



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

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

THIS MEETING WILL BE CONDUCTED VIA TELECONFERENCE PER GOV'T CODE § 54953(e)

ACERA MISSION:

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

**Wednesday, June 1, 2022
9:30 a.m.**

ZOOM INSTRUCTIONS	COMMITTEE MEMBERS	
The public can view the Teleconference and comment via audio during the meeting. To join this Teleconference, please click on the link below. https://zoom.us/join Call-In Number: 1 699 900 6833 Meeting ID: 879 6337 8479 Password: 699406 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	OPHELIA BASGAL, CHAIR	APPOINTED
	KELLIE SIMON, VICE CHAIR	ELECTED GENERAL
	KEITH CARSON	APPOINTED
	HENRY LEVY	TREASURER
	GEORGE WOOD	ELECTED GENERAL

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

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

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

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

OPERATIONS COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 2 of 2 – June 1, 2022

Call to Order: 9:30 a.m.

Roll Call

Public Input (Time Limit: 4 minutes per speaker)

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

None

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

1. MMRO Annual Report

- Sandra Dueñas-Cuevas
- Doug Minke, MMRO

2. Operating Expenses as of 04/30/22

- Lisa Johnson

3. ACERA Board of Retirement Election 2022 Update

- Lisa Johnson

4. Technology Update

- Vijay Jagar

Trustee Remarks

Future Discussion Items

July (Presented at Board Meeting)

- Operating Expenses as of 05/31/22

August

- Operating Expenses as of 06/30/22
- Quarterly Financial Statements as of 06/30/22
- Quarterly Cash Forecast Report
- Board Member Conference Expense Report as of 06/30/22
- Senior Manager Conference and Training Expense Report as of 06/30/22
- Mid-Year review of 2022 ACERA Operating Expense Budget
- 2021 ACFR Report

Establishment of Next Meeting Date

August 3, 2022, at 9:30 a.m.


Adjournment



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: June 1, 2022

TO: Members of the Operations Committee

FROM: Sandra Dueñas-Cuevas, Benefits Manager 

SUBJECT: **Managed Medical Review Organization (MMRO) Update**

The attached information regarding disability applications processed by Managed Medical Review Organization (MMRO) will be presented at the June Operations Committee meeting.

Attachment

Status Report on Managed Medical Review Organization (MMRO)

Operations Committee Meeting
June 1, 2022

Sandra Dueñas-Cuevas– Benefits Manager



MMRO Performance - Standard Cases

Duration of time to review, exhibit, conduct member outreach before disability packet is distributed to applicant and employer for comment review period	Average 63 days
Duration of time from completion of comment period to production and receipt of medical recommendation report	Average 39 days

- Duration periods were calculated based on cases completed from **June 1, 2021** to present
- Total days increased from a total of **86 to 102 days** when compared to the report previously provided to the Operations Committee in August 2021.
- Cases included in average numbers did not need an Independent Medical Examination (IME), Peer Review, or submit additional records after the initial file was deemed complete

MMRO Performance (continued)

Completed Cases	34
Cases in Progress	28
Cases Requiring Annual Examination	0

Non-Standard Cases

Type of Cases	Number
Cases in need of IME, IPE or Peer Review ➤ These cases will take longer to process due to scheduling of examinations, receipt of report, review time of parties and final completion of medical recommendations	5
Employer Filed Applications ➤ These cases may take longer to process due to additional information needed to make a determination.	3
Contested Cases ➤ The recommendation for these cases are being contested by the employer or the applicant and anticipated to be scheduled for hearing	2

Year Over Year Performance

	MMRO 2017 – 2018 Average	MMRO 2018 – 2019 Average	MMRO 2019 – 2020 Average	MMRO 2020 – 2021 Average	MMRO 2021 – 2022 Average
Phase 1 Exhibiting	69	54	52	59	63
Phase 2 Medical Advisor Report	28	40	34	27	39
<i>Total Days</i>	97	94	86	86	102



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: June 1, 2022

TO: Members of the Operations Committee

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Operating Expenses and Budget Summary for the period ended April 30, 2022

ACERA's operating expenses are \$671K under budget for the period ended April 30, 2022. Budget overages and surpluses worth noting are as follows:

Budget Overages

1. *Member Services*: Member Services are \$2K over budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$7K), and member training and education of (\$2K), offset by overages in members printing and postage of \$9K, and health reimbursement account of \$2K.
2. *Depreciation*: Depreciation is \$3K over budget.

Budget Surpluses

3. *Staffing*: Staffing is \$417K under budget. This amount comprises surpluses in staff vacancies of (\$143K), and fringe benefits of (\$322K), offset by an overage in temporary staffing of \$48K due to some vacant positions filled by temporary staff.
4. *Staff Development*: Staff Development is \$13K under budget due to savings from unattended staff trainings and conferences.
5. *Professional Fees*: Professional Fees are \$34K under budget. This amount comprises surpluses in legal fees of (\$33K), and operations consultant fees of (\$1K).
6. *Office Expense*: Office Expense is \$74K under budget. This amount comprises surpluses in printing and postage of (\$5K) and office maintenance and supplies of (\$18K) both due to savings in usage, communication expenses of (\$18K), building expenses of (\$27K), minor equipment and furniture of (\$3K), and equipment lease and maintenance of (\$4K), offset by an overage in bank charges of \$1K.
7. *Systems*: Systems are \$40K under budget. This amount comprises surpluses in software maintenance and support of (\$35K), county data processing of (\$2K), and minor computer hardware of (\$3K).
8. *Board of Retirement*: Board of Retirement is \$98K under budget. This amount comprises surpluses in board conferences and trainings of (\$97K) mainly due to unattended trainings and conferences, board miscellaneous expenses of (\$4K), and board compensation of (\$3K), offset by an overage in board employer reimbursement of \$6K.

Operating Expenses Budget Summary for the period ended April 30, 2022

Staffing Detail

Permanent vacant positions as of April 30, 2022:

Department	Position	Qty	Comments
Administration	Clerk II	1	Vacant - currently budgeted for the year
Benefits	Senior Retirement Technician	2	Vacant - currently budgeted for the year
Fiscal	Retirement Accountant II	1	Vacant - currently budgeted for the year
Investments	Investment Analyst	1	Vacant - currently budgeted for the year
Total Positions		5	

Pension Administration System Project as of April 30, 2022					
All amounts are in \$	Year-To-Date			2022 Budget	2019-21 Actual
	Actual	Budget	Variance		
Consultant Fees					
Levi, Ray and Shoup	28,337	175,000	(146,663)	525,000	2,041,606
Segal	123,285	136,667	(13,382)	410,000	1,203,390
Other expenses	-	-	-	-	1,500
Leap Technologies	-	-	-	-	98,970
Total	151,622	311,667	(160,044)	935,000	3,345,466
Staffing	196,389	235,667	(39,278)	707,000	1,515,887
TOTAL	348,011	547,334	(199,323)	1,642,000	4,861,353

Attachments:

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



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

YEAR TO DATE - ACTUAL VS. BUDGET					
<i>April 30, 2022</i>					
	<u>Actual</u>	<u>Budget</u>	<u>YTD</u>	<u>2022</u>	<u>% Actual to</u>
	<u>Year-To-Date</u>	<u>Year-To-Date</u>	<u>Variance</u>	<u>Annual</u>	<u>Annual Budget</u>
			<u>(Under)/Over</u>	<u>Budget</u>	
Staffing	\$ 5,041,384	\$ 5,458,320	\$ (416,936)	\$ 16,941,000	29.8%
Staff Development	62,590	74,930	(12,340)	279,000	22.4%
Professional Fees (Next Page)	399,878	434,060	(34,182)	1,146,000	34.9%
Office Expense	140,677	214,450	(73,773)	659,000	21.3%
Insurance	177,145	177,640	(495)	550,000	32.2%
Member Services	117,772	115,240	2,532	393,000	30.0%
Systems	354,228	394,160	(39,932)	1,207,000	29.3%
Depreciation	41,567	38,900	2,667	114,000	36.5%
Board of Retirement	143,349	241,500	(98,151)	656,000	21.9%
Uncollectable Benefit Payments	-	-	-	56,000	0.0%
Total Operating Expense	\$ 6,478,590	\$ 7,149,200	\$ (670,610)	\$ 22,001,000	29.4%



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET

April 30, 2022

	<u>Actual Year-To-Date</u>	<u>Budget Year-To-Date</u>	<u>YTD Variance (Under)/Over</u>	<u>2022 Annual Budget</u>	<u>% Actual to Annual Budget</u>
Professional Fees					
Consultant Fees - Operations and Projects ¹	\$ 143,267	\$ 144,440	\$ (1,173)	\$ 384,000	37.3%
Actuarial Fees ²	128,316	128,400	(84)	420,000	30.6%
External Audit ³	94,400	94,400	-	142,000	66.5%
Legal Fees ⁴	33,895	66,820	(32,925)	200,000	16.9%
Total Professional Fees	\$ 399,878	\$ 434,060	\$ (34,182)	\$ 1,146,000	34.9%

	<u>Actual Year-To-Date</u>	<u>Budget Year-To-Date</u>	<u>YTD Variance (Under)/Over</u>	<u>2022 Annual Budget</u>	<u>% Actual to Annual Budget</u>
¹ CONSULTANT FEES - OPERATIONS AND PROJECTS:					
Administration					
Banking transition consultant fees	33,200	33,200	-	50,000	
Total Administration	33,200	33,200	-	50,000	0.0%
Benefits					
Alameda County HRS (Benefit Services)	42,000	42,000	-	126,000	33.3%
Segal (Benefit Consultant/Retiree Open Enrollment)	42,400	43,640	(1,240)	131,000	32.4%
Total Benefits	84,400	85,640	(1,240)	257,000	32.8%
Human Resources					
Lakeside Group (County Personnel)	25,667	25,600	67	77,000	33.3%
Total Human Resources	25,667	25,600	67	77,000	33.3%
Total Consultant Fees - Operations	\$ 143,267	\$ 144,440	\$ (1,173)	\$ 384,000	37.3%
² ACTUARIAL FEES					
Actuarial valuation	40,500	40,500	-	81,000	50.0%
GASB 67 & 68 Valuation	-	-	-	51,000	0.0%
GASB 74 & 75 Actuarial	-	-	-	15,000	0.0%
Actuarial Standard of Practice 51 Pension Risk	-	-	-	30,000	0.0%
Supplemental Consulting	66,316	66,400	(84)	200,000	33.2%
Supplemental Retiree Benefit Reserve valuation	21,500	21,500	-	43,000	50.0%
Total Actuarial Fees	\$ 128,316	\$ 128,400	\$ (84)	\$ 420,000	30.6%
³ EXTERNAL AUDIT					
External audit	78,400	78,400	-	119,000	65.9%
GASB 67 & 68 audit	8,000	8,000	-	11,000	72.7%
GASB 74 & 75 audit	8,000	8,000	-	12,000	66.7%
Total External Audit Fees	\$ 94,400	\$ 94,400	\$ -	\$ 142,000	66.5%
⁴ LEGAL FEES					
<u>Fiduciary Counseling & Litigation</u>					
Nossaman - Fiduciary Counseling	4,007	5,835	(1,829)	17,500	14%
Reed Smith - Fiduciary Counseling	2,542	2,917	(375)	8,750	7%
Nossaman - Litigation	9,755	12,920	(3,165)	38,750	31%
Reed Smith - Litigation	16,720	20,008	(3,288)	60,000	48%
Subtotal	33,023	41,680	(8,657)	125,000	26.4%
<u>Tax and Benefit Issues</u>					
Hanson Bridgett	798	8,340	(7,543)	25,000	
Subtotal	798	8,340	(7,543)	25,000	3.2%
<u>Miscellaneous Legal Advice</u>					
Meyers Nave	75	16,800	(16,725)	50,000	
Subtotal	75	16,800	(16,725)	50,000	0.2%
Total Legal Fees	\$ 33,895	\$ 66,820	\$ (32,925)	\$ 200,000	16.9%

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TOTAL EXPENDITURES VS. PRIOR YEAR ACTUAL
For the Four Months Ending 4/30/2022

	<i>For the Month of April 2022</i>	<i>For the Month of April 2021</i>	Variance	<i>Year-To-Date 2022</i>	<i>Year-To-Date 2021</i>	Variance
STAFFING						
Salaries	825,027	757,736	67,291	3,218,787	3,031,492	187,295
Fringe Benefits	347,124	308,452	38,672	1,686,864	1,548,939	137,925
Temporary & Other Staffing Cost	38,802	64,127	(25,325)	135,733	224,459	(88,726)
Staffing Total	1,210,953	1,130,315	80,638	5,041,384	4,804,890	236,494
STAFF DEVELOPMENT	12,219	10,805	1,414	62,590	46,923	15,667
PROFESSIONAL FEES						
Actuarial Fees	16,600	15,830	770	128,316	120,496	7,820
Consultant Fees - Operations	35,817	27,517	8,300	143,267	110,067	33,200
Consultant Fees - Legal	14,248	17,762	(3,514)	33,895	52,578	(18,683)
External Audit	23,600	27,000	(3,400)	94,400	103,000	(8,600)
Professional Fees Total	90,265	88,109	2,156	399,878	386,141	13,737
OFFICE EXPENSE						
Bank Charges & Misc. Admin	11,454	10,023	1,431	45,049	38,866	6,183
Building Expenses	511	6,330	(5,819)	2,452	27,550	(25,098)
Communications	11,463	8,226	3,237	44,949	30,705	14,244
Interest expense on lease liability - GASB-87	910	1,346	(436)	3,869	5,584	(1,715)
Amortization expense of lease assets - GASB-87	3,548	3,548	0	14,191	14,191	0
Equipment Lease/Maintenance	5,495	3,020	2,475	18,331	15,186	3,145
Minor Equipment and Furniture	130	0	130	2,620	228	2,392
Office Supplies/Maintenance	679	4,310	(3,631)	4,538	11,539	(7,001)
Printing & Postage	1,358	885	473	4,678	3,512	1,166
Office Expense Total	35,548	37,688	(2,140)	140,677	147,361	(6,684)
INSURANCE	44,286	65,736	(21,450)	177,145	262,942	(85,797)
MEMBER SERVICES						
Disability - Legal Arbitration & Transcripts	0	0	0	7,942	0	7,942
Disability Medical Expense	15,610	10,460	5,150	41,074	49,610	(8,536)
Disability Claims Management	3,850	3,850	0	15,400	15,400	0
Health Reimbursement Acct. (HRA)	5,058	4,455	603	22,078	19,541	2,537
Member Training & Education	419	419	0	1,859	1,768	91
Printing & Postage - Members	4,948	2,153	2,795	29,419	15,255	14,164
Virtual Call Center	0	4,723	(4,723)	0	18,860	(18,860)
Member Services Total	29,885	26,060	3,825	117,772	120,434	(2,662)

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
 TOTAL EXPENDITURES VS. PRIOR YEAR ACTUAL
 For the Four Months Ending 4/30/2022

	For the Month of April 2022	For the Month of April 2021	Variance	Year-To-Date 2022	Year-To-Date 2021	Variance
SYSTEMS						
Business Continuity Expense	17,037	16,065	972	64,521	66,893	(2,372)
County Data Processing	10,394	9,700	694	41,521	39,637	1,884
Minor Computer Hardware	367	262	105	10,044	8,941	1,103
Software Maintenance & Support	57,773	62,040	(4,267)	238,142	204,805	33,337
Systems Total	85,571	88,067	(2,496)	354,228	320,276	33,952
DEPRECIATION						
Depreciation Expense	10,392	9,752	640	41,567	39,010	2,557
BOARD OF RETIREMENT						
Board Compensation	2,800	2,600	200	7,200	7,800	(600)
Board Conferences & Training	720	50	670	9,835	5,281	4,554
Board Employer Reimbursement	28,250	30,000	(1,750)	118,605	37,014	81,591
Board Miscellaneous Expense	1,072	664	408	3,766	2,891	875
Board Software Maint. & Support	986	988	(2)	3,943	3,953	(10)
Board of Retirement Total	33,828	34,302	(474)	143,349	56,939	86,410
GRAND TOTALS	1,552,947	1,490,834	62,113	6,478,590	6,184,916	293,674



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: June 1, 2022

TO: Members of the Operations Committee

FROM: Lisa Johnson, Assistant Chief Executive Officer

SUBJECT: **ACERA 2022 Board of Retirement Election**

A handwritten signature in blue ink, appearing to read "Lisa Johnson", is written over the "FROM:" line.

Executive Summary

ACERA's 2022 election will be conducted for the following seats on the Board of Retirement:

- Third member to represent the general membership
- Seventh member to represent the safety membership
- Seventh member Alternate to represent the safety membership
- Eighth member to represent the retired membership
- Eighth member Alternate to represent the retired membership

The Alameda County Registrar of Voters (ROV) will manage the vote-by-mail portion of the election. The ROV's scope of services include ballot programming services, ballot printing and assembly, ballot mailing, reissuing lost or damaged ballots, crediting of returned ballots from voters, maintaining ballot statistics, counting of the ballots, and certifying election results. As with all elections conducted by the ROV, ballots will be mailed to the home address on file with the employer.

2022 Board of Retirement Election Calendar

- **Notice of Election** begins on August 1 and ends on August 26 (20 business days);
- **Nomination Period** begins on August 29 and ends on September 26 (20 business days);
- **Review Period of the Candidate Statements** begins on September 28 and ends on October 7 (10 calendar days);
- **What's Up Newsletter Mailing (Election Edition)** will be mailed October 31 to active and deferred general, safety and retired members;
- **Ballot Mailing** will be November 16 to active and deferred general, safety and retired members;
- **Election Period** is between November 16 and December 21 (36 calendar days);
- **End of the Election and Deadline** for ballots to be returned to the ROV is on December 21 at 5:00 pm;
- **Ballot Counting** will be on December 22 beginning at 9:00 am at the ROV's office; and,
- **Election Results** will be emailed to the Board by the Chief Executive Officer on December 22 and posted to ACERA's website December 29.

Staff will provide a report on the certified candidates at the October 5, 2022, Operations Committee meeting. Questions regarding the election can be directed to Lisa Johnson (510) 628-3014 or ljohnson@acera.org.

Technology Update

June 1, 2022

Vijay Jagar

PRISM Updates - Backups

The 3 – 2 – 1 backup strategy:

3 copies of data

2 different backup storage devices

1 (or more) copies off-site, e.g., cloud



PRISM Updates - Backups

ACERA's new backup strategy:

3 copies of data

2 different backup storage devices

1 copy off-site

1 air-gapped

0 errors during recovery testing



PRISM Updates - Backups

ACERA's new backup strategy:

- 2 different cloud backup providers
- 2 local
- 1 air-gapped & off-site



PRISM Updates - Backups

Protection against:

1. Ransomware
2. Sophisticated external threats
3. Insider attacks



Questions?

