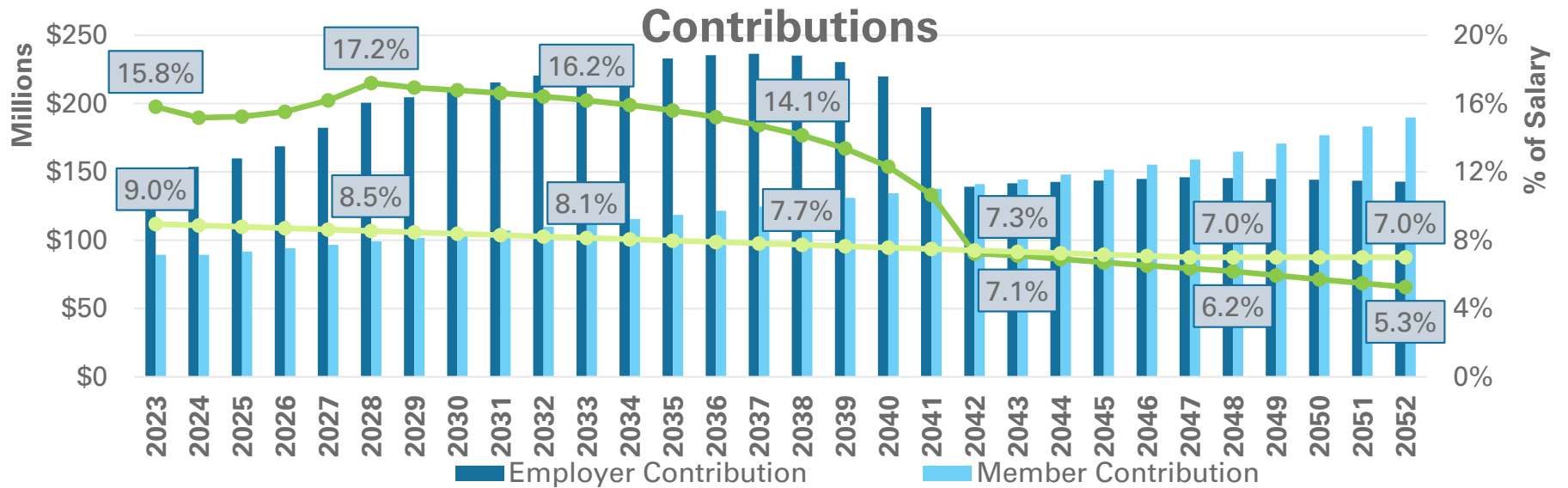
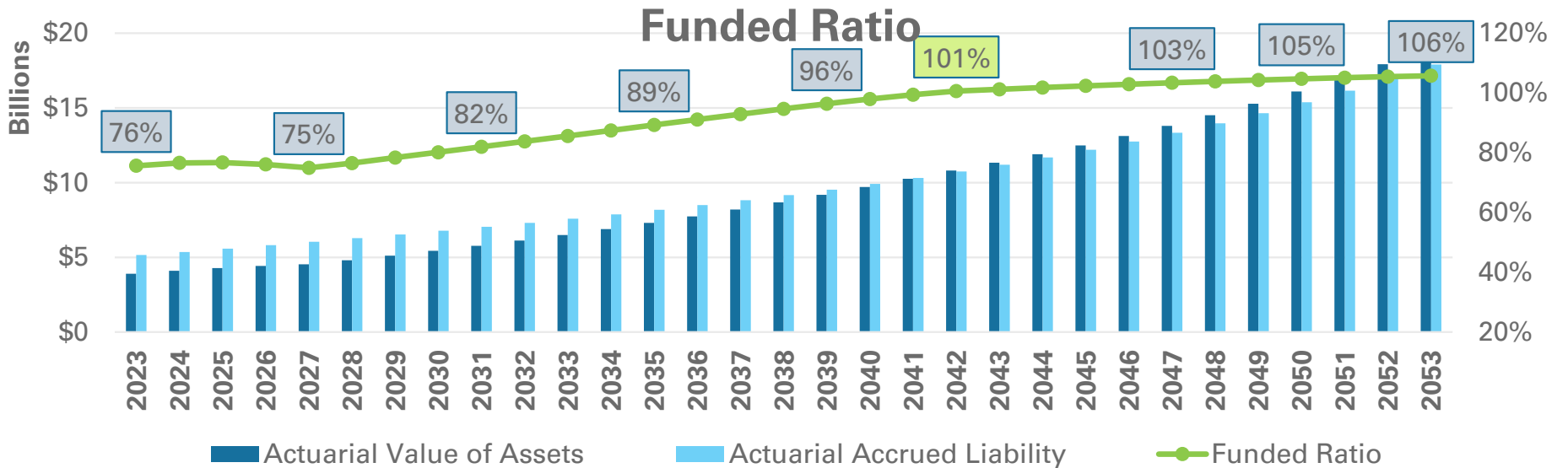


ASSET-LIABILITY PROJECTIONS

These are sample data. Data specific to ACERA plan will be shown in May 2024

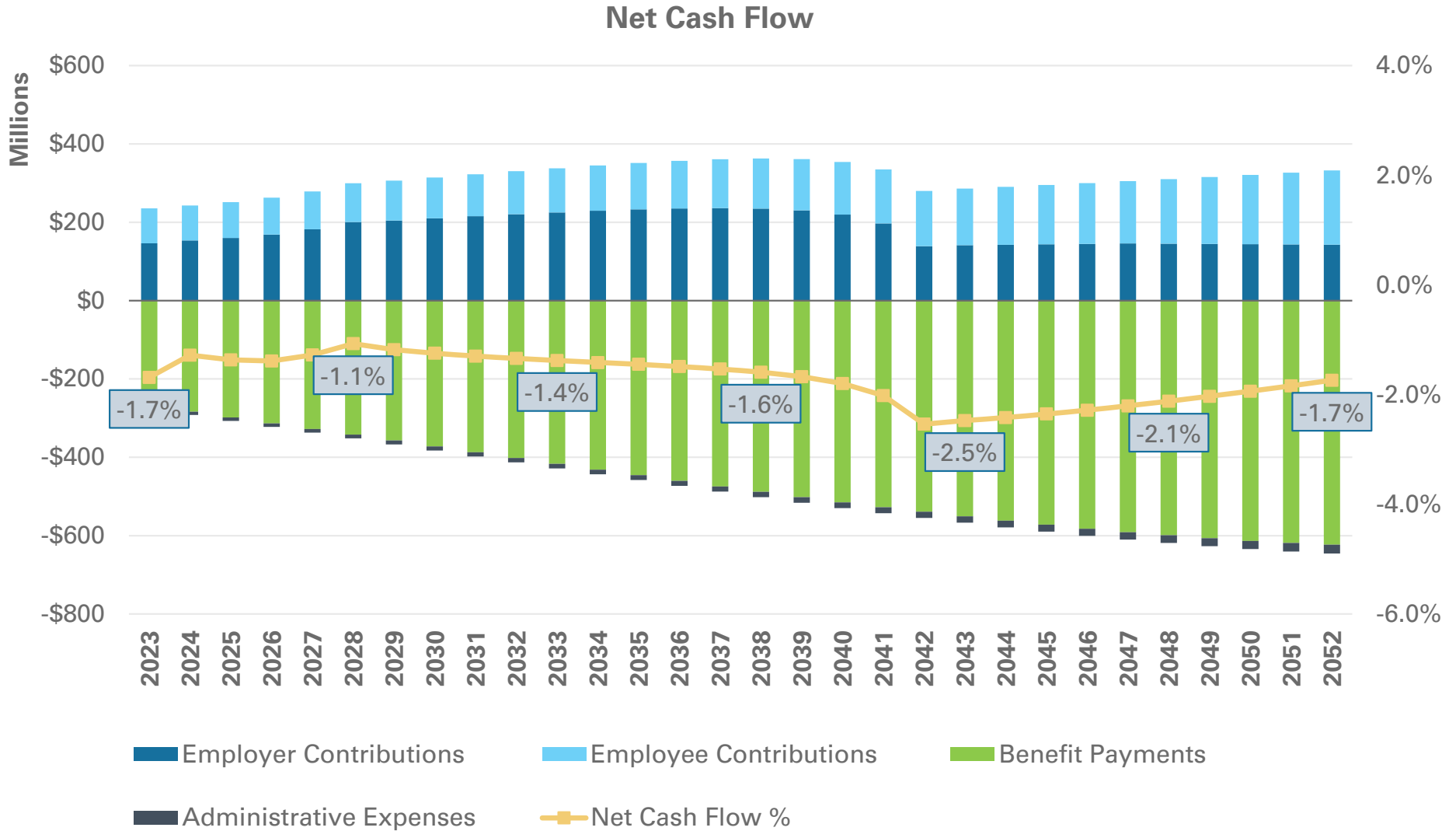
FUNDED STATUS & CONTRIBUTION PROJECTIONS

SAMPLE DATA



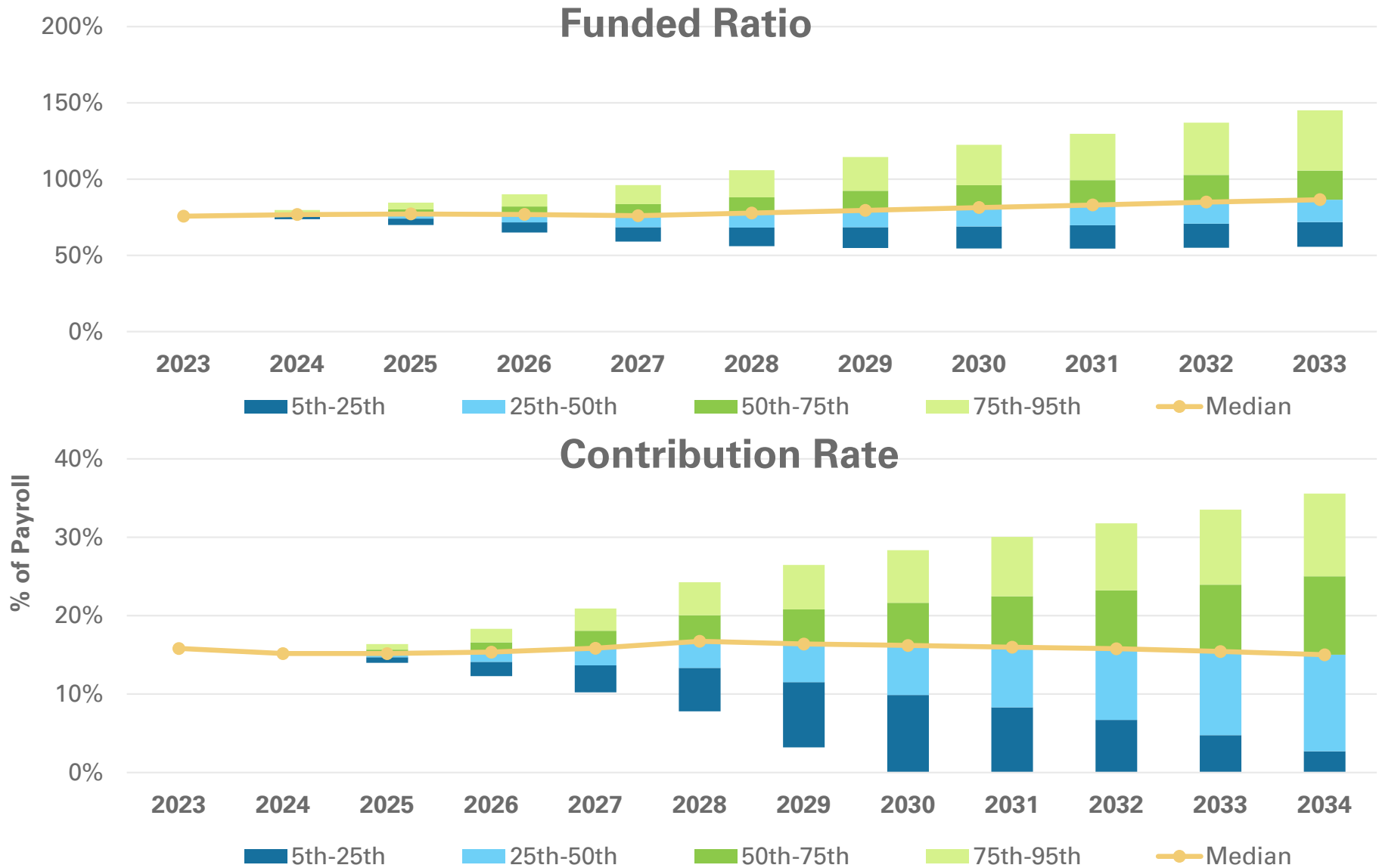
CASH FLOW PROJECTIONS

SAMPLE DATA



STOCHASTIC PROJECTIONS

SAMPLE DATA

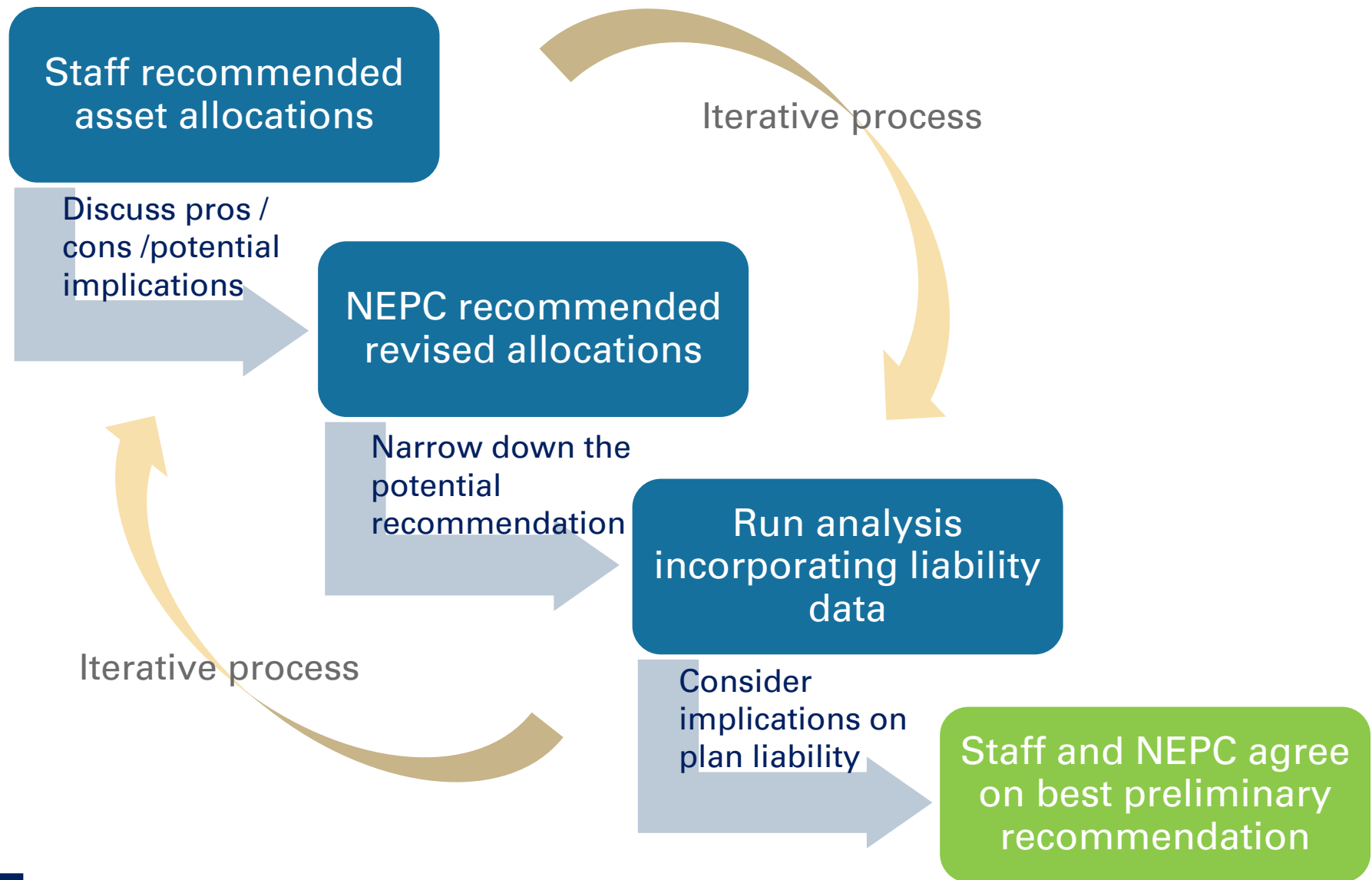




ALTERNATIVE PORTFOLIO ANALYSIS

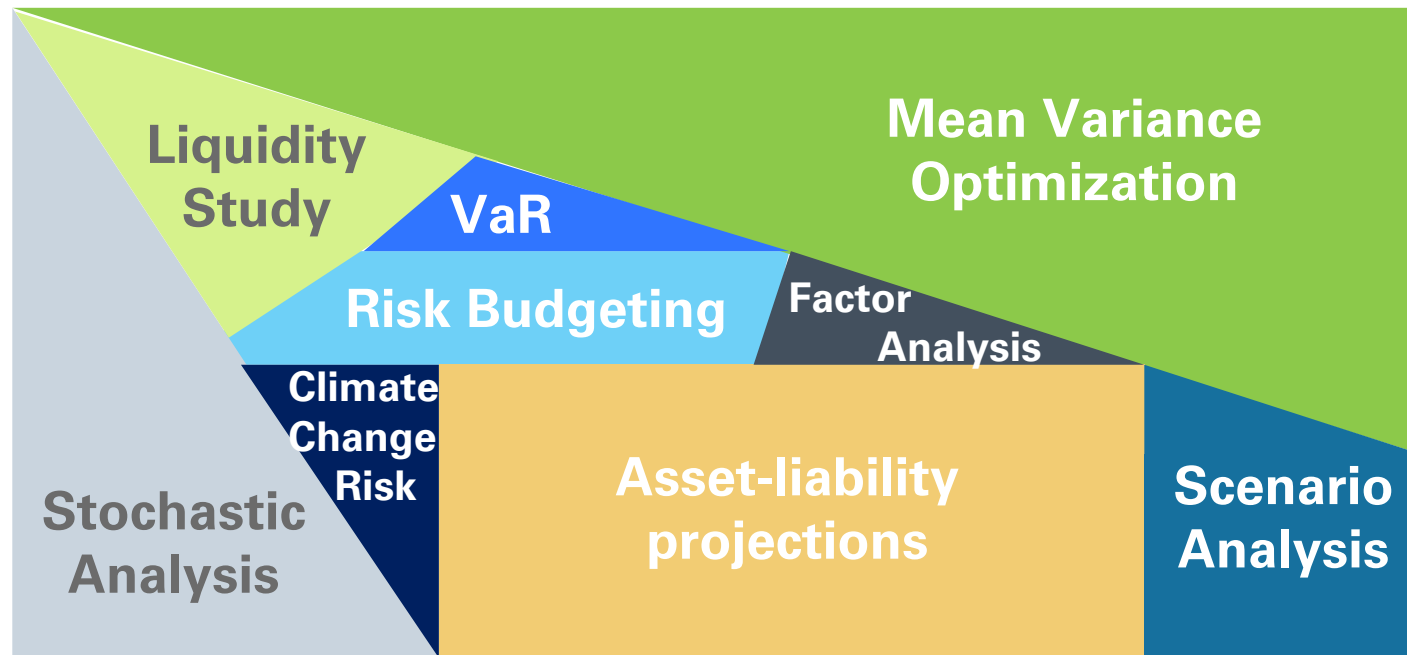


PROCESS FOR PRELIMINARY RECOMMENDATION



ASSET ALLOCATION DECISION-MAKING

BUILDING A MOSAIC

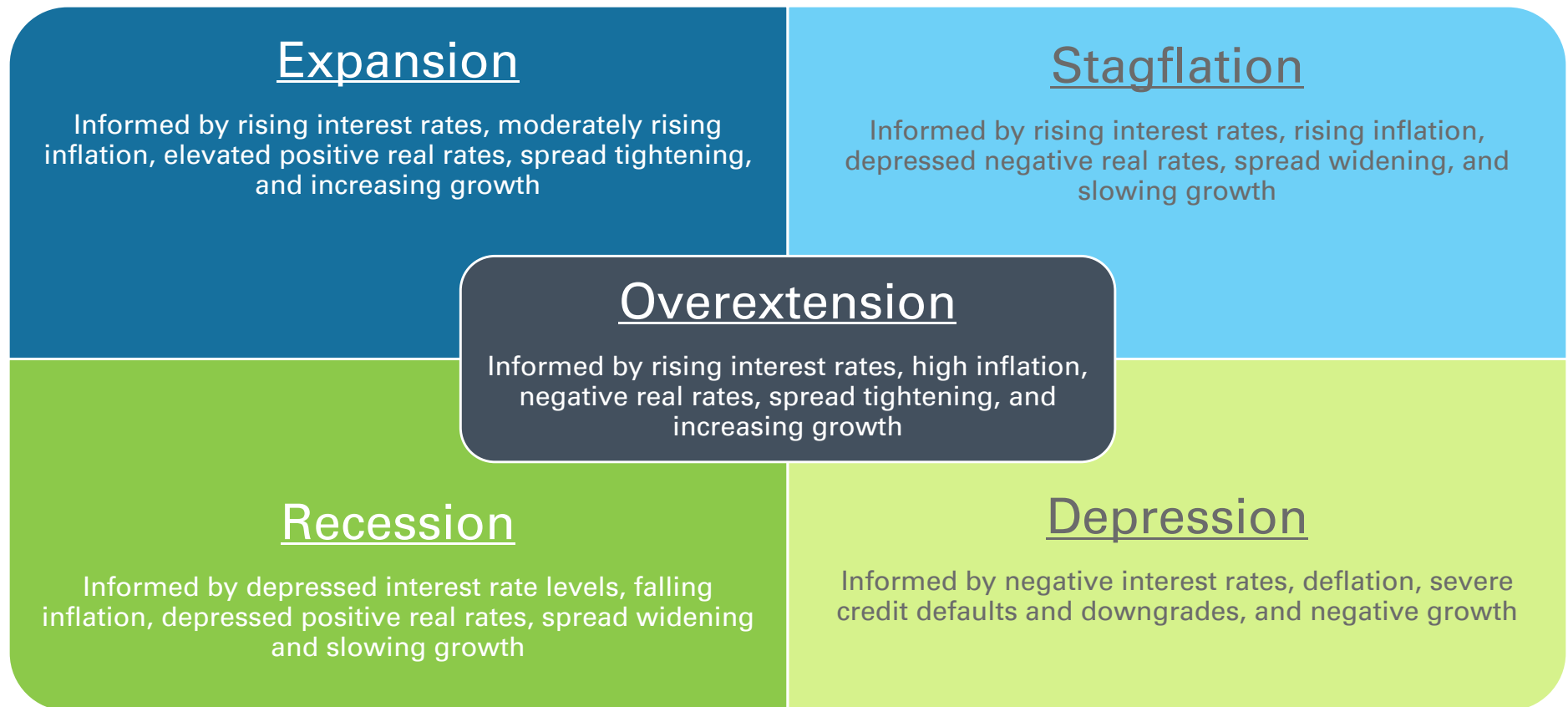


- Portfolio risk can be viewed through many different lenses
- Each investor may weight each of these lenses differently
- The result when making strategic asset allocation decisions is to build a specific mosaic of risk that aligns with your investment goals

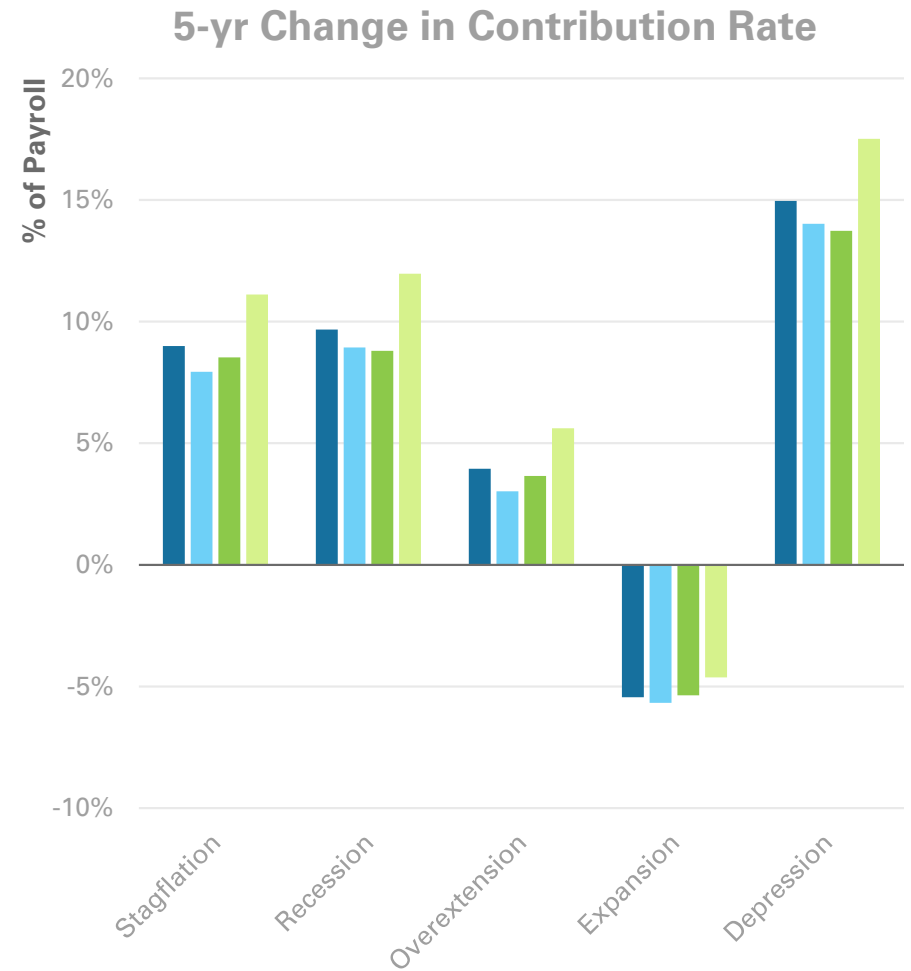
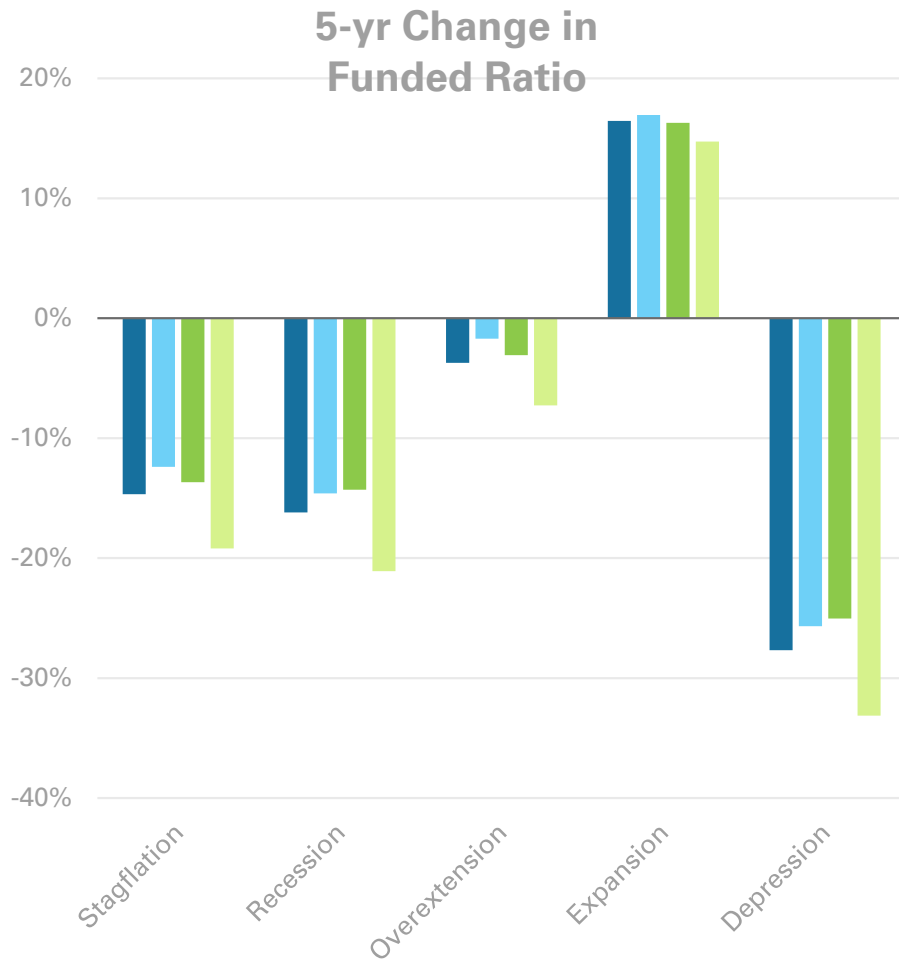
SCENARIO ANALYSIS: REGIME CHANGES

NEPC scenario analysis highlights the impact of shifting economic and market regimes on the portfolio and potential asset allocation mixes

- Risk asset returns are informed by credit returns which are based on changes in real rate, inflation, and credit spreads experienced across market regimes

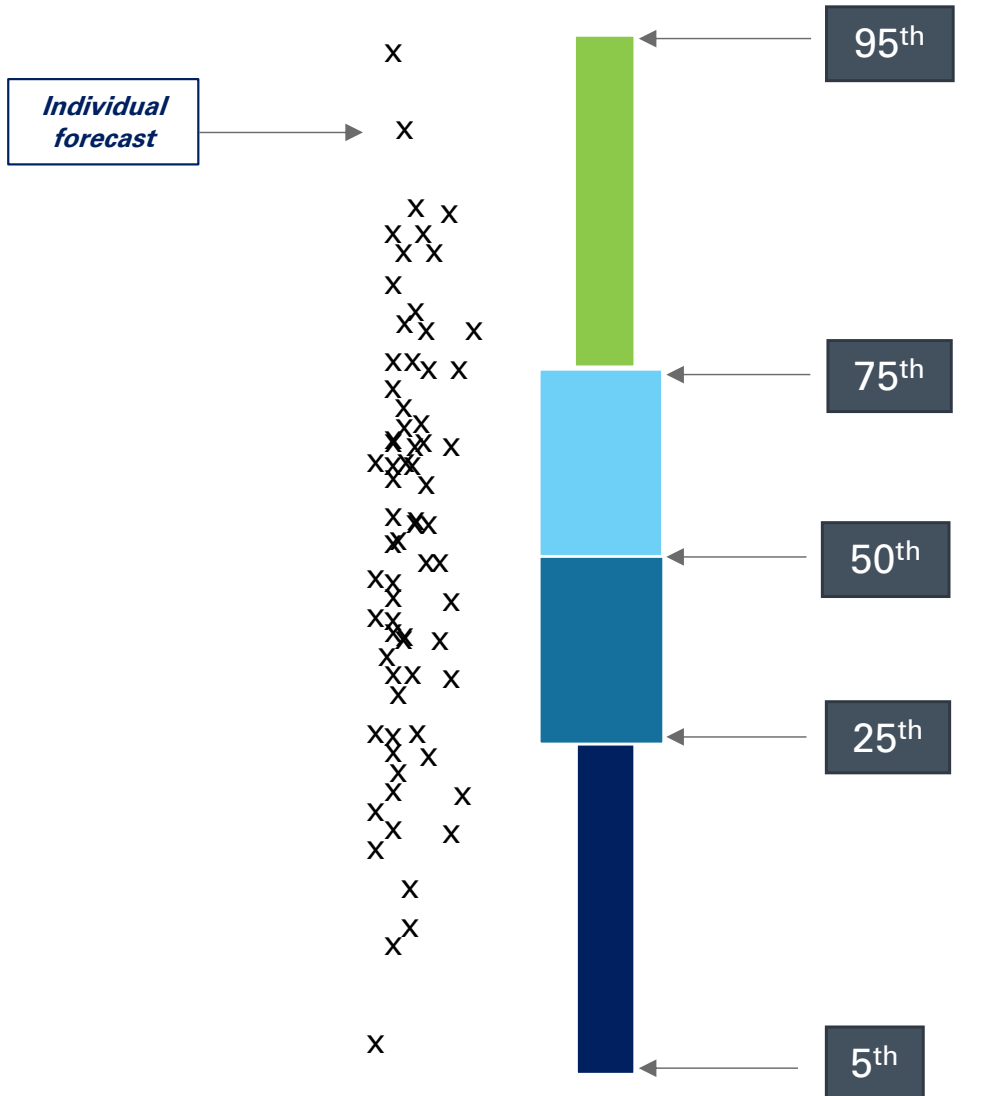


ECONOMIC SCENARIO ANALYSIS



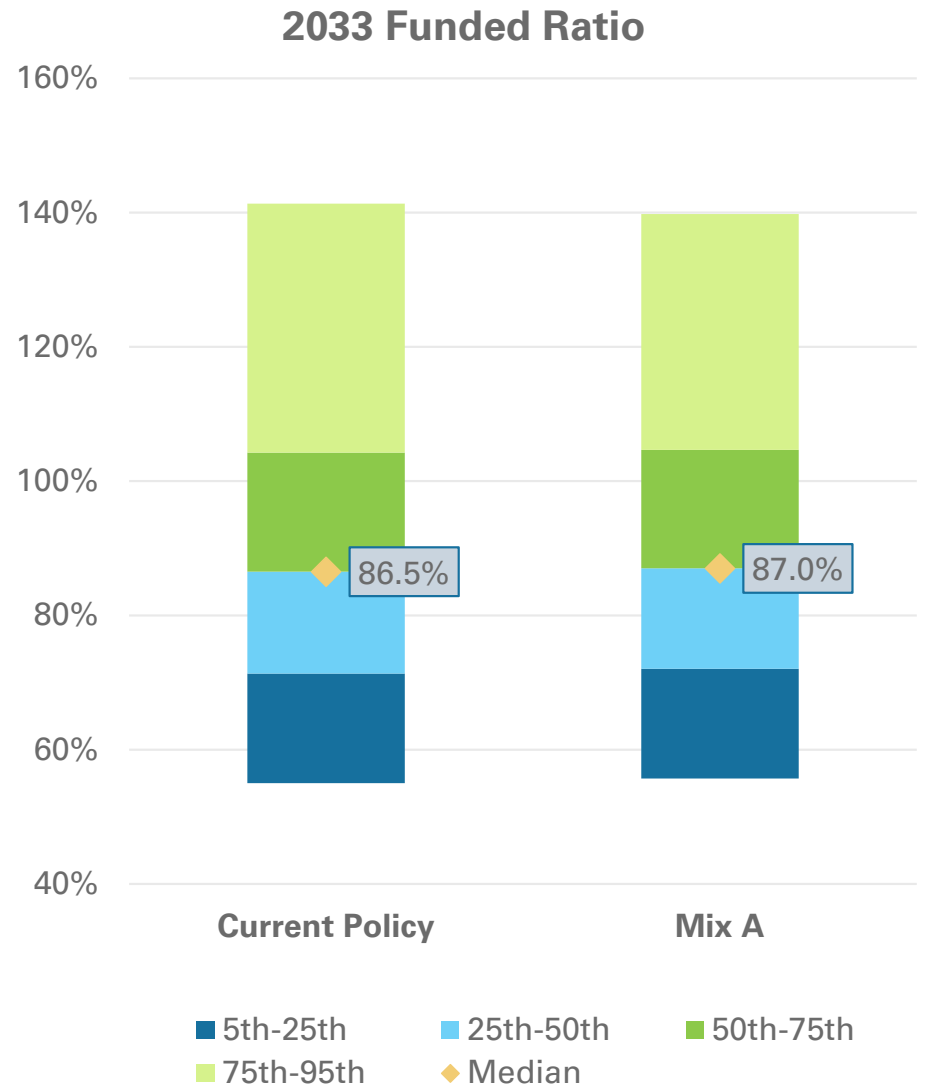
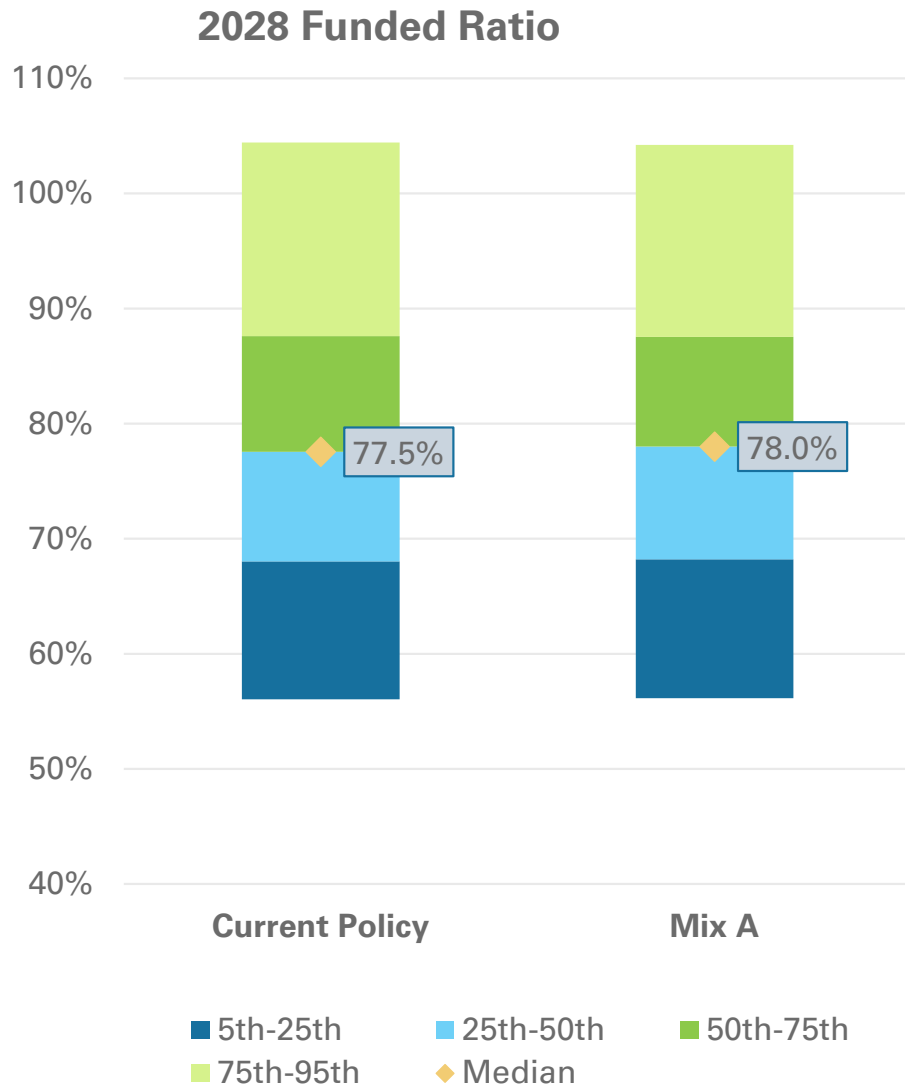
INTERPRETING STOCHASTIC RESULTS

Model ranks 10,000 forecasts each year



- **95th percentile**
 - Exceeds 95% of all forecasts
 - Overly optimistic outcome
- **75th percentile**
 - Exceeds 75% of all forecasts
 - Optimistic outcome
- **50th percentile**
 - Exceeds 50% of all forecasts
 - Median outcome
- **25th percentile**
 - Exceeds 25% of all forecasts
 - Pessimistic outcome
- **5th percentile**
 - Exceeds 5% of all forecasts
 - Overly pessimistic outcome

STOCHASTIC ANALYSIS



BASIC TOOLS FOR THE ASSET ALLOCATION PROCESS



ASSET ALLOCATION DEFINED

- **The process of allocating assets across a spectrum of investments to achieve an expected return at an expected level of risk**
 - “Expected” is a statistics term, which is different from the common use of the word.
 - Expected return is the weighted average of all possible returns, where the weights are the probabilities that each return will occur.

- **Asset allocation decisions include, but are not limited to a choice between:**
 - Higher risk versus higher return
 - Equity/Bonds/Cash/RE/PE/HF/Commodities etc...
 - Domestic/International/Global
 - Liquid vs. illiquid or public vs. private assets
 - Ease of implementation (Simplicity vs. Complexity)

ASSET ALLOCATION CONSIDERATIONS

- **An appropriate asset mix will consider a Plan's**
 - Actuarial Return Assumption
 - Liability Awareness
 - Funded Status
 - Liquidity Needs
 - Time Horizon
 - Risk Tolerance
 - Peer Risk
 - Plan Provisions and Specifics
 - Staff Size and Expertise

ASSET ALLOCATION PROCESS

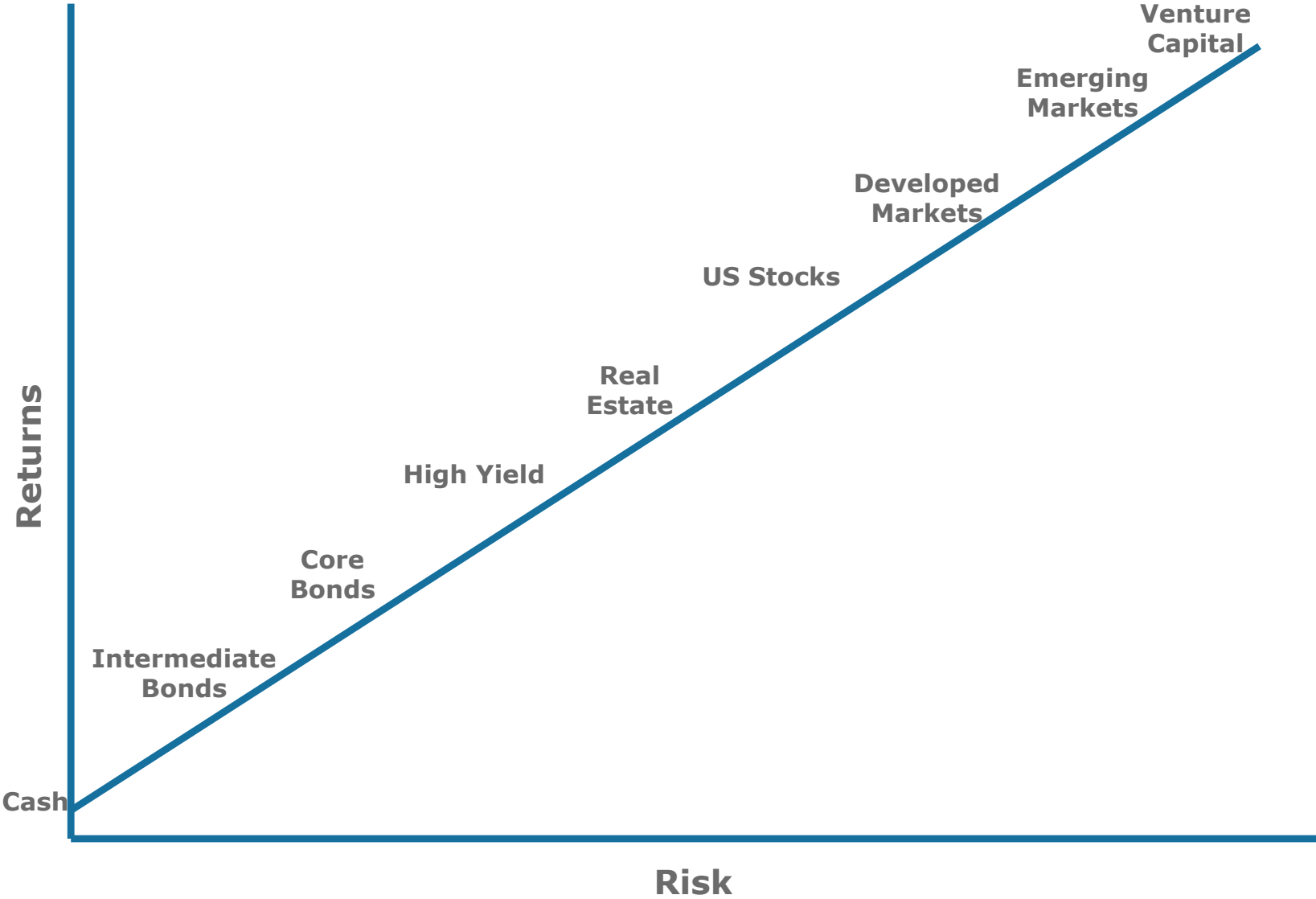
MEETING YOUR OBJECTIVES

- **Capital markets assumption**
 - Expected Return
 - Expected Risk (Volatility, Standard Deviation)
 - Expected Correlation
- **Project cash flow needs (Contributions – Expenses & Benefits)**
- **Integrate assets and liabilities/spending**
- **Risk Budgeting**
- **Scenario Analysis**
- **Liquidity Analysis**
- **Compare allocation to other programs**

ASSET ALLOCATION IMPLEMENTATION

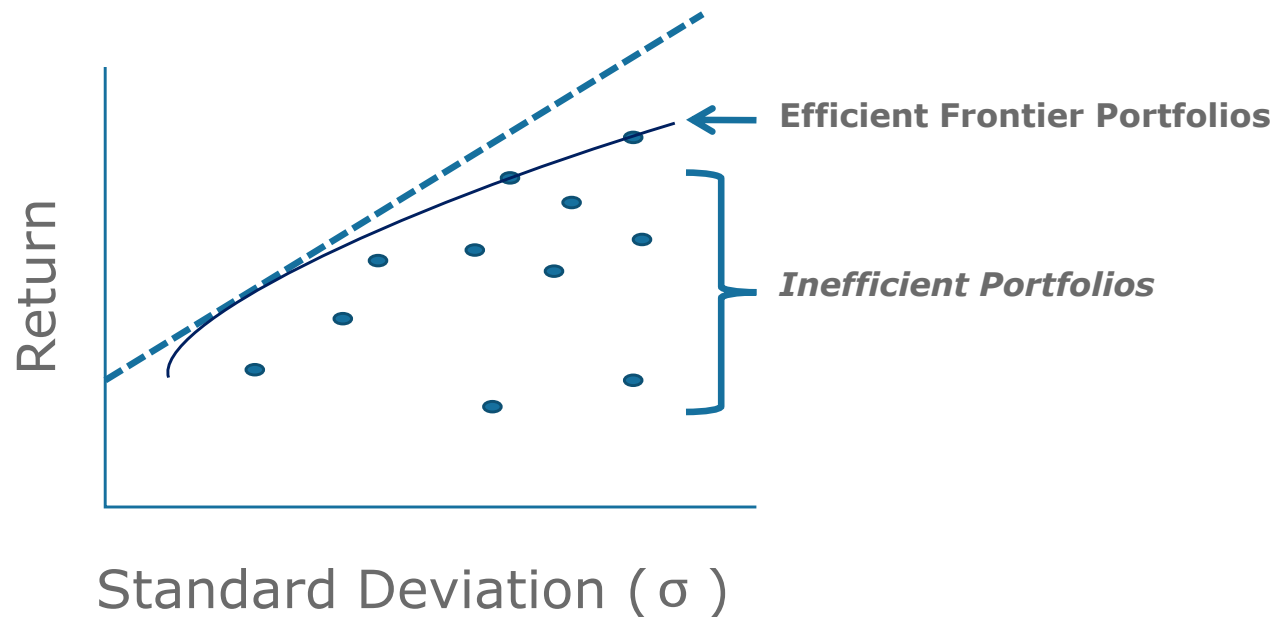
- **Establish Targets and Ranges**
 - Ranges should trigger rebalancing
 - Helps plans sell high (expensive assets) and buy low (cheap assets)
- **Establish Active versus Passive Mix**
 - Should reflect net of fee return contribution
 - Inefficient asset classes should be managed actively
- **Style Bias: *Should generally be avoided in efficient markets***
 - Efficient Market Example: Large Cap US Stocks

CAPITAL MARKET LINE



ASSET ALLOCATION MODEL: MEAN-VARIANCE OPTIMIZATION

- **Mean-Variance Optimization: Asset allocation model based on Nobel-Prize winning theory**
- **Mathematical solution to determine the “best” mix of assets that will create an efficient frontier**
 - Highest return for expected risk (volatility), or
 - Lowest expected risk (volatility) for expected return
 - Stated another way, it builds portfolios with the highest expected risk-adjusted returns – Efficient Frontier:



ASSET ALLOCATION – ASSET LIABILITY MATCHING

▪ **Asset Liability Matching versus the “Horse Race”**

- Many Pension Funds spend a lot of time comparing their performance to their peers’
 - Almost always ignores liabilities
 - Disaggregates returns from risk
 - Assumes everyone should be getting the highest possible return
 - Should instead be focused on the ability to meet liability needs
- Diversification makes it harder to be the best performing fund in certain bull market periods

MODEL INPUTS

- **Permissible Asset Classes and Weighting Constraints**

- Constraints reflect liquidity, time horizon and marginal benefit analyses
 - Example: RE is constrained to 5-15%
- Not all asset classes may be permissible by some plans (e.g. Private Equity, Peruvian Llama Futures)

- **Return and Risk Assumptions**

- Based on historic data, academic theory, and NEPC's assessment of current and future market conditions
- Risk measured by Standard Deviation (volatility)

- **Correlation Assumptions**

- Measure of similarity/dissimilarity between asset class returns
- Based on historic data

RETURNS (ARITHMETIC & GEOMETRIC)

- **Arithmetic – simple average of annual returns**

- Example

- Year 1: 10%
 - Year 2: -4%
 - Year 3: 15%
 - Average (arithmetic) return is 7% (21% cumulative divided by 3 years)

- **Geometric – Our reports reflect compounding of annual returns**

- Example

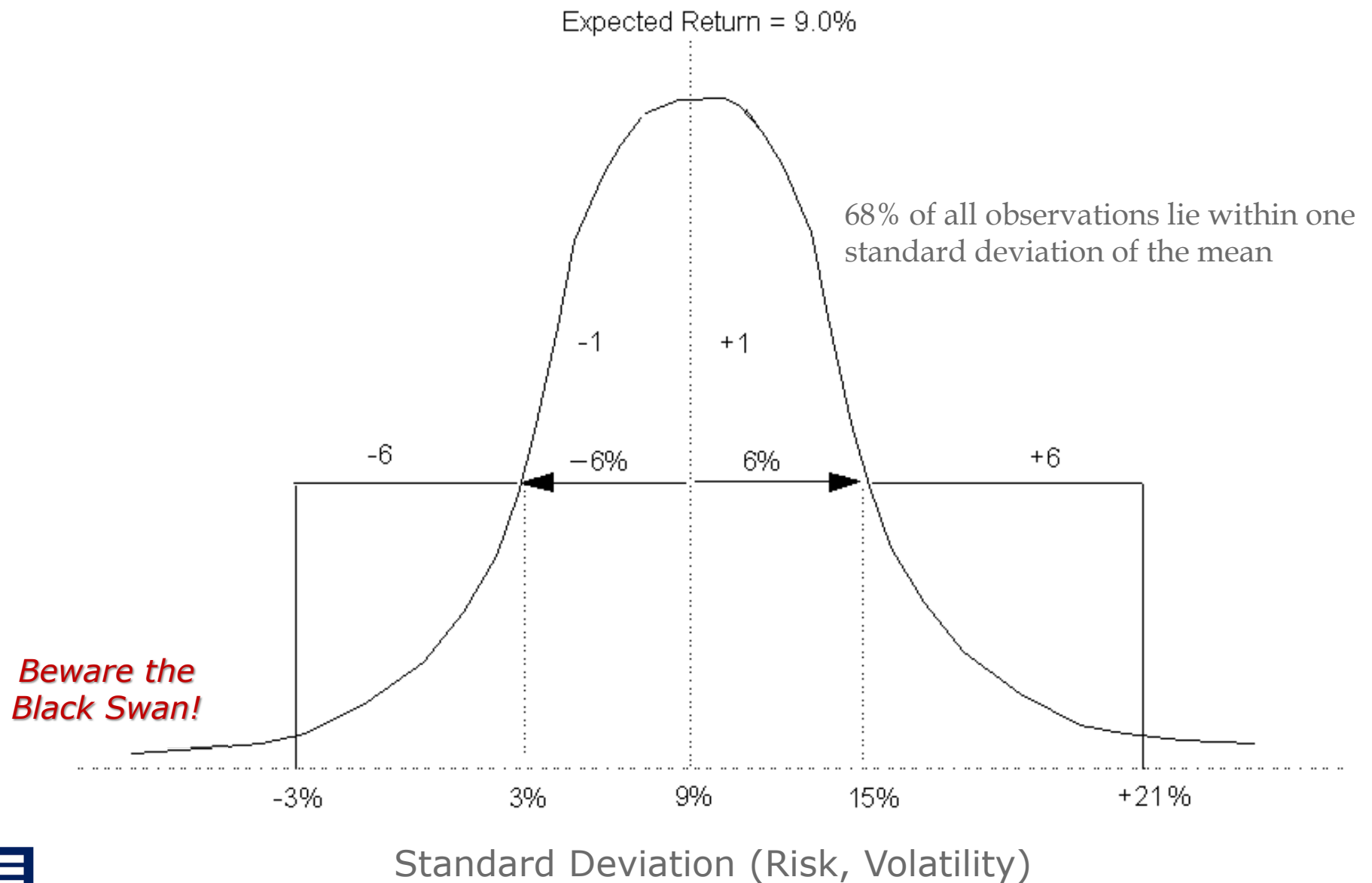
- Year 1: 10%
 - Year 2: -4%
 - Year 3: 15%
 - Compounded annualized (geometric) return is 6.69%

- **Geometric returns are always less than arithmetic returns**

- Reflects the fact that a given loss (say 10%) is worse than its equivalent gain
 - For example, you start with \$100 and lose 50%. You now have \$50. To get back to \$100, you will need to earn 100%

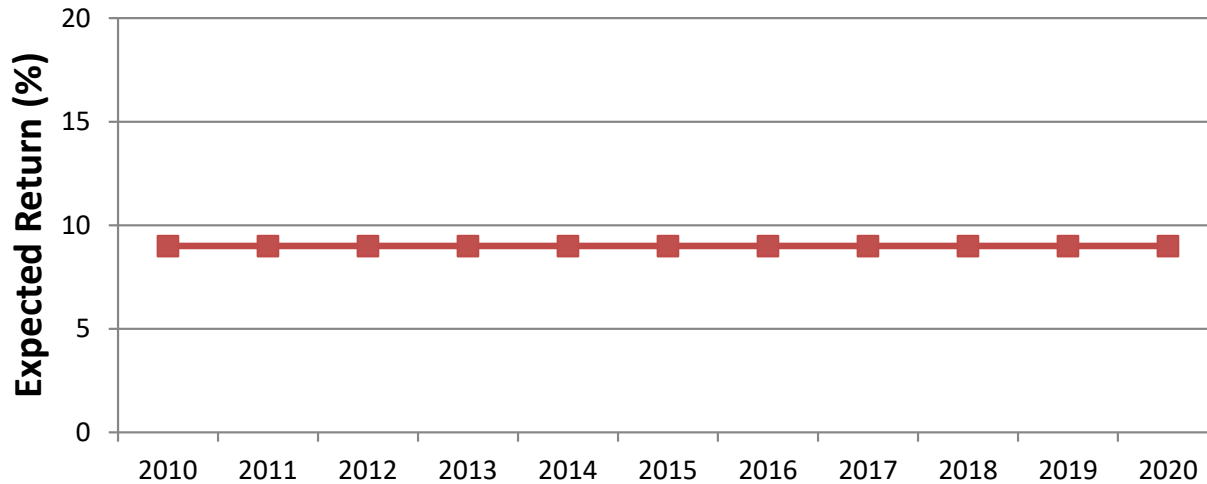
VOLATILITY

THE BELL CURVE - ONE STANDARD DEVIATION

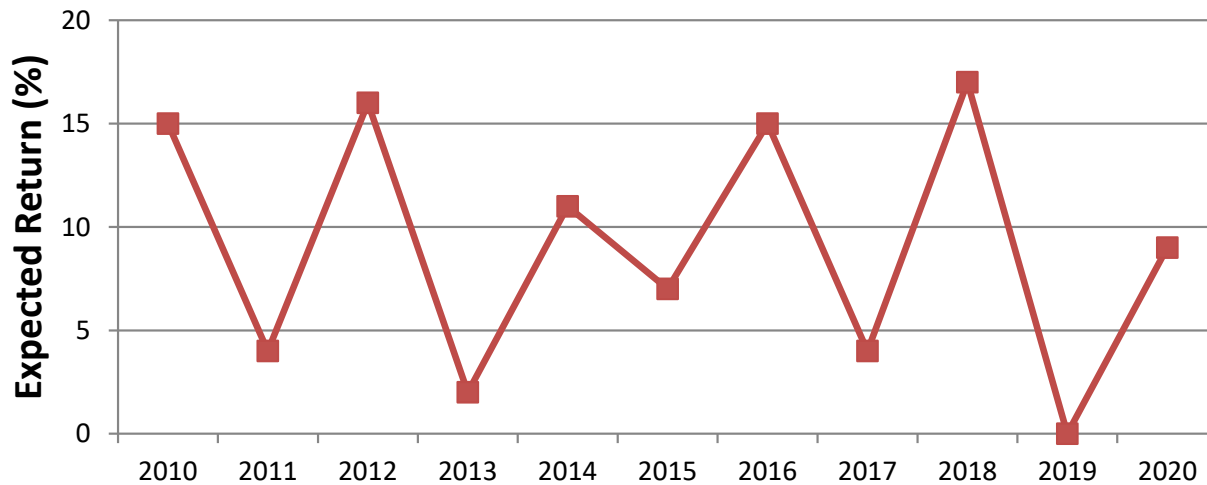


VOLATILITY (RISK)

WHICH PATTERN WOULD YOU CHOOSE?



Average Return = 9.0%
Standard Deviation = 0%



Average Return = 9.0%
Standard Deviation = 6.0%

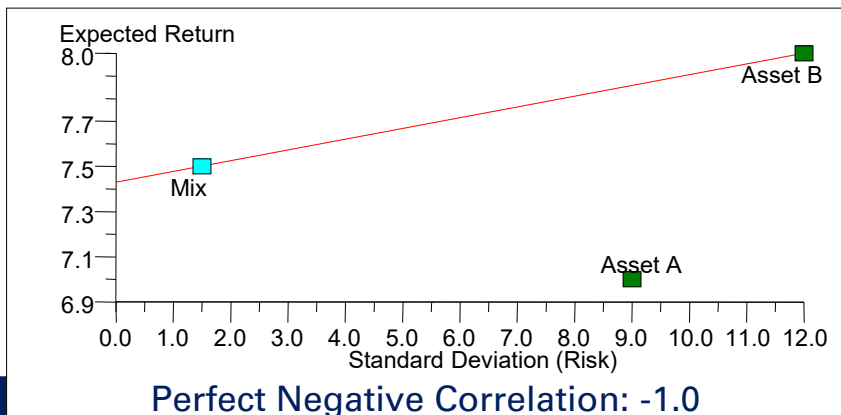
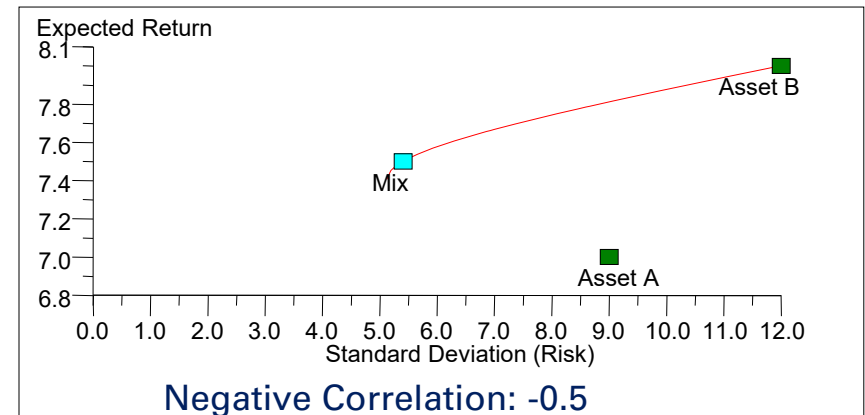
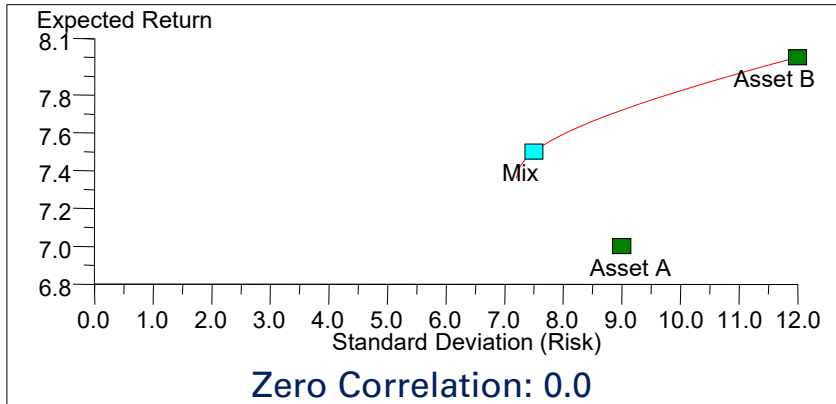
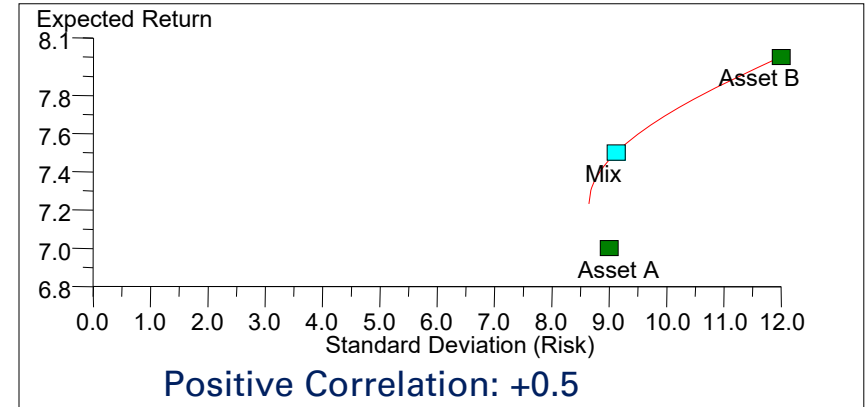
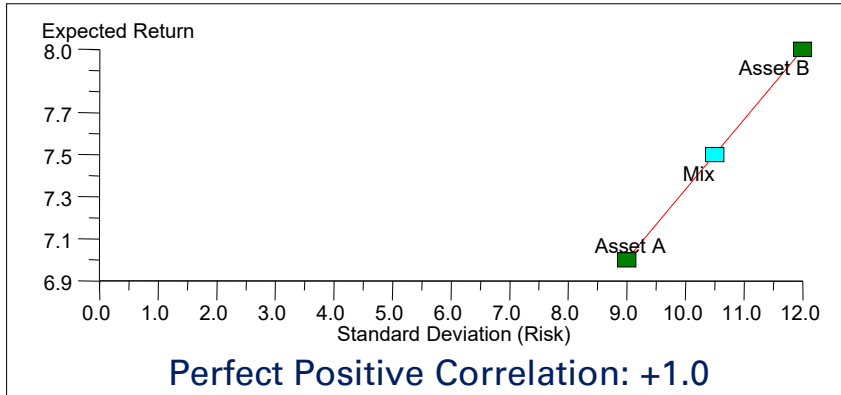


CORRELATION

- **Measures how two things vary relative to each other**
- **Scale is from -1.0 to 1.0**
 - +1.0 is perfect correlation
 - The two things behave exactly alike
 - 0.0 indicates no correlation
 - 1.0 is perfect negative correlation
 - The two things behave exactly opposite of each other
 - One goes up while the other goes down
- **Partial Correlation is common**
- **Correlations between assets are very important in the asset allocation process**
 - Combining unlike assets lessens portfolio volatility

	Year 1	Year 2	Year 3
A	20%	-5%	0%
B	-10%	15%	10%
Portfolio	10%	10%	10%

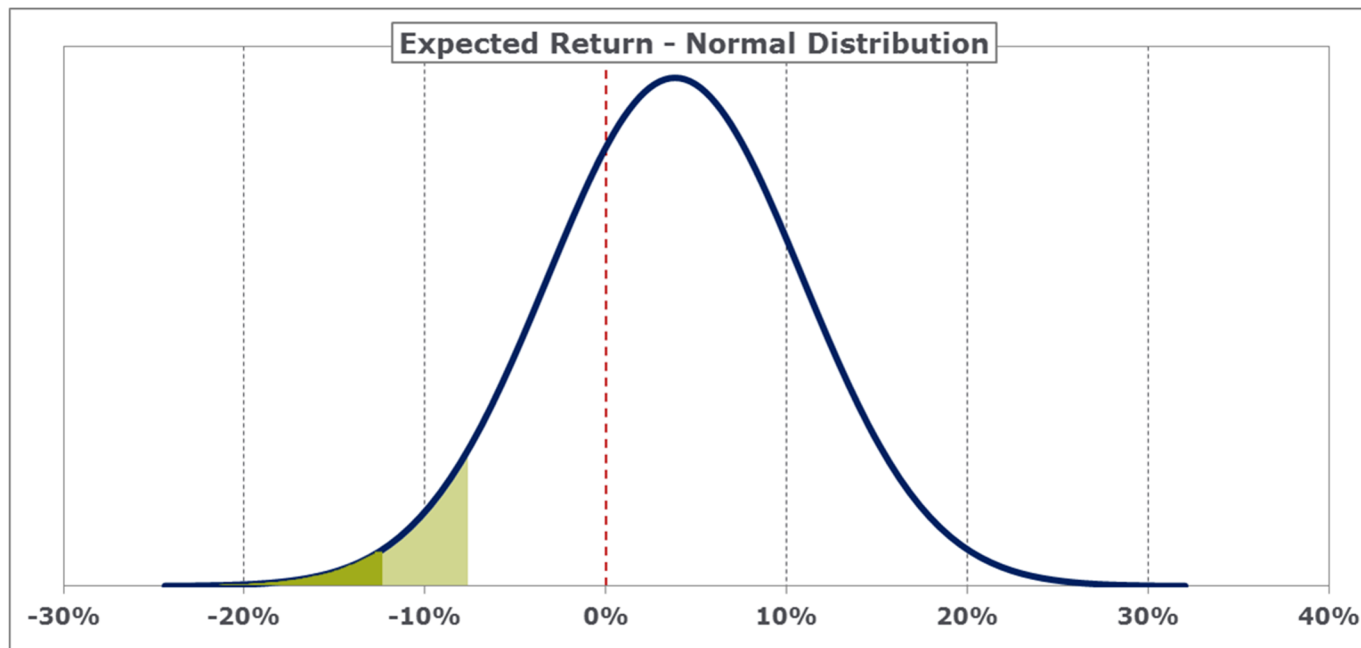
CORRELATION ILLUSTRATIONS



- The lower the correlation, the greater the risk reduction

CORRELATION NOTES

- Correlations are normally fairly stable
- **Market crisis: Correlations move toward 1**
 - Diversification fails when you need it most; tail risk



APPENDIX: REVIEW OF CAPITAL MARKET ASSUMPTIONS



10-YEAR RETURN FORECASTS

EQUITY

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
U.S. Large-Cap Equity	4.4%	5.4%	-1.0%
U.S. Small/Mid-Cap Equity	6.0%	6.5%	-0.5%
Non-U.S. Developed Equity	4.6%	5.6%	-1.0%
Non-U.S. Developed Equity (USD Hedge)	4.8%	5.8%	-1.0%
Non-U.S. Developed Small-Cap Equity	6.4%	6.7%	-0.3%
Emerging Market Equity	8.6%	9.6%	-1.0%
Emerging Market Small-Cap Equity	7.9%	9.3%	-1.4%
Hedge Fund - Equity	5.5%	6.0%	-0.5%
Private Equity - Buyout	7.4%	7.7%	-0.3%
Private Equity - Growth	8.7%	8.8%	-0.1%
Private Equity - Early Stage Venture	9.8%	10.0%	-0.2%
Private Equity - Secondary	6.9%	7.2%	-0.3%
Non-U.S. Private Equity	10.3%	10.4%	-0.1%
China Equity	9.9%	8.7%	+1.2%
Global Equity*	5.4%	6.3%	-0.9%
Private Equity*	9.0%	9.2%	-0.2%



*Calculated as a blend of other asset classes

10-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
Cash	3.9%	4.0%	-0.1%
US TIPS	4.6%	4.4%	+0.2%
US Treasury Bond	4.2%	4.2%	-
US Corporate Bond	5.3%	5.9%	-0.6%
US Corporate Bond - AAA	4.4%	4.9%	-0.5%
US Corporate Bond - AA	4.6%	5.0%	-0.4%
US Corporate Bond - A	5.1%	5.6%	-0.5%
US Corporate Bond - BBB	5.6%	6.2%	-0.6%
US Mortgage-Backed Securities	4.4%	4.5%	-0.1%
US Securitized Bond	5.2%	5.2%	-
US Collateralized Loan Obligation	5.5%	5.8%	-0.3%
US Municipal Bond	3.5%	4.4%	-0.9%
US Municipal Bond (1-10 Year)	2.9%	3.2%	-0.3%
US Taxable Municipal Bond	5.3%	5.5%	-0.2%

10-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
Non-US Government Bond	2.4%	2.6%	-0.2%
Non-US Government Bond (USD Hedge)	2.6%	2.9%	-0.3%
Non-US Inflation-Linked Bond (USD Hedge)	3.2%	3.4%	-0.2%
US Short-Term TIPS (1-3 Year)	4.7%	4.3%	+0.4%
US Short-Term Treasury Bond (1-3 Year)	4.4%	4.2%	+0.2%
US Short-Term Corporate Bond (1-3 Year)	5.4%	5.4%	-
US Intermediate-Term TIPS (3-10 Year)	4.6%	4.4%	+0.2%
US Intermediate-Term Treasury Bond (3-10 Year)	4.2%	4.2%	-
US Intermediate-Term Corporate Bond (3-10 Year)	5.6%	6.1%	-0.5%
US Long-Term TIPS (10-30 Year)	4.5%	4.5%	-
US Long-Term Treasury Bond (10-30 Year)	3.7%	4.0%	-0.3%
US Long-Term Corporate Bond (10-30 Year)	4.7%	5.8%	-1.1%
20+ Year US Treasury STRIPS	3.3%	3.9%	-0.6%
10 Year US Treasury Bond	4.2%	4.3%	-0.1%
10 Year Non-US Government Bond (USD Hedge)	2.1%	2.2%	-0.1%
US Aggregate Bond*	4.6%	4.8%	-0.2%

*Calculated as a blend of other asset classes



10-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
US High Yield Corporate Bond	6.1%	7.1%	-1.0%
US Corporate Bond - BB	6.8%	7.5%	-0.7%
US Corporate Bond - B	6.3%	7.5%	-1.2%
US Corporate Bond - CCC/Below	1.4%	2.9%	-1.5%
US Short-Term High Yield Corporate Bond (1-3 Year)	5.5%	6.2%	-0.7%
US Leveraged Loan	7.2%	7.8%	-0.6%
Emerging Market Investment Grade External Debt	5.0%	-	-
Emerging Market High Yield External Debt	9.0%	-	-
Emerging Market Local Currency Debt	6.1%	7.2%	-1.1%
US High Yield Securitized Bond	8.7%	8.9%	-0.2%
US High Yield Collateralized Loan Obligation	7.8%	8.5%	-0.7%
US High Yield Municipal Bond	4.5%	5.7%	-1.2%
Hedge Fund - Credit	6.6%	7.1%	-0.5%
Private Debt - Credit Opportunities	7.8%	8.2%	-0.4%
Private Debt - Distressed	8.6%	9.0%	-0.4%
Private Debt - Direct Lending	8.1%	8.8%	-0.7%
Private Debt*	8.3%	8.8%	-0.5%

*Calculated as a blend of other asset classes



10-YEAR RETURN FORECASTS

REAL ASSETS

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
Commodity Futures	4.6%	4.2%	+0.4%
Midstream Energy	5.5%	6.0%	-0.5%
REIT	6.0%	6.2%	-0.2%
Global Infrastructure Equity	6.6%	5.6%	+1.0%
Global Natural Resources Equity	6.2%	5.5%	+0.7%
Gold	4.9%	5.1%	-0.2%
Real Estate - Core	5.4%	4.0%	+1.4%
Real Estate – Value-Add	6.6%	5.8%	+0.8%
Real Estate - Opportunistic	7.6%	7.4%	+0.2%
Private Debt - Real Estate	6.3%	5.8%	+0.5%
Private Real Assets - Natural Resources	8.2%	8.1%	+0.1%
Private Real Assets - Infrastructure	6.8%	6.6%	+0.2%

30-YEAR RETURN FORECASTS

EQUITY

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
U.S. Large-Cap Equity	6.7%	6.9%	-0.2%
U.S. Small/Mid-Cap Equity	7.4%	7.4%	-
Non-U.S. Developed Equity	6.4%	6.7%	-0.3%
Non-U.S. Developed Equity (USD Hedge)	6.6%	6.9%	-0.3%
Non-U.S. Developed Small-Cap Equity	7.5%	7.5%	-
Emerging Market Equity	9.2%	9.6%	-0.4%
Emerging Market Small-Cap Equity	9.1%	9.6%	-0.5%
Hedge Fund - Equity	6.0%	6.2%	-0.2%
Private Equity - Buyout	8.8%	8.8%	-
Private Equity - Growth	9.7%	9.8%	-0.1%
Private Equity - Early Stage Venture	10.6%	10.6%	-
Private Equity - Secondary	8.2%	8.2%	-
Non-U.S. Private Equity	10.8%	10.8%	-
China Equity	9.5%	9.1%	+0.4%
Global Equity*	7.3%	7.5%	-0.2%
Private Equity*	10.1%	10.1%	-

*Calculated as a blend of other asset classes



30-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
Cash	3.4%	3.4%	-
US TIPS	4.7%	4.3%	+0.4%
US Treasury Bond	4.3%	4.1%	+0.2%
US Corporate Bond	5.9%	5.9%	-
US Corporate Bond - AAA	5.1%	5.1%	-
US Corporate Bond - AA	5.1%	5.0%	+0.1%
US Corporate Bond - A	5.5%	5.5%	-
US Corporate Bond - BBB	6.1%	6.1%	-
US Mortgage-Backed Securities	4.6%	4.4%	+0.2%
US Securitized Bond	5.4%	5.1%	+0.3%
US Collateralized Loan Obligation	4.9%	5.2%	-0.3%
US Municipal Bond	3.8%	3.9%	-0.1%
US Municipal Bond (1-10 Year)	3.5%	3.4%	+0.1%
US Taxable Municipal Bond	6.0%	5.8%	+0.2%

30-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
Non-US Government Bond	2.9%	3.2%	-0.3%
Non-US Government Bond (USD Hedge)	3.2%	3.4%	-0.2%
Non-US Inflation-Linked Bond (USD Hedge)	3.3%	3.6%	-0.3%
US Short-Term TIPS (1-3 Year)	4.4%	3.9%	+0.5%
US Short-Term Treasury Bond (1-3 Year)	4.2%	3.8%	+0.4%
US Short-Term Corporate Bond (1-3 Year)	5.2%	4.9%	+0.3%
US Intermediate-Term TIPS (3-10 Year)	4.7%	4.4%	+0.3%
US Intermediate-Term Treasury Bond (3-10 Year)	4.4%	4.2%	+0.2%
US Intermediate-Term Corporate Bond (3-10 Year)	6.0%	6.0%	-
US Long-Term TIPS (10-30 Year)	4.8%	4.6%	+0.2%
US Long-Term Treasury Bond (10-30 Year)	4.3%	4.3%	-
US Long-Term Corporate Bond (10-30 Year)	6.0%	6.2%	-0.2%
20+ Year US Treasury STRIPS	4.2%	4.3%	-0.1%
10 Year US Treasury Bond	4.8%	4.7%	+0.1%
10 Year Non-US Government Bond (USD Hedge)	2.8%	3.1%	-0.3%
US Aggregate Bond*	4.9%	4.7%	+0.2%

*Calculated as a blend of other asset classes



30-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
US High Yield Corporate Bond	7.1%	7.3%	-0.2%
US Corporate Bond - BB	7.7%	7.7%	-
US Corporate Bond - B	7.1%	7.2%	-0.1%
US Corporate Bond - CCC/Below	1.9%	2.1%	-0.2%
US Short-Term High Yield Corporate Bond (1-3 Year)	5.6%	5.5%	+0.1%
US Leveraged Loan	6.6%	6.9%	-0.3%
Emerging Market Investment Grade External Debt	5.9%	-	-
Emerging Market High Yield External Debt	8.4%	-	-
Emerging Market Local Currency Debt	5.5%	6.1%	-0.6%
US High Yield Securitized Bond	8.3%	8.1%	+0.2%
US High Yield Collateralized Loan Obligation	7.3%	7.7%	-0.4%
US High Yield Municipal Bond	4.9%	5.7%	-0.8%
Hedge Fund - Credit	7.0%	7.1%	-0.1%
Private Debt - Credit Opportunities	8.4%	8.4%	-
Private Debt - Distressed	9.3%	9.4%	-0.1%
Private Debt - Direct Lending	8.9%	9.1%	-0.2%
Private Debt*	9.0%	9.1%	-0.1%

*Calculated as a blend of other asset classes



30-YEAR RETURN FORECASTS

REAL ASSETS

Geometric Expected Return			
Asset Class	12/31/2023	12/31/2022	Delta
Commodity Futures	3.9%	3.2%	+0.7%
Midstream Energy	6.6%	6.7%	-0.1%
REIT	7.3%	7.3%	-
Global Infrastructure Equity	7.0%	6.7%	+0.3%
Global Natural Resources Equity	7.1%	6.6%	+0.5%
Gold	4.8%	4.8%	-
Real Estate - Core	6.1%	5.1%	+1.0%
Real Estate – Value-Add	7.3%	6.9%	+0.4%
Real Estate - Opportunistic	8.2%	8.6%	-0.4%
Private Debt - Real Estate	6.6%	6.0%	+0.6%
Private Real Assets - Natural Resources	8.7%	8.4%	+0.3%
Private Real Assets - Infrastructure	7.1%	7.0%	+0.1%

PRIVATE MARKETS COMPOSITES

PUBLIC MARKET BETA INPUTS FOR PRIVATE MARKETS

PRIVATE EQUITY

Buyout: 25% U.S. Large Cap, 75% U.S. Small/Mid Cap

Secondary: 25% U.S. Large Cap, 75% U.S. Small/Mid Cap

Growth: 100% U.S. Small/Mid Cap

Early-Stage Venture: 100% U.S. Small/Mid Cap

Non-U.S.: 70% International Small Cap, 30% Emerging Small Cap

Composite: 34% Buyout, 34% Growth, 15 % Non-U.S., 8.5% Secondary, 8.5% Early Venture

PRIVATE DEBT

Direct Lending: 100% Bank Loans

Distressed: 20% U.S. Small/Mid Cap, 60% U.S. High Yield, 20% Bank Loans

Credit Opportunities: 34% U.S. SMID Cap, 33% U.S. High Yield, 33% Bank Loans

Composite: 50% Direct Lending, 25% Credit Opportunities, 25% Distressed

PRIVATE REAL ASSETS

Energy: 30% Comm., 35% Midstream, 35% Public Resource Equity

Infra/Land: 30% Commodities, 70% Public Infrastructure

Private Real Estate Debt: 50% CMBS, 50% Real Estate - Core



VOLATILITY FORECASTS

EQUITY

Volatility			
Asset Class	12/31/2023	12/31/2022	Delta
U.S. Large-Cap Equity	17.2%	16.9%	+0.3%
U.S. Small/Mid-Cap Equity	21.0%	20.8%	+0.2%
Non-U.S. Developed Equity	19.7%	19.6%	+0.1%
Non-U.S. Developed Equity (USD Hedge)	17.7%	17.6%	+0.1%
Non-U.S. Developed Small-Cap Equity	24.2%	24.2%	-
Emerging Market Equity	28.1%	28.6%	-0.5%
Emerging Market Small-Cap Equity	31.4%	31.9%	-0.5%
Hedge Fund - Equity	11.0%	11.1%	-0.1%
Private Equity - Buyout	20.0%	20.0%	-
Private Equity - Growth	31.5%	31.4%	+0.1%
Private Equity - Early Stage Venture	46.5%	45.0%	+1.5%
Private Equity - Secondary	20.4%	21.0%	-0.6%
Non-U.S. Private Equity	32.0%	32.0%	-
China Equity	30.6%	30.7%	-0.1%
Global Equity*	18.2%	18.1%	+0.1%
Private Equity*	25.9%	25.7%	+0.2%



*Calculated as a blend of other asset classes

VOLATILITY FORECASTS

FIXED INCOME

Volatility			
Asset Class	12/31/2023	12/31/2022	Delta
Cash	0.6%	0.6%	-
US TIPS	6.0%	6.1%	-0.1%
US Treasury Bond	5.4%	5.4%	-
US Corporate Bond	7.7%	7.6%	+0.1%
US Corporate Bond - AAA	6.8%	6.5%	+0.3%
US Corporate Bond - AA	6.6%	6.4%	+0.2%
US Corporate Bond - A	7.6%	7.5%	+0.1%
US Corporate Bond - BBB	8.4%	8.4%	-
US Mortgage-Backed Securities	6.5%	6.5%	-
US Securitized Bond	8.0%	8.2%	-0.2%
US Collateralized Loan Obligation	7.7%	7.6%	+0.1%
US Municipal Bond	6.0%	6.0%	-
US Municipal Bond (1-10 Year)	4.5%	4.5%	-
US Taxable Municipal Bond	7.5%	7.5%	-

VOLATILITY FORECASTS

FIXED INCOME

Volatility			
Asset Class	12/31/2023	12/31/2022	Delta
Non-US Government Bond	9.5%	9.5%	-
Non-US Government Bond (USD Hedge)	4.1%	4.1%	-
Non-US Inflation-Linked Bond (USD Hedge)	6.7%	6.6%	+0.1%
US Short-Term TIPS (1-3 Year)	3.3%	3.4%	-0.1%
US Short-Term Treasury Bond (1-3 Year)	2.3%	2.3%	-
US Short-Term Corporate Bond (1-3 Year)	2.8%	2.8%	-
US Intermediate-Term TIPS (3-10 Year)	6.0%	6.0%	-
US Intermediate-Term Treasury Bond (3-10 Year)	5.9%	5.9%	-
US Intermediate-Term Corporate Bond (3-10 Year)	7.1%	7.1%	-
US Long-Term TIPS (10-30 Year)	12.4%	12.4%	-
US Long-Term Treasury Bond (10-30 Year)	11.8%	11.8%	-
US Long-Term Corporate Bond (10-30 Year)	11.9%	12.1%	-0.2%
20+ Year US Treasury STRIPS	20.7%	20.7%	-
10 Year US Treasury Bond	7.5%	7.5%	-
10 Year Non-US Government Bond (USD Hedge)	5.0%	5.1%	-0.1%
US Aggregate Bond*	5.8%	5.8%	-

*Calculated as a blend of other asset classes



VOLATILITY FORECASTS

FIXED INCOME

Volatility			
Asset Class	12/31/2023	12/31/2022	Delta
US High Yield Corporate Bond	11.2%	11.1%	+0.1%
US Corporate Bond - BB	9.7%	9.7%	-
US Corporate Bond - B	11.6%	11.7%	-0.1%
US Corporate Bond - CCC/Below	20.3%	20.3%	-
US Short-Term High Yield Corporate Bond (1-3 Year)	8.2%	8.5%	-0.3%
US Leveraged Loan	9.1%	9.1%	-
Emerging Market Investment Grade External Debt	8.7%	-	-
Emerging Market High Yield External Debt	17.5%	-	-
Emerging Market Local Currency Debt	12.7%	13.0%	-0.3%
US High Yield Securitized Bond	11.2%	11.1%	+0.1%
US High Yield Collateralized Loan Obligation	10.4%	10.4%	-
US High Yield Municipal Bond	12.0%	12.0%	-
Hedge Fund - Credit	9.9%	10.0%	-0.1%
Private Debt - Credit Opportunities	14.5%	14.8%	-0.3%
Private Debt - Distressed	14.4%	14.6%	-0.2%
Private Debt - Direct Lending	11.0%	11.0%	-
Private Debt*	11.8%	11.8%	-

*Calculated as a blend of other asset classes



VOLATILITY FORECASTS

REAL ASSETS

Volatility			
Asset Class	12/31/2023	12/31/2022	Delta
Commodity Futures	18.5%	18.5%	-
Midstream Energy	28.2%	28.8%	-0.6%
REIT	21.8%	21.7%	+0.1%
Global Infrastructure Equity	19.4%	20.6%	-1.2%
Global Natural Resources Equity	23.3%	23.5%	-0.2%
Gold	16.4%	16.3%	+0.1%
Real Estate - Core	15.0%	15.0%	-
Real Estate – Value-Add	23.4%	20.4%	+3.0%
Real Estate - Opportunistic	25.8%	23.3%	+2.5%
Private Debt - Real Estate	11.9%	11.9%	-
Private Real Assets - Natural Resources	32.3%	32.5%	-0.2%
Private Real Assets - Infrastructure	12.4%	12.4%	-

CORRELATIONS

Asset Class	Cash	US Large-Cap Equity	US Small/Mid-Cap Equity	Non-US Developed Equity	Non-US Developed Small-Cap Equity	Emerging Market Equity	Emerging Market Small-Cap Equity	Global Equity	Private Equity	US Aggregate Bond	US High Yield Corporate Bond	Non-US Government Bond	Private Debt	Real Estate - Core	Real Estate - Value-Add	Real Estate - Opportunistic	Real Estate - Non-Core	Private Real Assets - Natural Resources	Private Real Assets - Infrastructure	Hedge Fund
Cash	1.00	0.01	(0.03)	(0.01)	(0.01)	(0.04)	(0.03)	(0.01)	(0.02)	0.13	(0.05)	0.05	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	0.02	0.00	0.01
US Large-Cap Equity	0.01	1.00	0.87	0.83	0.78	0.71	0.76	0.96	0.91	0.13	0.67	0.20	0.63	0.49	0.71	0.78	0.76	0.41	0.48	0.86
US Small/Mid-Cap Equity	(0.03)	0.87	1.00	0.80	0.75	0.72	0.76	0.90	0.97	0.06	0.70	0.16	0.69	0.53	0.79	0.88	0.84	0.46	0.53	0.82
Non-US Developed Equity	(0.01)	0.83	0.80	1.00	0.94	0.79	0.87	0.94	0.85	0.12	0.67	0.37	0.64	0.48	0.67	0.73	0.71	0.48	0.52	0.84
Non-US Developed Small-Cap Equity	(0.01)	0.78	0.75	0.94	1.00	0.74	0.82	0.89	0.82	0.11	0.63	0.35	0.61	0.45	0.63	0.69	0.67	0.45	0.49	0.79
Emerging Market Equity	(0.04)	0.71	0.72	0.79	0.74	1.00	0.98	0.84	0.76	0.09	0.65	0.24	0.60	0.41	0.60	0.66	0.64	0.46	0.47	0.78
Emerging Market Small-Cap Equity	(0.03)	0.76	0.76	0.87	0.82	0.98	1.00	0.89	0.81	0.10	0.67	0.28	0.63	0.44	0.64	0.70	0.68	0.48	0.50	0.82
Global Equity	(0.01)	0.96	0.90	0.94	0.89	0.84	0.89	1.00	0.94	0.12	0.72	0.27	0.69	0.51	0.74	0.81	0.79	0.48	0.53	0.90
Private Equity	(0.02)	0.91	0.97	0.85	0.82	0.76	0.81	0.94	1.00	0.08	0.71	0.20	0.69	0.53	0.79	0.89	0.85	0.47	0.54	0.86
US Aggregate Bond	0.13	0.13	0.06	0.12	0.11	0.09	0.10	0.12	0.08	1.00	0.27	0.57	0.13	0.19	0.17	0.15	0.16	0.07	0.13	0.24
US High Yield Corporate Bond	(0.05)	0.67	0.70	0.67	0.63	0.65	0.67	0.72	0.71	0.27	1.00	0.25	0.93	0.57	0.72	0.75	0.74	0.44	0.51	0.85
Non-US Government Bond	0.05	0.20	0.16	0.37	0.35	0.24	0.28	0.27	0.20	0.57	0.25	1.00	0.15	0.21	0.22	0.21	0.22	0.27	0.27	0.34
Private Debt	(0.03)	0.63	0.69	0.64	0.61	0.60	0.63	0.69	0.69	0.13	0.93	0.15	1.00	0.55	0.70	0.73	0.72	0.46	0.52	0.80
Real Estate - Core	(0.03)	0.49	0.53	0.48	0.45	0.41	0.44	0.51	0.53	0.19	0.57	0.21	0.55	1.00	0.90	0.82	0.86	0.36	0.48	0.55
Real Estate - Value-Add	(0.03)	0.71	0.79	0.67	0.63	0.60	0.64	0.74	0.79	0.17	0.72	0.22	0.70	0.90	1.00	0.96	0.99	0.45	0.56	0.74
Real Estate - Opportunistic	(0.03)	0.78	0.88	0.73	0.69	0.66	0.70	0.81	0.89	0.15	0.75	0.21	0.73	0.82	0.96	1.00	0.99	0.47	0.57	0.80
Real Estate - Non-Core	(0.03)	0.76	0.84	0.71	0.67	0.64	0.68	0.79	0.85	0.16	0.74	0.22	0.72	0.86	0.99	0.99	1.00	0.46	0.57	0.78
Private Real Assets - Natural Resources	0.02	0.41	0.46	0.48	0.45	0.46	0.48	0.48	0.47	0.07	0.44	0.27	0.46	0.36	0.45	0.47	0.46	1.00	0.63	0.53
Private Real Assets - Infrastructure	0.00	0.48	0.53	0.52	0.49	0.47	0.50	0.53	0.54	0.13	0.51	0.27	0.52	0.48	0.56	0.57	0.57	0.63	1.00	0.57
Hedge Fund	0.01	0.86	0.82	0.84	0.79	0.78	0.82	0.90	0.86	0.24	0.85	0.34	0.80	0.55	0.74	0.80	0.78	0.53	0.57	1.00





APPENDIX: DISCLOSURES

NEPC DISCLOSURES

Past performance is no guarantee of future results.

NEPC, LLC is an investment consulting firm. We provide asset-liability studies for certain clients but we do not provide actuarial services. Any projections of funded ratio or contributions contained in this report should not be used for budgeting purposes. We recommend contacting the plan's actuary to obtain budgeting estimates.

The goal of this report is to provide a basis for substantiating asset allocation recommendations. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.

Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.

The projection of liabilities in this report uses standard actuarial projection methods and does not rely on actual participant data. Asset and liability information was received from the plan's actuary, and other projection assumptions are stated in the report.

All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

This report is provided as a management aid for the client's internal use only.

The goal of this report is to provide a basis for monitoring financial markets. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.

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Office of the Chief Executive Officer

DATE: April 18, 2024
TO: Members of the Board of Retirement
FROM: Dave Nelsen, Chief Executive Officer *DN*
SUBJECT: **Chief Executive Officer's Report**

Senior Manager Recruitment

None

Committee/Board Action Items

ASSIGNED FOLLOW-UP ITEMS

Follow-Up Board Item	Assigned Senior Leader	Estimated Completion Date	Completion Date	Notes
Off-Site Meeting	Dave Nelsen	Summer 2024		We will be gathering input and scheduling a Board Off-site meeting for later this year.

Conference/Event Schedule

I will be at the CALAPRS Leadership Academy as an instructor from April 22-24, and at SACRS from May 6-10.

Other Items

Business Planning Update

See Attached Memo regarding 2024 Business Plan.

Legislative Update

Attached is the monthly Legislative Update from the SACRS Lobbying Firm which discusses bills of interest and their status. The SACRS approved items are in separate bills, both of which are still active. There are a couple of other bills, related to the CERL, that Eric Stern and I are working with the bill sponsors and interested parties to provide feedback and amendments. One of these has some language that could be challenging for some systems to implement, and the other could lead to an expansion of the definition of pensionable compensation. These are AB 3025 and AB 2284.

Other Items

Budget: The monthly budget snapshot showed an overage of nearly \$300,000 for the month of January. This was primarily due to an unbudgeted increase in health care premium costs, which increased our fringe benefit costs significantly, as well as vacation sells that were either unanticipated or were budgeted for later in the year. As of the end of February, we are still over budget, but the amount of overage was slightly reduced. If this trend continues, we should be able to recover from the first month without budget adjustments.

Key Performance Indicators

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

Scorecard KPI	2022 Performance Goal
PRUDENT INVESTMENT PRACTICES	
Portfolio Performance vs. Policy Benchmark	<i>Annualized 10-year return will meet or exceed Policy benchmark at the total fund level</i> The results for February of 2024 were unavailable at the time of publication.
EFFECTIVE PLAN ADMINISTRATION	
Actual Spent vs. Approved Budget	<i>On budget or 10% below 2024 approved budget</i> As of February of 2024: 8% over budget.
COMPREHENSIVE ORGANIZATION DEVELOPMENT	
Employee Engagement Survey Results	<i>80% of responses in top two rating boxes on the question: "Is ACERA a great place to work?"</i> As of the latest survey (October of 2023): 73%.
SUPERIOR CUSTOMER SERVICE	
Service Excellence Survey	<i>80% of responses in top two rating boxes on the question: "Did ACERA meet or exceed my expectations for my customer service experience?"</i> For 4 th Quarter of 2023: 100%.

ACERA 2023-2024 BUSINESS PLANNING PROJECTS UPDATE

**1. Comprehensive Pension Administration System PG3 Training
Goal 2 (May 2023 – Fall 2024)**

Group 1 of 4 of the V3 job aids is complete. The scope of work for the job aids is at 27% of goal and on schedule. The second round of four Standard Operating Procedures is in its final stages of review.

**2. PGV3 Upgrade
Goal 2 (October 2024) & Goal 3**

User Acceptance Testing for the V3 member portal (Member Direct is underway with a target completion in early May, A plan for the rollout of Member Direct is now complete. Planning discussions for the employer portal (Employer Direct) are in progress. A timeline for implementation will be presented internally in early May.

**3. OnBase Case Manager and PG-OnBase Integration Activity:
Goal 2 (Complete in August 2024) & Goal 3**

Cutover readiness planning to the V3 environment for the Case Managers continue with a target finish of late June 2024 as scheduled.

**4. Investment license services for private market & Subscription
Goal 1 (March 2023 – September 30, 2024)**

As part of monthly reporting and Total Fund snapshot reports to the Board, Investments produces materials that report performance of funds compared to the appropriate benchmarks. However, Investments does not have the license to access Private Market benchmarks and has not been able to include the benchmark data. Investments has been researching vendors and will obtain direct access to the Cambridge Associates Private Benchmark data through S&P Dow Jones Indices. This vendor can provide ACERA and the State Street Bank Performance team with the necessary access to aid in providing timely benchmark performance reporting monthly. Staff has several ongoing actions related to this project, including meeting with NEPC for their recommendation on benchmarks, NEPC's ability to provide monthly performance reporting, and then following up with S&P Dow Jones Indices vendor for pricing options. The initiative is underway, and the project is at about 30%.

**5. WFE Phase II
Goal 2 (Complete in October 2024)**

OnBase will be the platform used for Workforce Excellence materials, namely evaluations and coaching tracking. It will house the needed files, allow for access by appropriate team members to complete these tasks, and it will automatically calculate the related metrics for ACERA-wide KPIs.

6. Agency Intranet solution Implementation

Goal 2 (September 2024)

The design for agency procedure templates for phase 1 of the agency intranet is complete. Content for the intranet for PG3 readiness is ready and will be added in late April. Training on adding and maintaining materials is scheduled for late April. The departments initiated the work for organizing and categorizing network files for the migration pre-work.

7. Expense Submission Phase II - Software Training

Goal 3 (March 2024 through May 2024)

Expensify software subscription was tested and selected during Phase I, research segment of the project during 2023. Phase II training sessions with the Trustees are in progress with a target completion of training in early May. Expensify is being used to submit expenses for conferences attended throughout the training period. Discussions on coordination of Expensify submissions with fiscal services in the reimbursement process have initiated.

8. Great Plains Update Planning and Process Improvement Review

Goal 3 (March 2024 – December 2024)

During calendar year 2024 Accounting processes and interfaces will be reviewed for process improvement opportunities. The technology and fiscal services teams will work together to research the best tools and technology for upgrades in this area. The processes fiscal services will review are primarily around Accounts Payable.

LEGISLATIVE UPDATE



EDELSTEIN GILBERT ROBSON & SMITH ^{LLC}

Donald B. Gilbert Michael R. Robson Trent E. Smith Jason D. Ikerd ^{Associate}

April 4th, 2024

TO: State Association of County Retirement Systems
FROM: Edelman Gilbert Robson & Smith, LLC
RE: Legislative Update – April 2024

The Legislature returned from its Spring Recess on March 21st and committee hearings are in full swing. April is traditionally the busiest month of the year for the Legislature as the newly introduced bills must be passed out of policy committees by the end of the month. Some of the committee agendas will be very long and hearings commonly go well into the evening. Most of May and early June will be dedicated to addressing the State's massive budget deficit, which is estimated to be between \$37 and \$73 billion, depending on who you ask. So far, the Governor and Legislature have failed to agree on an "early action" budget compromise intended to shrink the deficit by making cuts in the current budget year. The stalemate on cutting some non-controversial items in the current year does not bode well for the larger budget decisions that must be made by the June 15 deadline to pass a State Budget.

A few bills of interest to SACRS have recently been amended, which we have outlined below:

- **AB 3025** – This is an amended spot bill. The new text of requires county retirement systems to adjust benefits for retired members, survivors, or beneficiaries whose final compensation included disallowed compensation, crediting contributions made on the disallowed compensation, and establishing conditions for repayment by employers, while also authorizing employers to submit proposed compensation items for pension calculations for review and guidance from the retirement system. SACRS Legislative Committee Co-Chairs met with the sponsors of AB 3025 and are working collaboratively to make sure SACRS systems can properly implement the bill.

- **SB 1499** – This measure aligns the Personal Income Tax Law with federal law by adjusting catch-up limits for retirement contributions based on age and increasing contribution limits for simple plans, while also requiring additional information for any bill authorizing a new tax expenditure. Amended to strike Sections 408(p)(2) and Section 414(v)(2) of the line 16 Internal Revenue Code from applying. The amendments also establish a 2029 deadline for the Legislative Analyst’s Office to submit a report on how many taxpayers are utilizing these tax benefits.
- **SB 908** – This bill, previously the Government Transparency Act Initiative, has been gutted and amended. It is now a public health bill on fentanyl and will be removed from the SACRS tracking list.
- **AB 2770** – As amended, this bill revises the interest calculation for purchasing additional service credit and redepositing retirement contributions in the State Teachers’ Retirement System, requiring members to sign and return necessary documents within 35 days, and extends the repeal date for disability retirement provisions related to post-traumatic stress disorder; it also removes return receipt requirements for the payment of accumulated contributions to discontinued members and makes technical changes to the Judges’ Retirement Law. This bill recently passed out of committee.
- **SB 1240** – This bill allows a successor agency for the El Dorado County Fire Protection District and the Diamond Springs Fire Protection District to provide their employees with the defined benefit plan or formula they received prior to annexation, making legislative findings and declarations for the necessity of a special statute for the County of El Dorado, and declaring it to take effect immediately as an urgency statute. Amended to strike language requiring the successor agency to designate surviving contracts within 180 days of the annexation.
- **SB 1260** – This bill was gutted and amended. Previously, this bill would have established the Office of the Inspector General for the Public Employees’ Retirement System (CalPERS), appointing an Inspector General to oversee internal investigations, the disciplinary process, and audits or reviews of CalPERS. Now, this is a transportation bill regarding high-speed rail and will be removed from the SACRS tracking list.
- **AB 2284** – authorizes a retirement system, to the extent that it has not defined work classification “grades” to define “grade” to mean a number of employees considered together because they share similarities in job duties, schedules, unit recruitment requirements, work location, collective bargaining unit, or other logical work-related grouping. SACRS Legislative Committee Co-Chairs met with the sponsors and will continue to work on the bill to ensure it can be enacted in compliance with PEPRA.

- **AB 2474** – amends the County Employees Retirement Law of 1937 regarding benefit payments and overpayments, allowing for retirement allowances or benefits to be deposited into prepaid accounts, extending the period of employment for retired persons in certain positions, and considering a retired person's retirement allowance as an overpayment subject to collection if they are employed beyond specified limits. This bill continues to be discussed with amendments forthcoming.
- **AB 2301** – As amended, this bill, the Sacramento Area Sewer District Pension Protection Act of 2024, would transfer employees and associated obligations from the County of Sacramento to the Sacramento Area Sewer District, ensuring continuity of retirement benefits and assuming rights and obligations under existing retirement laws, with legislative findings emphasizing the necessity of a special statute for the County of Sacramento, and declaring it an urgency statute to take effect immediately.