



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

SPECIAL NOTICE and AGENDA

**THIS MEETING WILL BE CONDUCTED VIA TELECONFERENCE
[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.

**Friday, October 14, 2022
9:30 a.m.**

ZOOM INSTRUCTIONS	BOARD OF RETIREMENT - 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 Webinar ID: 879 6337 8479 Passcode: 699406 Call-In Number: 1 (669) 900-6833 US For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	JAIME GODFREY	APPOINTED
	CHAIR	
	LIZ KOPPENHAVER	ELECTED RETIRED
	FIRST VICE-CHAIR	
	OPHELIA BASGAL	APPOINTED
	SECOND VICE-CHAIR	
	DALE AMARAL	ELECTED SAFETY
	KEITH CARSON	APPOINTED
	TARRELL GAMBLE	APPOINTED
HENRY LEVY	TREASURER	
KELLIE SIMON	ELECTED GENERAL	
GEORGE WOOD	ELECTED GENERAL	
NANCY REILLY	ALTERNATE RETIRED¹	
VACANT	ALTERNATE SAFETY²	

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

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

The order of agendized 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.

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. PUBLIC COMMENT**
- 4. NEW BUSINESS:**
 - A. Strategic Planning Strategy Session.**
- 5. BOARD INPUT**
- 6. ADJOURNMENT**

Memo

To: Members of the Board of Retirement, Alameda County Employees' Retirement Association (ACERA)

From: Amy McDuffee, Mosaic Governance Advisors, LLC (Mosaic)
Catherine Jackson, Mosaic

cc: Dave Nelsen, Chief Executive Officer, ACERA
Kathy Foster, Assistant Chief Executive Officer
Lisa Johnson, Assistant Chief Executive Officer
Victoria Arruda, Human Resources Officer
Harsh Jadhav, Chief of Internal Audit
Vijay Jagar, Chief Technology Officer
Jeff Rieger, Chief Counsel
Betty Tse, Chief Investment Officer

Date: October 3, 2022

Re: Materials for the October 14, 2022, Special Board Meeting

The Board of Retirement Board (Board) is scheduled to engage in a strategy session with Mr. Nelsen and his Leadership Team at the upcoming special meeting of the Board on Friday, October 14, 2022. We are looking forward to facilitating and advising your discussions.

The meeting is structured as a discussion meeting. The goal is to engage the Board and Leadership Team in active dialogue to consider ACERA's long-term future direction. No Board action will be sought, but we will be looking to observe where there is consensus. The discussion outcomes will be translated into a new draft ACERA Strategic Plan.

In preparation for this meeting, Mosaic has been working closely with the Leadership Team on various strategic planning discussions to develop a starting point for the Board's consideration and input. We ask that all meeting participants come to the special meeting with open minds and prepared to share their views and ideas.

Process Update

Several important activities have transpired since our last presentation to the Board in June 2022 where we introduced the strategic planning process. We designed and administered stakeholder research of key ACERA audiences, including members, retirees, and beneficiaries, employer representatives and ACERA staff. We also administered an online survey of the Board and conducted follow-up via video conference to better understand views. We appreciated

Board members' participation in the process, as well as the time and effort expended by members, retirees, beneficiaries, employers and ACERA staff to share their perspectives.

After compiling the results of the stakeholder research (without attribution), Mosaic met three times with the ACERA Leadership Team who are also copied on this memo. The focus of the meetings was to identify insights from the stakeholder research, engage in visioning exercises, reflect on the mission statement and core values, understand the strengths and opportunities of the internal and external environment, identify the changing conditions creating risks for ACERA, and determine a potential set of priorities for ACERA's next chapter. We asked the Leadership Team to engage in discussions about ACERA's future with fresh eyes. Through over six hours of meeting time and thorough, vibrant discussions, we arrived at a set of comprehensive, yet focused findings to share with the Board.

Board Meeting Discussion and Materials

The Special Board Meeting will begin at 9:30 am and adjourn at approximately noon. The agenda is allocated across four major items, as follows:

1. Panel Interview with ACERA Consultants: Insights on Trends, Risks and Opportunities
2. Discussion of Research Summary Key Takeaways
3. Discussion of Future Vision: ACERA 2032
4. Discussion of Critical Themes

A detailed agenda with timing is attached. Pre-reading materials are provided for each of the discussion areas as follows.

- **Panel Interview with ACERA Consultants (*Pre-read #1*)**
We've asked your actuary and investment consultants to provide their perspectives on the mid-to-longer term trends, risks, and opportunities within their area of industry practice. After the virtual panel concludes, we'll seek the Board's consensus direction on specific topics to further explore through the strategic plan.
- **Stakeholder Research Key Takeaways (*Pre-read #2*)**
We compiled the sentiment that resulted from surveying four of ACERA's key stakeholder groups, including Board Trustees, earlier this year. Other groups we surveyed included ACERA's employer representatives, internal staff and members and retirees. These inputs served as a solid basis for our discussion with the Leadership Team.
- **2032 Vision of Success Statements (*Pre-read #3*)**
We developed statements that reflect the results of the visioning exercise we facilitated with the Leadership Team. Further, the statements incorporate the results (without attribution) of the Trustee sentiment survey.

- **Critical Themes (*Please see pages 36 – 47 of the Presentation*)**
Through the strategic discussions with the Leadership Team, we developed conclusions about the critical areas of focus for ACERA's strategic plan. These are areas where ACERA's current efforts need to be upheld or maintained, or new practices need to be considered or brought into life to move the organization forward. We will seek Board and Leadership Team discussion and alignment on these priority areas.

Summary

Thank you for your participation in the process thus far. We are keen to continue to take the Board's feedback and input into consideration as we move forward. Discussion outcomes from the Board meeting on October 14, 2022, will be used to prepare the ACERA Strategic Plan.

We are pleased to have this opportunity to work with ACERA and look forward to assisting the Board and Leadership Team with this important governance matter. Should you have questions in advance of the meeting, please feel free to contact us via email at Amy.McDuffee@MosaicGovernance.com and Catherine.Jackson@MosaicGovernance.com.

Attachments:

1. October 2022 Strategy Session Agenda
2. Pre-read #1: Consultant Interview Panel Overview
3. Pre-read #2: Research Summary
4. Pre-read #3: Draft Vision of Success Statements
5. Pre-read #4: Strategy Session Presentation

Board/Leadership Team Strategic Planning Session
 October 14, 2022 Special Board Meeting
 Detailed Agenda: 9:30 am – 12:00 pm

30 minutes	9:00- 9:30am	<i>SET UP (including test of video/audio)</i>	
5 minutes	9:30- 9:35am	Welcome and Opening Remarks	Chair Godfrey/ Dave Nelsen
5 minutes	9:35- 9:40am	Strategic Planning Process Overview and Session Objectives	Mosaic
30 minutes	9:40- 10:10am	Consultant Panel: Assessing the External Landscape (Actuary, Investment Consultant)	Moderated by Mosaic/ ACERA Consultants
15 minutes	10:10- 10:25am	Discuss Insights from Consultants	Mosaic/ Everyone
15 minutes	10:25- 10:40am	Discussion of Research Summary Key Insights	Mosaic/ Everyone
5 minutes	10.40- 10.45am	<i>BREAK</i>	<i>Everyone</i>
40 minutes	10:45- 11:25am	Discussion of the Future Vision: ACERA 2032 <ul style="list-style-type: none"> • Review and discuss Vision of Success Statements • Discuss Leadership Team recommendation to reaffirm Mission Statement and Core Values 	Mosaic/ Everyone
30 minutes	11:25- 11:55am	Discussion of Critical Themes <ul style="list-style-type: none"> • Overview of SWOT Analysis performed • Critical issues identified by the Leadership Team • Major areas of focus 	Mosaic/ Everyone
3 minutes	11.55- 11.58am	Discussion Recap, Next Steps in the Process, and Feedback	Mosaic/ Everyone
2 minutes	11.58- 12.00	Closing Remarks Adjournment	Chair Godfrey/ Dave Nelsen

ACERA Strategic Planning Session
Special Board Meeting
October 14, 2022
Pre-Read #1: ACERA Consultant Panel Interview

Panel Moderator: Catherine Jackson, Mosaic Governance Advisors, LLC

Panel Participants:

Andy Yeung, Vice President, Segal & Co

Eileen Neill, Managing Director | Senior Consultant, Verus

Margaret Jadallah, Managing Director | Senior Consultant, Verus

Panel Overview

Mosaic will facilitate a virtual panel discussion among the Board's actuary and investment consultant on emerging trends in the industry within their respective areas as well as risks and opportunities. Accordingly, we asked the Board's consultants to address the following questions through their commentary:

1. What high-level trends do you see in your area of practice that could potentially create risks or opportunities for ACERA in the next 5-year period?
2. What topics or initiatives are your other similar clients considering or undertaking that you believe may also be of benefit for ACERA to explore?
3. Is there anything else you think would be important for the ACERA Board and Leadership Team to be aware of as it undertakes strategic planning?

After the panel presentation, we will ask Trustees to identify insights from the consultants that they'd like to see the Board further explore through the strategic plan. We will note the consensus to inform the strategic plan that we develop after the special Board meeting.

Pre-Read #2: Research Summary Key Takeaways

Overview

Research of key stakeholders and partners is an essential input to the strategic planning process. It can yield insights into ACERA's current and expected operating environment and show where focus is needed by ACERA to be successful in the eyes of these audiences going forward.

ACERA conducted stakeholder research from June 30, 2022, through July 31, 2022, through a series of online surveys. Participation rates for each stakeholder group are as follows:

- Board (Board) of Trustees – 6 responses to an online survey, 1 video conference interview with Mosaic
- Staff (Internal Staff) – 17 responses to an online survey
- Employers – 3 responses to an online survey
- Membership – 1542 responses to an online survey

All survey results were summarized without attribution and discussed with the executive leadership team in connection with this project.

This document presents key takeaways for all survey categories and an additional summary of the responses received by Trustees. Similar concepts in the survey results were blended by Mosaic to identify higher level themes.

Questions for Board Discussion

Please consider the following questions as you review this document. At the upcoming Strategy Session, we will ask you to share your responses with your colleagues.

1. What is your reaction to the research insights? What stood out to you?
2. Were there areas where you saw things differently? Please describe.
3. What themes are most important as you think about ACERA's future?
4. Other comments?

Part I. Board Surveys and Interviews

A. Key Takeaways

1. **Continued oversight is needed to monitor changing conditions** in uncertain times.
2. **Strong and hard-working staff** have been critical to ACERA's success and will continue to be important going forward.
3. Continuity in oversight and management will be achieved by a **commitment to succession planning**.

Pre-Read #2: Research Summary Key Takeaways

4. ACERA's success in standing up new strategic initiatives will be realized by **identifying and embracing the necessary cultural attributes that support change**.
5. Create a plan that will put ACERA on a trajectory toward **financial stability**.¹
6. While keeping an eye to the fiduciary duty of the organization, ACERA should develop a **consensus vision and approach to ESG**.
7. Through collaboration with the deferred compensation teams, **integrate retirement education with financial readiness education**.
8. Identify ways to **align board and committee meeting discussions more effectively and efficiently** through committee composition, board and committee decision-making, processes, and practices.

B. Summary of Responses Received

ACERA's Perceived Strengths

- Competent and hard-working ACERA staff and leadership; strong working relationship
- Excellent Investment Consultant and good investment policies
- The Board, especially committee chairs, work well together and with staff
- The Board comprises focused trustees who take their jobs seriously and do not shy away from expressing differing points of views
- ACERA considers input from stakeholders including active members, retirees, and retirement organizations
- GFOA certificate of excellence in financial reporting.
- IT system enhancements (Pension Gold, adoption of DocuSign.)
- Vigilant monitoring of potential fraud and cyber attacks

Areas for Further Development

- Commitment to succession planning to ensure continuity in oversight and management, and onboarding programs to develop new key staff and trustees
- Plans to address market volatility and mitigate headline risks related to investments
- Develop a process for staff and trustees who attended conferences to share key learnings with other staff and trustees
- Identify a way for staff and the ACERA Board work together on the topic of Environmental Social Governance (ESG) to ensure ACERA maintains its fiduciary duty to the fund

¹ Trustees describe the concept of financial stability in different ways. For example, "full funding" and "90% funding" were specifically mentioned.

Pre-Read #2: Research Summary Key Takeaways

- Identify the cultural attributes necessary to help the organization embrace change, including the ability to maintain openness, and surface differing viewpoints without being disagreeable
- Identify opportunities to realize efficiencies in board decision-making, including revisiting the type of investment reports that facilitate sufficient oversight without recreating the work of internal Staff
- Clarify the role ACERA plays in creating financial security for members.

A successful ACERA 10 years from now looks like...

- Financially stable to pay promised benefits (range of concepts expressed from financially stable, to fully funded to 90% funded)
- Current members and retirees have a deep understanding of ACERA's benefits and other post-retirement benefits, and whether these benefits collectively are sufficient for active employees to retire and for retirees to maintain their standard of living in retirement
- ACERA promotes financial readiness by working together with deferred compensation teams as to provide a more holistic and coordinated approach to retirement for members
- Addressing and meeting the needs of all stakeholders through excellent customer service in terms of processing times, response to questions, etc.
- Continuation of the Supplemental Retiree Benefit Reserve (SRBR) benefits.

Strategic initiatives you would like to see addressed

- Develop a culture (inclusive of board and staff) that fosters a shared vision and the capacity for all to effectively work together for the common benefit.
- Continued prudent investment strategy that considers market volatility and changes in the global environment, paired with a prudent organizational budget, to maintain level of benefits into the future.
- Evaluate headline risks of investments.
- Continued development of a comprehensive education program on ACERA's benefits for members and retirees, including more surveys of active employees to test their understanding of retirement planning, retirement readiness, and help them prepare
- An approach to surveying members and retirees that to gauge sentiment about and perception of ACERA from members and retirees
- Additional ESG training for the Board

Pre-Read #2: Research Summary Key Takeaways

- Set a strategic plan and revisit progress against the plan at least annually. Also link other governance functions to ensure the successful outcome of the strategic plan. For example, board and staff education.
- How to best monitor collective, interrelated trends within the pension formula ($C+I=B-E$), and consider strategic moves, if any, to continue to protect the fund for future retirees. For example, increases in service retirement and disability benefit payments, implicit subsidy transfers, administrative expenses, supplemental COLA, etc.
- Revisit and discuss the board's philosophy/position for the SRBR fund. How to strike the right balance between fiscal conservatism and providing benefits to retirees.
- Provide sponsors and employers information on member/retiree/beneficiary sentiment with respect to their retirement benefits, including on the role of the SRBR fund.
- Review Board and committee meeting agendas and practices as well as Board committee structure and composition to align meeting discussions more efficiently with matters pertaining to the strategic plan and items requiring routine oversight, consider moving some items to the consent calendar.

The most critical risk(s) for ACERA to address to achieve the 10-year vision of success

- Market challenges and the impact this may have on the ability of ACERA to continue to provide benefits
- Continuity of the strength of management, key man risk
- Increasing cyber risk and fraud
- Lack of clarity over how or whether ESG factors should be considered in investments
- Utilizing Board meetings efficiently to allow for sufficient time to discuss forward-looking issues
- Matching trustee interests/education/background to relevant Board committees to make the best use of trustee talents

Other comments or ideas you would like for Mosaic to know

- An open-mindedness by all trustees to change will be important to the success of this process
-

Pre-Read #2: Research Summary Key Takeaways

Part II. Internal Staff Surveys

Key Takeaways

1. **Customer service, communication, transparency, and benefits** are considered valued services to members and retirees.
2. **Employer service and communication** are considered valued services to employers.
3. ACERA's culture is defined by its **inclusiveness**.
4. ACERA's strengths include **adaptability, problem solving, and a mindset of being helpful**.
5. ACERA could be further strengthened by **updating its technology and systems, adopting automation, and providing additional training including cross-team training**.
6. **Core values** should be revisited.

Part III. Employer Surveys

Key Takeaways

1. Employers view ACERA as being **dependable, turn-key, stable, secure, reliable and a valuable partner**.
2. Employers value ACERA's **clear communications, transparency, very good customer service and high quality of work**.
3. ACERA provides the resources and communications that are relevant to employers but **could provide additional training to human resources and payroll personnel**.
4. ACERA's existing communications channels preferred by employers include **email and group presentations**.
5. Other communication channels that could be explored include **annual virtual briefings** to employer staff and **executive-level updates**.
6. Employer communications channels that ACERA may consider using include **agency intranet, weekly Zoom chats, and a CEO newsletter**.
7. Other services that employers would value receiving are clearer communications on the **value of defined benefit plans to younger generations** and leveraging **technology to make enrolment and changes more efficient and easier**.
8. Employers are open to exploring ways to partner with ACERA to make **onboarding, member education and transitioning to retirement more efficient**.

Pre-Read #2: Research Summary Key Takeaways

Part IV. Membership Survey

Key Takeaways

Ways that the ACERA Mission Statement² resonates with you

- Respondents indicated the following words from ACERA's Mission Statement resonated most with them.
- Flexible
- Cost-effective
- Participant-oriented benefits
- Prudent investment management
- Superior member services
- The words/phrases are important when considering what matters most to ACERA's members.
- Some respondents indicated that the entire mission statement resonated; they could not choose specific words.
- Respondents seemed to conflate the definitions of flexible and cost-effective

Perceptions of ACERA

- The overwhelming majority of respondents (90%) value the benefits provided by ACERA.
- Approximately 70-75% of respondents agreed or strongly agreed that ACERA's communications are relevant and delivered in a manner that aligned with their preferences; a larger percentage was neutral (20%).
- ACERA's top strengths as perceived by respondents:
 - Fund Management
 - Communication
 - Benefit payments and benefit services
 - Education
 - Website
 - Information Availability
- There was a wide variety of additional services that respondents thought ACERA should consider providing.
 - Some related to enhancing or improving current benefits and services, such as education or in-person counseling.

² ACERA Mission Statement: To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

Pre-Read #2: Research Summary Key Takeaways

- Many respondents focused on the need for better health/medical and dental benefits.
- Some were interested in ACERA providing new offerings that it does not currently. These included ancillary services or discount programs such as financial counseling and wellness, legal services (wills, trusts, and estate), flight/entertainment discounts, etc., holistic health treatments.

Other comments you want ACERA to know about as it undertakes strategic planning?

A rich array of commentary was received related to the following key themes:

- Requests for additional benefits, services, and communication/outreach
- Thank you/expressing gratitude to board and staff
- Healthcare - continue, enhance or improve benefits and services, address out of state resident issues
- Financial Stability and Investments - continue to demonstrate a prudent approach and committed focus
- Member Services Quality - responsiveness, timeliness
- ESG - divestment, climate change, societal issues

Pre-Read #3: DRAFT 2032 Vision of Success Statements

Overview

Mosaic created vision of success statements that blend the results of the Leadership Team’s visioning exercise with the Board’s input from the research. These statements were reviewed and refined by the Leadership Team to reflect their consensus vision for the future of ACERA.

Discussion Purpose

The statements are intended to reflect an aspirational future state for the year 2032 and will form the basis of what success looks like under the strategic plan.

It is important that the Board and Leadership Team agree on the statements and the concepts they reflect. During the meeting, Mosaic will seek the Board and Leadership Team’s alignment on intent. Additionally, we will seek the Board’s input on any edits or suggested changes to the statements.

2032 Vision of Success Statements – Future State Description

The following aspirations describe ACERA's future state in the year 2032.

1. ACERA is financially stable.
2. Members and retirees of all ages and life stages value ACERA’s benefit plans and programs.
3. Members have confidence that their retirement is secure and in good hands.
4. ACERA provides education that empowers members and retirees with the knowledge and information they need to feel prepared for their retirement futures.
5. ACERA proactively engages key stakeholders including the County, participating employers, and retiree and member organizations.
6. ACERA has trusted and reliable stakeholder relationships.
7. ACERA is committed to staying abreast of and maintaining continuous improvements to technology and internal processes, integrating those innovations that enhance productivity and cost-effectiveness for its members and operating model.
8. ACERA’s approach to managing security and privacy of member and system information has kept pace with evolving standards.
9. Solid oversight practices and savvy risk awareness help ACERA navigate changing conditions in uncertain times.
10. Customer service is accessible, helpful, accurate, and timely; complex member issues are resolved efficiently.
11. ACERA has the right access to expertise and resources to address organizational needs.
12. ACERA has a high degree of confidence in its consultants who provide valuable external perspective on important policy matters.

Pre-Read #3: DRAFT 2032 Vision of Success Statements

13. Staff are recognized for being competent, engaged, and hard-working.
14. ACERA encourages employee learning, training and development coupled with supportive opportunities and experiences.
15. ACERA's culture fosters a sense of belonging and teamwork that makes it a destination employer.
16. ACERA's thoughtful succession planning practices support continuity in prudent oversight and management.
17. Transparency is a hallmark of the way ACERA does business.
18. The Board's philosophies, policies and culture enable a high quality of effectiveness and pride in the value of the Board.
19. ACERA has positioned itself to be adaptable and flexible within its legal governance framework.
20. ACERA is competent and reliable.
21. ACERA's investment process uses a transparent, risk appropriate and prudent method.



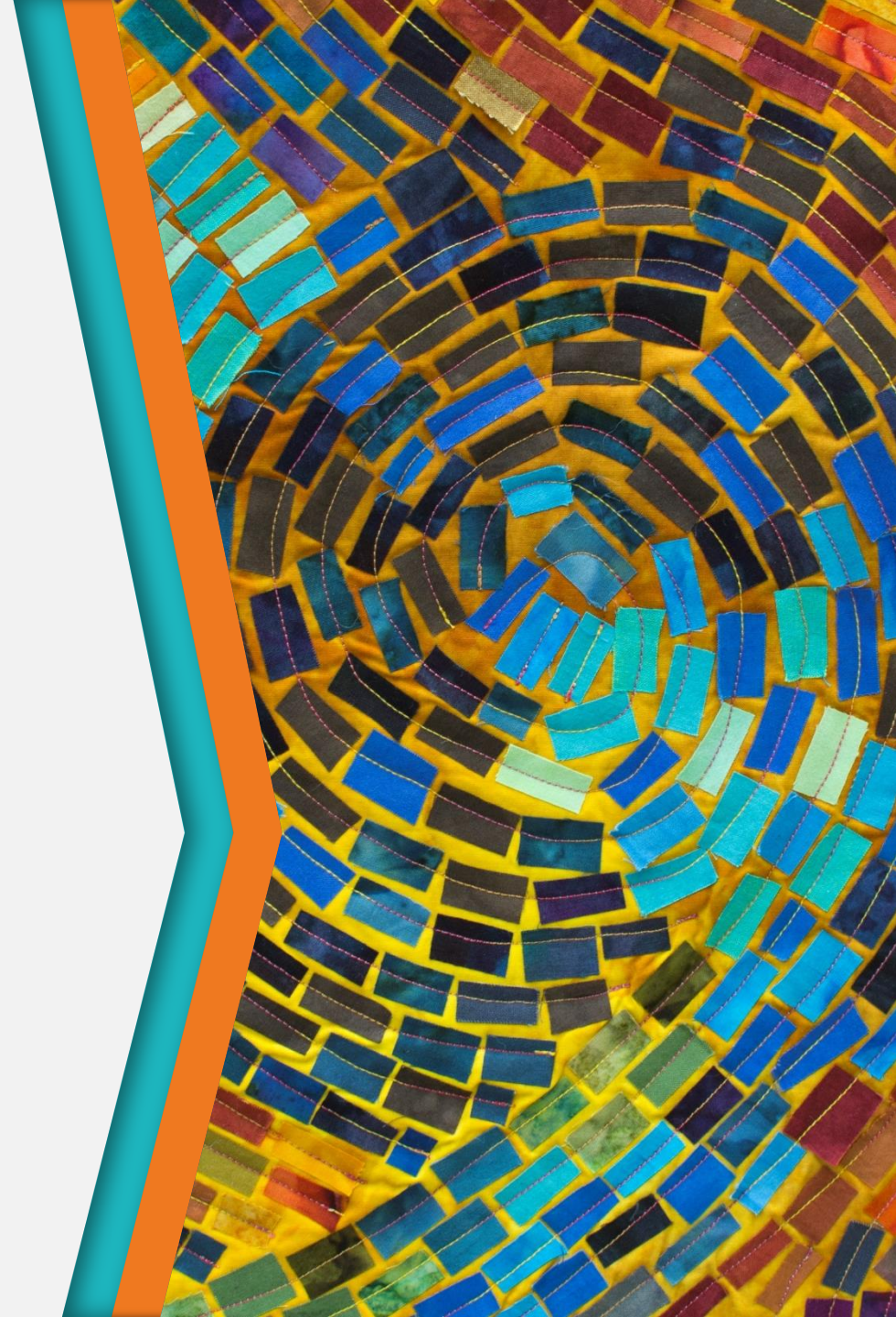
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Governance Advisors

Developing the Strategic Plan

Special Meeting of the ACERA
Board of Trustees

Amy McDuffee
Catherine Jackson

October 14, 2022



Agenda

- Strategic Planning Process Overview and Session Objectives
- ACERA Consultant Panel
- Consultant Insights
- Research Summary Key Insights
- Future Vision: ACERA 2032
- Critical Themes
- Discussion Recap, Next Steps in the Process, and Feedback



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Strategic Planning Process Overview and Session Objectives

Strategic Planning Process Recap

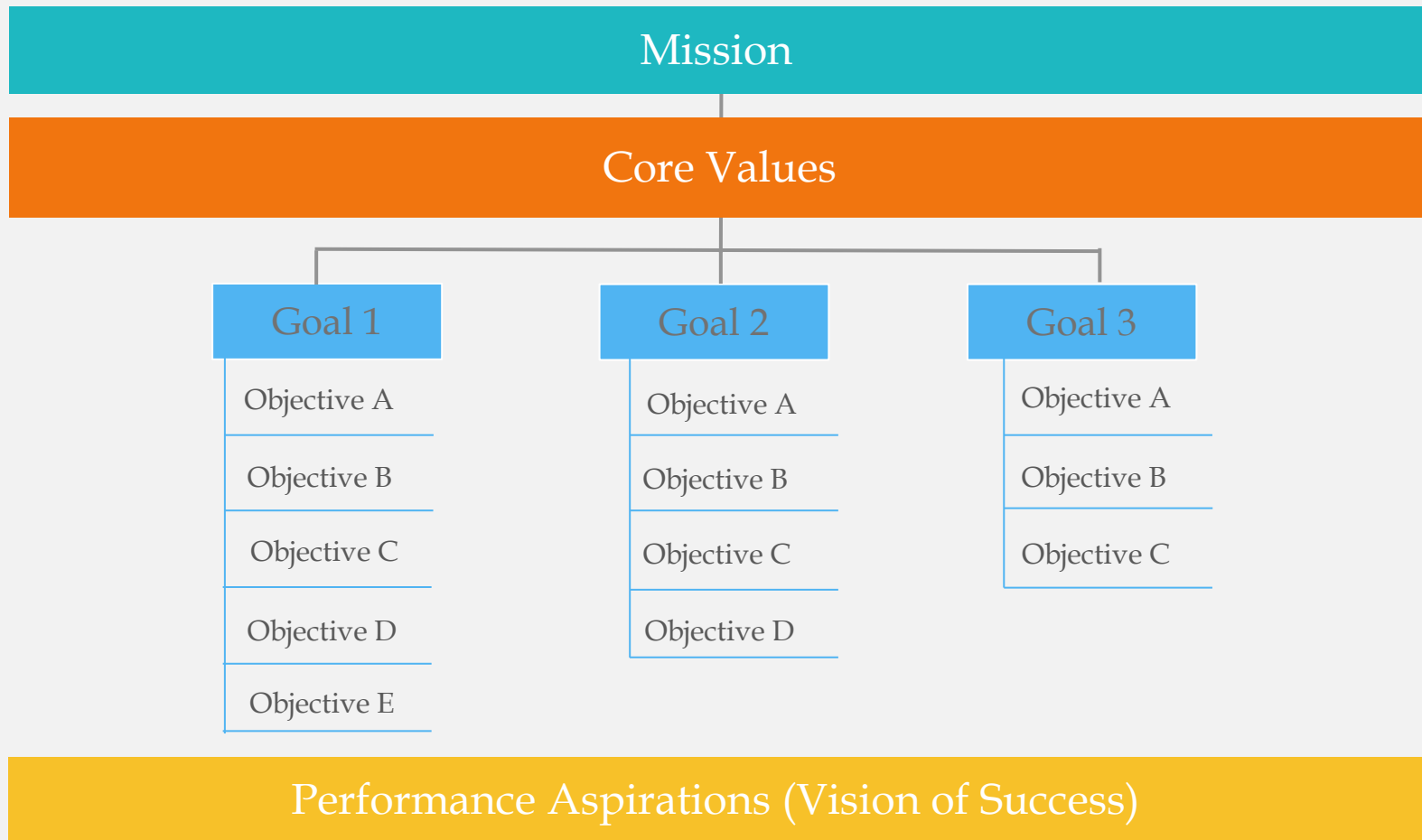


1. Crystallize mission, future vision and core values
2. Analyze internal and external factors; set top strategic priorities
3. Develop goals and objectives
4. Develop annual action plans
5. Implement and annually monitor progress

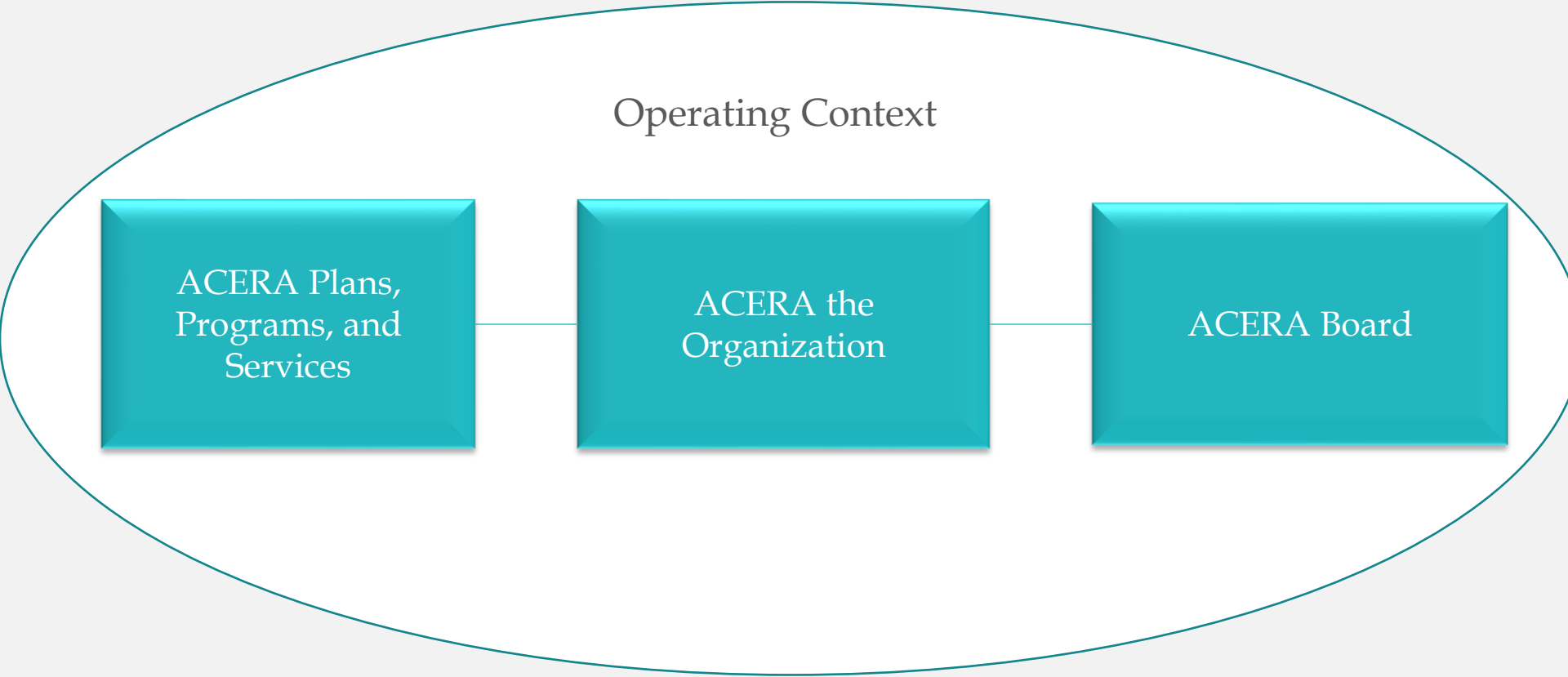
Where We Are in the Process



Where We are Headed After Today's Discussions



Reminder: Think Expansively



Today's Expectations



We want to hear your ideas, aspirations, and views.



We will be listening for consensus.



We will seek your preferences on high-level concepts.



We will capture the discussion outcomes and translate them into a draft Strategic Plan for review at a subsequent Board meeting.



Other comments or questions?

Consultant Panel



Consultant Panel Insights



Discussion: Consultant Panel Insights

1. What is your reaction to your consultants' insights? What stood out to you?
2. What items or concepts did your consultants raise that should be included as part of the strategic plan?
3. Other comments?

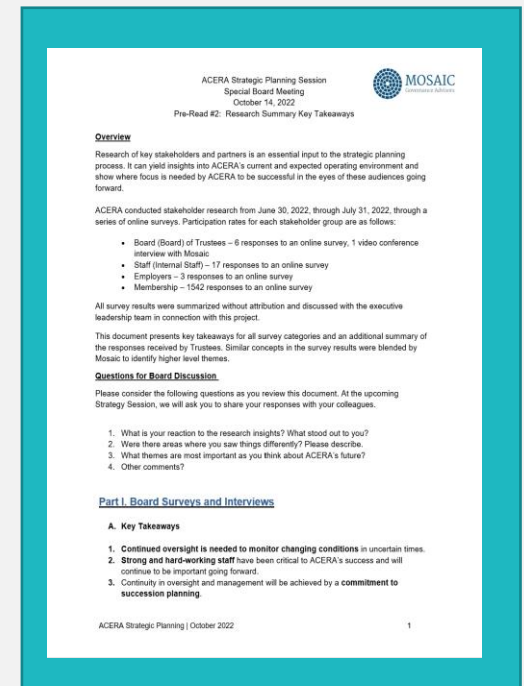


Research Summary Key Insights



Research Overview

- Stakeholder survey (July – August 2022):
 - Board members
 - ACERA Staff
 - ACERA Employer Representatives
 - AERA Members, Retirees, & Beneficiaries
- Compiled comments and identified themes.
- Presented the research summary to the Leadership Team.
- Highlighted key insights pertinent to the strategic planning process.



Pre-Read #2: Research Summary

Discussion: Stakeholder Research Insights

1. What is your reaction to the research insights? What stood out to you?
2. Were there areas where you saw things differently? Please describe.
3. What themes are most important as you think about ACERA's future?
4. Other comments?





Future Vision: ACERA 2032

Segment Objectives

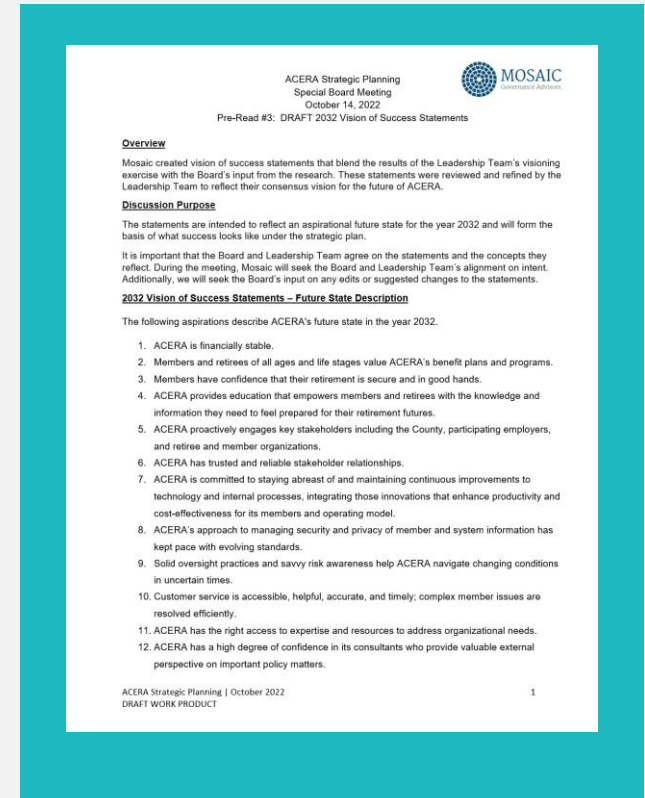
1. Attain consensus around the 2032 Future Vision for ACERA
2. Review and Discuss Leadership Team recommendations for reaffirming the following strategic plan elements:
 - a. Mission Statement
 - b. Core Values

What is Visioning?

- Brainstorming activity to identify a desired future state of the organization.
- Commonalities appear that define a common language.
- Mosaic gathered sentiment from Trustees and the Leadership Team about how a successful ACERA looks in the year 2032.
- Mosaic translated the sentiment into draft “Vision of Success” statements.
- The Vision of Success statements should reflect a consensus among the Board and Leadership Team.
- We draw upon the Vision of Success to evaluate the effectiveness of mission statements; it also informs performance aspirations.

Discussion: Vision for Success Statements

1. What is your reaction to the statements as presented?
2. Are any significant concepts missing?
3. What statements resonate most with you and why?
4. Other comments?



Pre-Read #3: 2032 Vision for
Success Statements



Important Reminders About a Mission Statement

- The bedrock of a strategic plan.
- Describes what an organization currently is (its purpose) in one sentence or phrase.
- Should be unique to ACERA's circumstances but remain fit for purpose in light of the future vision.
- Is best when it is relatable and understandable to key stakeholders.
- Does not change frequently.

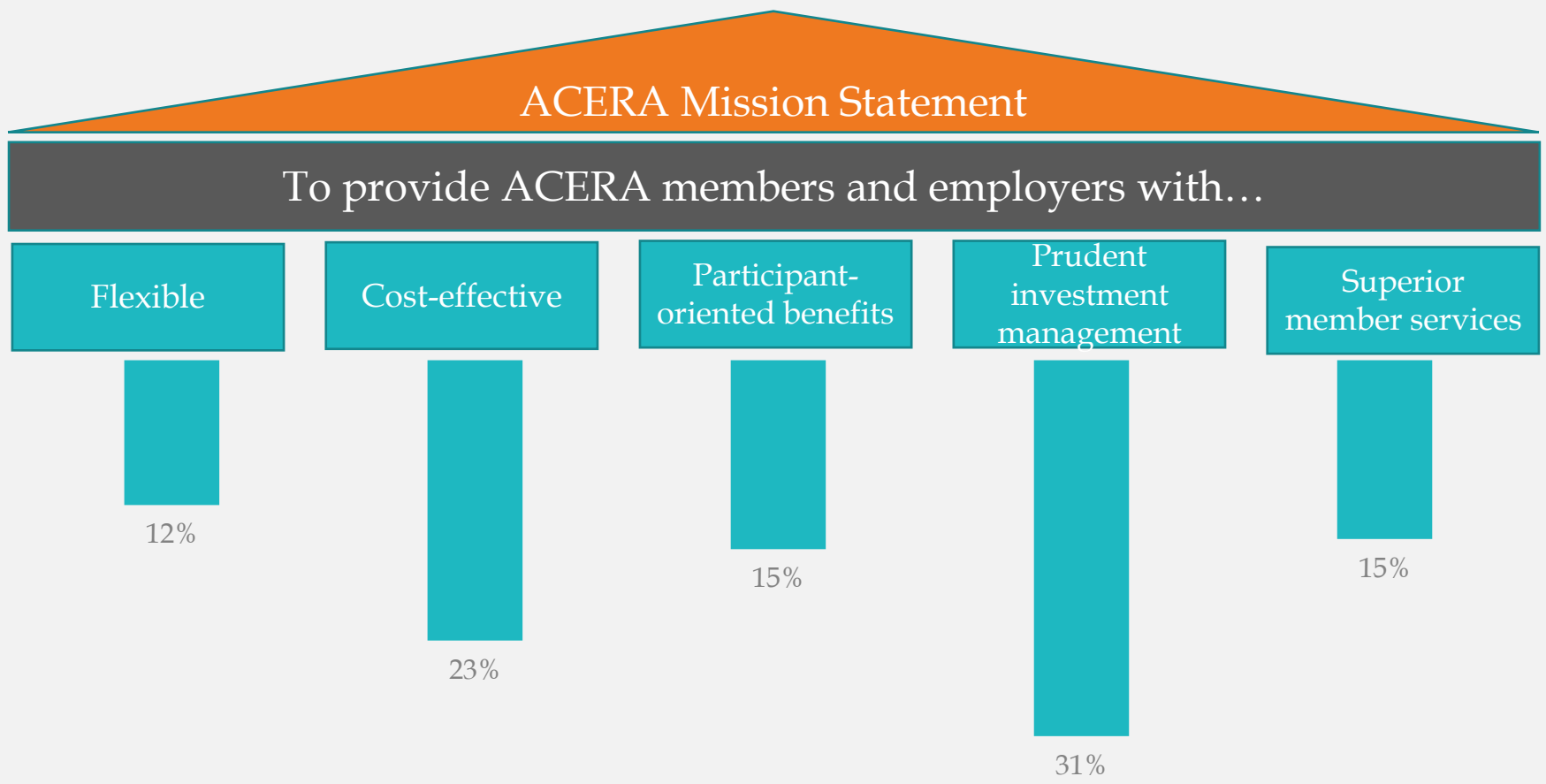
Context for Mission Statement Evaluation

- ACERA's Mission Statement is highly visible to members, retirees and other stakeholders.
- Through the research, members, retirees, and beneficiaries shared aspects of the ACERA mission statement that most resonated with them.
- The results were insightful into perceptions about ACERA and its strengths.
- Excerpts of the results appear on the following pages.
- The results informed the Leadership Team's thinking as it evaluated the effectiveness of the ACERA Mission Statement.

ACERA Mission Statement

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

Excerpted Stakeholder Research Q2. What words or phrases in ACERA's Mission Statement mean the most to you?



N=1,667 (Respondents were able to select more than one phrase/word)



Excerpted Stakeholder Research Q2. Examples of rationale for specific words or phrases from the ACERA Mission: Flexible.

ACERA Mission Statement

To provide ACERA members and employers with...

Flexible

- “With constant changes due to unforeseen circumstances (e.g., COVID-19), ready to adjust and accommodate.”
- “Because things today are changing constantly and rapidly.”
- “Due to concerns of our economy.”
- “With our changing world and issues related to California, we need to be able to change our situations as required.”

“Flexible!! Our plan is not flexible like most retirement plans.”

Excerpted Stakeholder Research Q2. Examples of rationale for specific words or phrases from the ACERA Mission: Cost-Effective.

ACERA Mission Statement

To provide ACERA members and employers with...

Cost
Effective

- “In times of high inflation/possible recession, having affordable sustainable benefits is most important to me.”
- “Due to the condition of economy, we need to be flexible and cost effective.”
- “Uncertainty about the County’s match for retirement. Flexible, cost-effective options help to balance those concerns.”
- “These times are very expensive to live especially on a retirement budget.”

Excerpted Stakeholder Research Q2. Examples of rationale for specific words or phrases from the ACERA Mission: Participant-oriented benefits.

ACERA Mission Statement

To provide ACERA members and employers with...

Participant-oriented benefits

- “It makes sense to allow participants to voice what is important to them.”
- “It means my needs (as a plan participant) are primary; it indicates that the needs of the members are prioritized over others like employers.”
- “ACERA has always benefitted retirees. We usually get a COLA that prevents us from falling far behind the always-increasing cost of living: that is very important.”
- “Benefits me.”
- “Because it means ACERA looks to the needs of its members.”

Excerpted Stakeholder Research Q2. Examples of rationale for specific words or phrases from the ACERA Mission: Prudent Investment Management.

ACERA Mission Statement

To provide ACERA members and employers with...

Prudent Investment Management

- “Prudent investment management protects the assets of ACERA so it can continue providing services.”
- “Without that, the other parts of mission statement wouldn't be possible.”
- “To ensure my benefits are secure.”
- “It brings me peace of mind knowing and not having to worry that the future of my retirement is in professionally capable hands.”
- “Important because we want to be sure retirement funds are available long into the future.”

Excerpted Stakeholder Research Q2. Examples of rationale for specific words or phrases in the ACERA Mission: Superior Member Services.

ACERA Mission Statement

To provide ACERA members and employers with...

Superior
member
services

- “As a customer, I would like to have ‘excellent customer service’”.
- “I want/need my retirement system to take care of the membership.”
- “Because of mission’s emphasis on the members and members’ needs.”
- “To have good service when I call or contact ACERA is important!”
- “As a retired member I rely on my monthly income from ACERA. I have always found that I can reach ACERA when I need to.”

Reflecting on ACERA's Mission Statement

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

REMINDER:

A Mission Statement answers what is our core purpose?

What do we exist to do?

Suggestion for Board Consideration: Reaffirm the ACERA Mission Statement

The Leadership Team and Mosaic recommend that the current Mission Statement should be reaffirmed without change.

Discussion: ACERA Mission Statement

We are not seeking Board action, but consensus direction.

1. Is there consensus to reaffirm the Mission Statement?
2. Other comments?



Core Values – Why Are They Important?

- Core values are the collective set of norms and beliefs that describe *how* an organization conducts business.
- They are the real-life attributes, qualities, and mindsets that serve as an undercurrent to the relationships, behaviors, assumptions and interactions of those who work on behalf of ACERA.
- It is important that core values, and the culture they describe, support the strategic goals of the organization.
- It is best to have a smaller number of values.

Insights from Staff Survey Results

- The results of ACERA's staff survey reinforced the cultural attributes emphasized by the current set of Core Values.
- The word most frequently cited to describe the ACERA culture was "inclusive".

ACERA's Core Values

- **TRUST:** Trust is the cornerstone for collaborative and cooperative work and the foundation on which all other Core Values are built.
- **INNOVATION:** We seek new ways of thinking and working.
- **INTEGRITY:** We act with honesty, trustworthiness, and the best intent under all circumstances.
- **ACCOUNTABILITY AND COMMITMENT:** We take responsibility for our work and actions, and demonstrate commitment to our Mission.
- **RESPECT:** We appreciate ourselves, our work, our stakeholders, and each other.

Suggestion for Board Consideration: Reaffirm the ACERA Core Values

The Leadership Team and Mosaic recommend that the organization's Core Values should be reaffirmed without change.

REMINDER:

Core Values tell us:

What do we believe in?

How do we do business?

Discussion: ACERA Core Values

We are not seeking Board action, but consensus direction.

1. Is there consensus to reaffirm the Core Values?
2. How well do the Board's values align with the organization's Core Values?
3. Other comments?

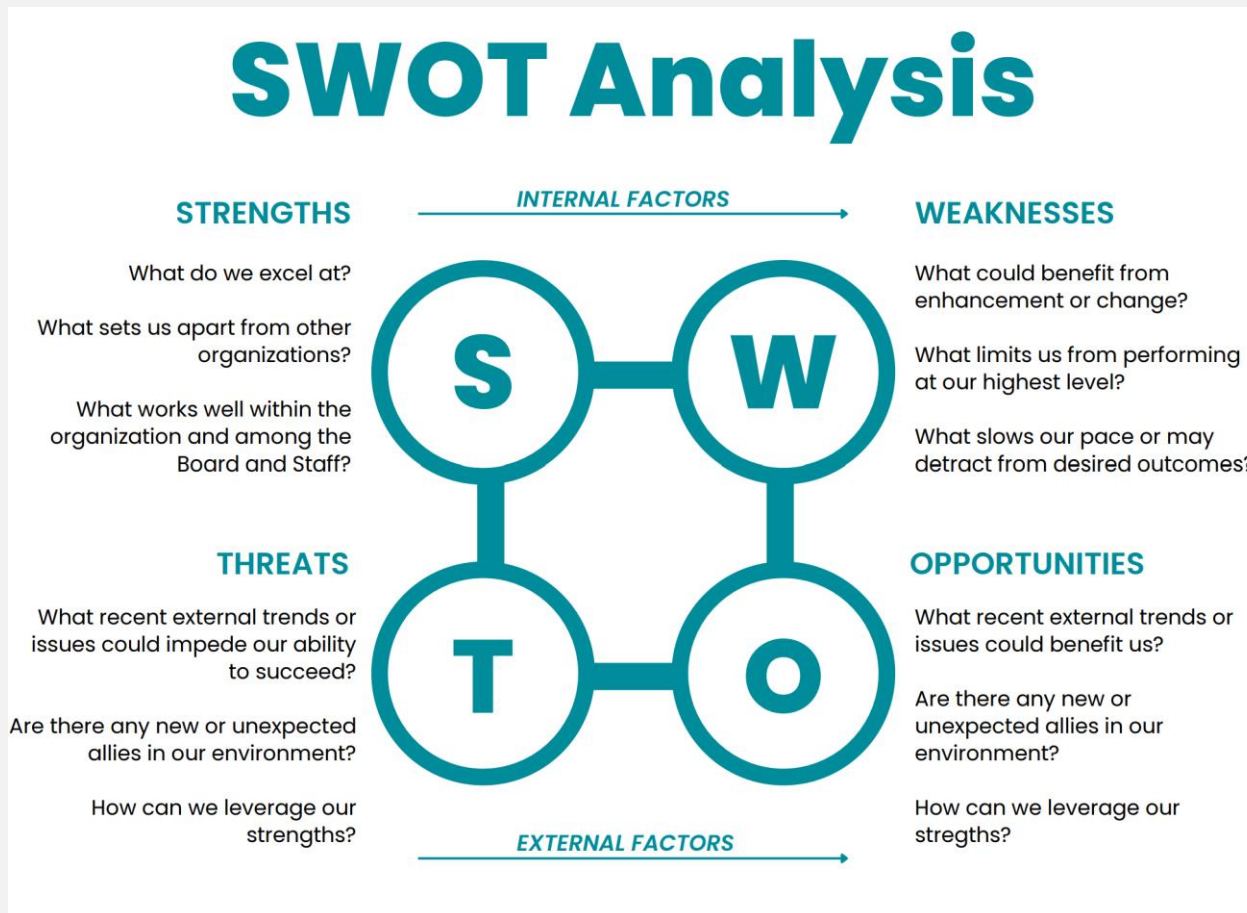




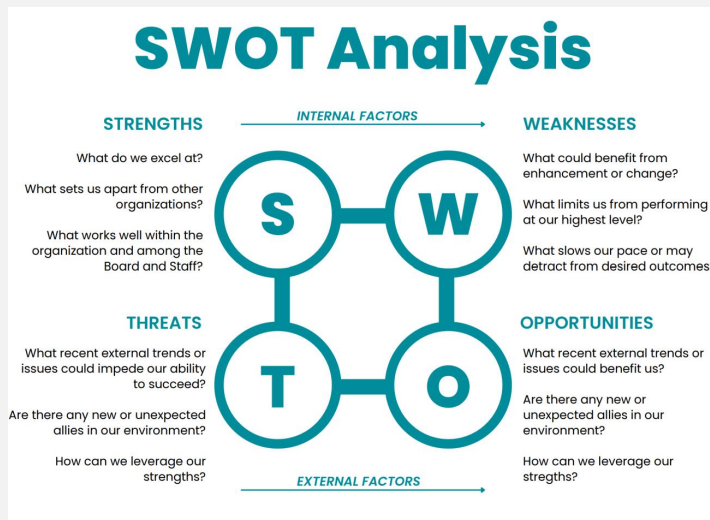
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Discussion of Critical Themes

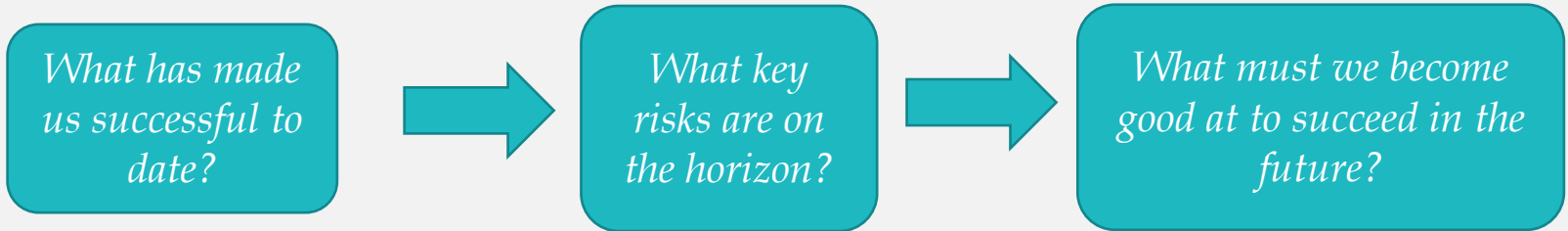
Overview of SWOT Analysis



Gaining Insights from the SWOT Analysis



- *Critical Themes*
- *Priority Areas of Focus*



What have been the ingredients to ACERA's success to date that are within its control?

- ACERA's attitude and philosophies toward the following:
 - Nurturing collaborative, productive partnerships with key stakeholders (i.e., employers, board of supervisors, retiree association and employee union)
 - Engaged, supportive and member-focused board
 - Strong and stable leadership that supports staff productivity, member services improvements, and an inclusive organizational culture
 - Transparency, communications, high quality of work product and customer service

What have been the ingredients to ACERA's success to date that are within its control? *(cont'd)*

- ACERA's attitude and philosophies toward the following:
 - Recruiting and cultivating a knowledgeable, hardworking and experienced staff
 - Ability to supplement staffing needs with temporary resources
 - Selection of competent and experienced consultants
 - Good member supplemental benefits
 - Mission of serving is an attractive organizational purpose for recruitment and retention
 - ACERA brand is well-known and well-regarded

What have been the ingredients to ACERA's success to date that are not entirely within its control?

- Member satisfaction and recognition of the value of their benefits
- Employers view ACERA as dependable, turn-key, stable, secure and a valued partner
- Supportive, engaged, and member-friendly primary plan sponsor with strong fiscal health
- Strong contribution governance provisions; law requires full payment of contributions
- Diverse county has had a positive impact on hiring – agency diversity profile mirror's the County's population

What are the key risks on the horizon?

- Market volatility and economic uncertainty
- Cyber threats
- Public perception of the value of defined benefit plans, particularly among younger generations
- Consistency, lack of consensus, and changing definitions of ESG, including diversity, equity, and inclusion
- Innovative asset classes
- Changing member demographics and preferences for interacting
- Plan funding
- Tight labor market and ability to attract and retain talent

What are the key risks on the horizon? (*cont'd*)

- Workforce attitudes and beliefs about work, and the format under which work takes place (i.e., hybrid, virtual, in-person)
- Potential for turnover in key stakeholder relationships, including the ACERA Board
- Potential turnover in key ACERA consultant relationships due to generational transitions
- Pension administration system transition risk
- System compliance with governing law
- Legislative changes
- Average tenure of public pension executives is declining

In what areas does ACERA need to develop a competency or formalize its approach to realize its future vision?



People transitions
(internal and external)



Structural or
systemic
transitions



Resource
allocation and
reallocation



Cost-effective
service
improvements



Financial position

In what areas does ACERA need to develop a competency or formalize its approach to realize its future vision?

- **People transitions (internal and external)**
 - Board, staff, consultants
 - Plan sponsor, retiree association, and employee union
 - Recruitment, onboarding, and retention
- **Structural or systemic transitions**
 - Flexible, secure data platform
 - Technology integrations
 - Legislative change integrations
- **Resource allocation and reallocation**
 - Resource prioritization for capacity/bandwidth
 - Balancing people and tech allocations
 - Training, skills and development
 - Cultural impact of hybrid return-to-work

In what areas does ACERA need to develop a competency or formalize its approach to realize the future vision? *(cont'd)*

- **Cost-effective service improvements**
 - Increase engagement among new and younger members
 - Clarify role of ACERA and its pension education and services versus other supplemental savings offered through plan sponsor
 - Align with changing member preferences
- **Financial position**
 - Improve funded status
 - Identify opportunities to make investment decision-making nimbler
 - Leverage collaboration with peers for investment-related research

Discussion: Critical Themes

1. What resonates with you about the areas of success to date?
2. Are any significant risks missing?
3. Do the areas flagged as critical themes generally align with your thinking as priorities for the strategic plan?
4. Other comments?





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Discussion Recap, Next Steps in the Process, and Feedback

Discussion Recap

- ✓ Consultant panel and insights
- ✓ Stakeholder research insights
- ✓ Long-term direction through Vision of Success statements
- ✓ Evaluated the Mission and Core Values statements
- ✓ Discussed the critical issues likely to require priority focus in the strategic plan

The Work to be Accomplished Next

- Mosaic will capture today's discussion outcomes.
- We will work with the Leadership Team to draft the Strategic Plan.
- We will present the Strategic Plan to the Board at the next Board meeting for additional input.
- Questions or feedback on today's session or next steps?



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THANK YOU FOR
YOUR TIME!

