



**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, October 5, 2022  
9:30 a.m.**

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

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](http://www.acera.org).

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

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

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

NOTICE and AGENDA, Page 2 of 3 –October 5, 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**

**1. Recommended Changes to the New Member Enrollment Process**

Discussion and possible motion to recommend that the Board allow new members' certifications to ACERA to be made through the employer's transmittal file in lieu of a sworn statement, pursuant to Government Code Section 31526(b)(2).

-Jeff Rieger  
-Jessica Huffman

**Recommendation**

Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board allow new members' certifications to ACERA to be made through the employer's transmittal file in lieu of a sworn statement, pursuant to Government Code Section 31526(b)(2).

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

**1. Operating Expenses as of 8/31/2022**

-Erica Haywood

**2. Statement of Reserves as of 6/30/2022**

-Erica Haywood

**3. 2022 Board Elections Update**

-Lisa Johnson

**Trustee Remarks**

**Future Discussion Items**

**November** (*Special Operations Committee Meeting*)

- Discussion and possible motion to approve the proposed 2023 ACERA Operating Expense Budget
- Discussion and possible motion to renew the Voluntary Elected Member Employer Reimbursement policy with or without revisions

**December**

- Discussion and possible motion to approve the annual agreement for the Segal Group, ACERA's Benefits Consultants

***OPERATIONS COMMITTEE/BOARD MEETING***

**NOTICE and AGENDA, Page 3 of 3 –October 5, 2022**

**Establishment of Next Meeting Date**

November 17, 2022, at 1 p.m.

**Adjournment**



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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: October 5, 2022

TO: Members of the Operations Committee

FROM: Jessica Huffman, Benefits Manager *JH*

SUBJECT: **Proposed Changes to the New Member Enrollment Process**

In continued effort to streamline processes, Legal and Benefits Staff are working together to propose a change to the new member enrollment process which will eliminate paperwork for members, employers and staff and will save significant time for team members. Laid out below are current and proposed processes. Chief Counsel will present changes needed to the Board's Membership Policy that will allow staff to proceed with our proposed changes.

Current Practice

- ACERA relies on our Employers to provide a physical copy of the Member Enrollment Questionnaire (MEQ) form as part of the Employer's new hire process. It is then the member's responsibility to complete and return the form back to their Employer. The Employer will then complete the Employer Certification section, providing ACERA with vital information such as the new member's hire date and position title. Then the Employer forwards the completed MEQ form to ACERA along with a copy of the member's birth certification.
- ACERA then waits for the Employer to certify employment information for the new member through the electronic transmittal file. ACERA then validates the information provided on the MEQ against the data submitted via the transmittal file for correctness; collaborating with the Employer to resolve any discrepancies. If ACERA does not receive a MEQ or if the MEQ is incomplete, ACERA then contacts the member via letter to obtain the necessary information or a completed MEQ. This can be a lengthy process and ACERA may never receive the requested information. A MEQ is needed to ensure the member is set up timely and in the correct tier and age (for legacy tiers), to assist with the establishment of reciprocity, to disclose any prior service the member may have and to collect the member's beneficiary designation.

2021 Lookback:

- In 2021, ACERA processed 935 new members for all Employers combined.
  - 64% of all new hires in 2021 did not submit an MEQ or submitted an incomplete MEQ. ACERA has seen an increase in missing or incomplete MEQs since the COVID pandemic began. This is due to most Employers no longer holding in-person New Employee Orientations. Most Employers moved to virtual

- new hire onboarding while ACERA continued the practice of requesting a physical MEQ to be completed.
- 22% of all new hires in 2021 did not submit a birth certification.
- In 2021, ACERA sent 673 letters to new hires asking for a completed MEQ to be submitted.
  - On average ACERA staff spent 14 hours a month completing letters for MEQ collection or correction.
  - 28% have not responded to ACERA's letters and have yet to provide a completed MEQ.

Interim Process – Introduction of DocuSign:

- ACERA is actively working to have each Employer now provide a link to our MEQ DocuSign form as part of the Employer's new hire process. ACERA is also updating content on our web site to better explain the benefits of ACERA membership and to outline what a new member can expect during the ACERA enrollment process.
- DocuSign allows members to timely and securely send their MEQ directly to ACERA. This negates delays in ACERA receiving this vital information and eliminates the possibility of lost documents. DocuSign also provides a convenient way for new members to upload birth certification, provides the user with detailed instructions on how to complete the form and has built in logic on the form itself to ensure form accuracy.
- Once the DocuSign form is received, ACERA begins to process the new member which includes determining proper tier placement, reciprocity review and recording the new member's beneficiary designation. Correspondence is then sent to the new member providing additional information on the benefits of their ACERA retirement plan. ACERA will continue the practice of contacting members who have not submitted a DocuSign MEQ.

Proposed Transitional Process with the Board's approval:

- ACERA will transition into only utilizing the electronic employer transmittal file to enroll new members over the next few months. The electronic employer transmittal file contains all pertinent information needed to create a new membership. This will eliminate the need for the member to complete a DocuSign MEQ or provide birth certification.
- Members will be able to find all resources regarding their new ACERA account on our website such as how to designate their beneficiary, establish reciprocity, complete notice of prior service and submit purchase requests. ACERA is working on expanded content to our website and the additional automation of ACERA forms via DocuSign. We are looking towards a 3–6-month implementation for these enhancements.
- These changes proposed here, will lead to time savings, and added efficiencies for ACERA, the members and the Employers alike.
  - Employers will no longer need to provide a physical MEQ form during new hire onboarding.
  - ACERA will receive vital reciprocity and prior service information weeks in advance, allowing for proper tier placement and eliminating potential contribution overpayments.
  - Members will be able to have their beneficiary designation submitted at time of hire for sound piece of mind.



To: Operations Committee  
From: Jeff Rieger, Chief Counsel  
Meeting: October 5, 2022  
Subject: **Proposed Changes To New Member Enrollment Process**



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Government Code Section 31526 provides two options for the Board's Regulations to require how ACERA receives the information it needs to enroll new ACERA members:

- (1) The filing of a sworn statement by every person who is or becomes a member, showing date of birth, nature and duration of employment with the county, compensation received, and other information as is required by the board.
- (2) In lieu of a sworn statement, the submission by the member's employer to the retirement association of the information otherwise required in paragraph (1), in a form determined by the retirement association.

The Board's Regulations (relevant pages attached) currently include the first option. The Legislature added the second option to Section 31526 effective January 1, 2017. Staff advises that the second option would be superior for the reasons explained in Jessica Huffman's memorandum in the agenda backup.

The Board's Regulations currently state:

4.3.1. Every employee who becomes a member of the Retirement Association shall execute and file with the Board a sworn statement showing date of birth, nature of employment with the County or other participating employer, compensation received, and such other information as is required by the Board, these regulations, or Board policy and procedure.

Staff recommends that the Board revise Section 4.3.1 of the Regulations as follows:

4.3.1. For every employee who becomes a member of the Retirement Association, the employer must provide to ACERA the member's date of birth, nature and duration of employment with the employer, compensation received and such other information as is required by the Board, these Regulations, or other ACERA policies and procedures.

Section 6 of the Board's Regulations require an affirmative vote of at least five members of the Board. Further, Government Code Section 31525 provides that

the Board's regulations "become effective when approved by the board of supervisors." Thus, if the Board approves the above revisions to the Regulations, the revisions will have to be approved by the Board of Supervisors before they become effective.

If the Board and the Board of Supervisors approve the proposed revisions to the Regulations, the Board should also delete Section II(A)(3) of the Board's Membership Policy (relevant pages attached), which states: "ACERA eligible employees must submit a completed Membership Enrollment Questionnaire to ACERA when they are hired."

For the reasons stated in Jessica Huffman's memorandum Staff recommends that the Operations Committee recommend to the Board that it transition to the second option described above by making the above-described revisions to the Board's Regulations and Membership Policy.



# *Regulations of the Board of Retirement*

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## 1. AUTHORITY

- 1.1. ACERA was established under, and is governed by the provisions of the County Employees' Retirement Law of 1937 at Title 3, Division 4, Part 3, Chapter 3 of the Government Code of the State of California, beginning with Section 31450 (1937 Act). ACERA is also governed by the provisions of the California Public Employees' Pension Reform Act of 2013 at Title 1, Division 7, Chapter 21, Article 4 of the Government Code of the State of California, beginning at Section 7522 (PEPRA), as well as relevant State and Federal laws.
- 1.2. ACERA was established by the Alameda County Board of Supervisors by Ordinance No. 446, dated October 21, 1947, operative January 1, 1948.
- 1.3. Pursuant to Government Code Section 31525, these regulations shall be the official regulations of the Board and shall be in full force and effect from the date of ratification by the Alameda County Board of Supervisors and shall supersede any and all conflicting rules or resolutions.
- 1.4. The Board of Retirement (Board) may amend these regulations at any time. Such amendments shall be effective on the date they are ratified by the Alameda County Board of Supervisors.
- 1.5. Plenary authority and fiduciary responsibility for the investment of moneys and administration of the system is vested in the Board by Section 17, Article XVI of the Constitution of the State of California.
- 1.6. The management of the retirement system is vested with the Board pursuant to Government Code Section 31520.1.

## 2. BOARD

- 2.1. The Board shall discharge its duties solely in the interest of, and for the exclusive purpose of providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A Retirement Board's duty to its participants and their beneficiaries shall take precedence over any other duty.



4.2.3. The Board shall adopt, adhere to, and may amend from time to time, an Investment Plan which shall, at a minimum, establish the Board's Investment Goals, Objectives, Policies, Asset Allocation, Guidelines, and Controls.

#### 4.3. Membership

4.3.1. Every employee who becomes a member of the Retirement Association shall execute and file with the Board a sworn statement showing date of birth, nature of employment with the County or other participating employer, compensation received, and such other information as is required by the Board, these regulations, or Board policy and procedure.

4.3.2. The Board shall adopt, adhere to, and may amend from time to time, policies and procedures governing membership which are not inconsistent with the provisions of the 1937 Act or these regulations and which shall, at a minimum, establish eligibility for membership, and define service, benefits available, and compensation earnable.

4.4. **Retirement:** The Board shall adopt, adhere to, and may amend from time to time, policies and procedures governing retirement of members and which shall, at a minimum, identify the process for determining eligibility for service or disability retirement and hearing procedures.

4.5. **Other Policies:** The Board may adopt such other policies and procedures relating to the conduct of Board business as it deem necessary.

## 5. CERTIFICATES

5.1. Prior to the approval by the Board of an application for service retirement, the member shall be furnished with a statement indicating the amount of his retirement allowance calculated in accordance with the unmodified and various optional modes of settlement. Such statement shall be in duplicate and provide a place for the signature of the member indicating the choice as to the type of retirement allowance selected. The completed statement shall constitute the annuity certificate provided for in Section 31526(c) of the Government Code.

5.2. When a member leaves the service of the County or other participating employer and applies for and is granted deferred retirement, such member shall be furnished with a statement indicating deferred retirement has been granted and setting forth the years of service credited to said member.

6. **AMENDMENTS:** These regulations may be amended at any regular meeting of the Board by an affirmative vote of at least five (5) members of the Board, and shall be submitted to the Alameda County Board of Supervisors for ratification.

7. **HISTORY**

A. The Board was established by the Alameda County Board of Supervisors by Ordinance No. 446 dated October 21, 1947, operative January 1, 1948. The Board adopted the Regulations of the Board of Retirement.

B. The Board reviewed and adopted these Regulations, with revisions, on June 21, 2001, with approval from the Board of Supervisors on July 10, 2001.

C. The Board reviewed and adopted these Regulations, with revisions, on July 17, 2003, with approval from the Board of Supervisors on August 5, 2003.

D. The Board reviewed and adopted these Regulations, with revisions, on December 19, 2013, with approval from the Board of Supervisors on February 25, 2014.

E. The Board reviewed and adopted these Regulations, with revisions, on December 20, 2018, with approval from the Board of Supervisors on February 26, 2019.



# Membership Policy

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## I. Purpose

This Membership Policy (Policy) contains the Board of Retirement's (Board) rules of membership in the Alameda County Employees' Retirement Association (ACERA). If there are conflicts between applicable law and this policy, applicable law prevails.

## II. Membership Eligibility and Contributions

### A. Mandatory Membership

1. Membership in ACERA is mandatory for employees appointed to full-time permanent positions with a Participating Employer.<sup>1</sup> Each Participating Employer has the exclusive authority and responsibility to define what constitutes full-time employment and to identify its positions that are eligible for membership.<sup>2</sup>
2. When enrolling an employee in ACERA membership, the Participating Employer certifies that (a) the individual is an employee of the Participating Employer; (b) the employee's position is eligible for membership with ACERA; (c) the employee works in a full-time permanent position; and (d) the employee should be enrolled in ACERA.
3. ACERA eligible employees must submit a completed Membership Enrollment Questionnaire to ACERA when they are hired.
4. Membership is continuous until termination of employment with a Participating Employer. If a full-time employee who is a member of ACERA starts working less than full-time, the employee continues to make contributions to ACERA and receive proportional service credit based on the amount of time worked compared to a full-time schedule.

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<sup>1</sup> For Alameda Health Systems, membership is pursuant to Gov. Code §31552.4 and Health and Safety Code §101851. Unless stated otherwise, all references to statutes are California State statutes.

<sup>2</sup> As of February 18, 2021, ACERA has seven Participating Employers: (1) Alameda County; (2) Alameda Health Systems; (3) Alameda County Superior Court; (4) Housing Authority of Alameda County; (5) Livermore Area Recreation and Park District; (6) First 5 Alameda County; and (7) Alameda County Office of Education.

## XI. Policy Modification

The Governance Committee, or other committee designated by the Board, shall review this policy at least every three years. The Committee shall make recommendations to the Board concerning any improvements or modifications it deems necessary.

## XII. Policy History

- A. The Board adopted this policy on July 17, 2003.
- B. The Board reviewed and affirmed this policy, with revisions, on February 18, 2021.<sup>4</sup>

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<sup>4</sup> Previous amendment dates all with revisions: August 16, 2007; August 18, 2011; December 15, 2011; December 20, 2012; March 21, 2013; December 19, 2013; June 18, 2015; July 21, 2016; December 20, 2018; and December 17, 2020.



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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: October 5, 2022

TO: Members of the Operations Committee

FROM: Erica Haywood, Fiscal Services Officer *EH*

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

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ACERA's operating expenses are \$1,162K under budget for the period ended August 31, 2022. Budget overages and surpluses worth noting are as follows:

**Budget Overages**

1. *Depreciation*: Depreciation is \$5K over budget.

**Budget Surpluses**

2. *Staffing*: Staffing is \$757K under budget. This amount comprises surpluses in staff vacancies of (\$203K), and fringe benefits of (\$648K), offset by an overage in temporary staffing of \$94K due to some vacant positions filled by temporary staff.
3. *Staff Development*: Staff Development is \$32K under budget due to savings from unattended staff trainings and conferences.
4. *Professional Fees*: Professional Fees are \$68K under budget. This amount comprises an overage in actuarial fees of \$8K, offset by surpluses in legal fees of (\$74K), and operations consultant fees of (\$2K).
5. *Office Expense*: Office Expense is \$136K under budget. This amount comprises surpluses in printing and postage of (\$9K) and office maintenance and supplies of (\$30K) both due to savings in usage, communication expenses of (\$28K), building expenses of (\$50K), minor equipment and furniture of (\$7K), and equipment lease and maintenance of (\$11K).
6. *Member Services*: Member Services are \$15K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$15K), disability medical expense of (\$17K), and member training and education of (\$3K), offset by overages in members printing and postage of \$13K, and health reimbursement account of \$6K.
7. *Systems*: Systems are \$73K under budget. This amount comprises surpluses in software maintenance and support of (\$68K), county data processing of (\$4K), business continuity expense of (\$5K), offset by overage in minor computer hardware of \$4K.
8. *Board of Retirement*: Board of Retirement is \$86K under budget. This amount comprises surpluses in board conferences and trainings of (\$80K) mainly due to unattended trainings and conferences, board miscellaneous expenses of (\$8K), board compensation of (\$3K), and

## Operating Expenses Budget Summary for the period ended August 31, 2022

board software maintenance and support of (\$5K), offset by an overage in board employer reimbursement of \$6K, and board election of \$4K.

**Staffing Detail**

Vacant positions as of August 31, 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
Benefits	Retirement Benefits Specialist	1	Vacant - currently budgeted for the year
Fiscal Services	Retirement Accountant III	1	Vacant - currently budgeted for the year
Investments	Investment Analyst	1	Vacant - currently budgeted for the year
<b>Total Positions</b>		<b>6</b>	

Pension Administration System Project - as of August 31, 2022					
	Year-To-Date			2022 Budget	2019-21 Actual
	Actual	Budget	Variance		
<b>Consultant Fees</b>					
Levi, Ray and Shoup	28,337	350,000	(321,663)	525,000	2,041,606
Segal	215,775	273,333	(57,558)	410,000	1,203,390
Other expenses	-	-	-	-	1,500
Leap Technologies	-	-	-	-	98,970
<b>Total</b>	<b>244,112</b>	<b>623,333</b>	<b>(379,221)</b>	<b>935,000</b>	<b>3,345,466</b>
<b>Staffing</b>	<b>409,531</b>	<b>471,333</b>	<b>(61,802)</b>	<b>707,000</b>	<b>1,515,887</b>
<b>TOTAL</b>	<b>653,644</b>	<b>1,094,667</b>	<b>(441,023)</b>	<b>1,642,000</b>	<b>4,861,353</b>

## 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>August 31, 2022</u>					
	Actual	Budget	YTD	2022	% Actual to
	<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	\$ 10,504,712	\$ 11,261,640	\$ (756,928)	\$ 16,941,000	62.0%
Staff Development	157,280	188,860	(31,580)	279,000	56.4%
Professional Fees (Next Page)	799,599	867,960	(68,361)	1,146,000	69.8%
Office Expense	306,114	442,140	(136,026)	659,000	46.5%
Insurance	359,565	360,620	(1,055)	550,000	65.4%
Member Services	206,616	221,480	(14,864)	393,000	52.6%
Systems	741,959	814,520	(72,561)	1,207,000	61.5%
Depreciation	82,274	76,740	5,534	114,000	72.2%
Board of Retirement	335,703	421,800	(86,097)	656,000	51.2%
Uncollectable Benefit Payments	-	-	-	56,000	0.0%
<b>Total Operating Expense</b>	<b>\$ 13,493,822</b>	<b>\$ 14,655,760</b>	<b>\$ (1,161,938)</b>	<b>\$ 22,001,000</b>	<b>61.3%</b>



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET

August 31, 2022

	<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>2022</u> <u>Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
<b>Professional Fees</b>					
Consultant Fees - Operations and Projects <sup>1</sup>	\$ 270,133	\$ 272,520	\$ (2,387)	\$ 384,000	70.3%
Actuarial Fees <sup>2</sup>	327,712	319,800	7,912	420,000	78.0%
External Audit <sup>3</sup>	142,000	142,000	-	142,000	100.0%
Legal Fees <sup>4</sup>	59,754	133,640	(73,886)	200,000	29.9%
<b>Total Professional Fees</b>	<b>\$ 799,599</b>	<b>\$ 867,960</b>	<b>\$ (68,361)</b>	<b>\$ 1,146,000</b>	<b>69.8%</b>

	<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>2022 Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
<b><sup>1</sup> CONSULTANT FEES - OPERATIONS AND PROJECTS:</b>					
Administration					
Banking transition consultant fees	50,000	50,000	-	50,000	100.0%
Total Administration	50,000	50,000	-	50,000	100.0%
Benefits					
Alameda County HRS (Benefit Services)	84,000	84,000	-	126,000	66.7%
Segal (Benefit Consultant/Retiree Open Enrollment)	84,800	87,320	(2,520)	131,000	64.7%
Total Benefits	168,800	171,320	(2,520)	257,000	65.7%
Human Resources					
Lakeside Group (County Personnel)	51,333	51,200	133	77,000	66.7%
Total Human Resources	51,333	51,200	133	77,000	66.7%
<b>Total Consultant Fees - Operations</b>	<b>270,133</b>	<b>272,520</b>	<b>(2,387)</b>	<b>384,000</b>	<b>70.3%</b>
<b><sup>2</sup> ACTUARIAL FEES</b>					
Actuarial valuation	81,000	81,000	-	81,000	100.0%
GASB 67 & 68 Valuation	20,500	25,500	(5,000)	51,000	40.2%
GASB 74 & 75 Actuarial	7,500	7,500	-	15,000	50.0%
Actuarial Standard of Practice 51 Pension Risk	30,000	30,000	-	30,000	100.0%
Supplemental Consulting	145,712	132,800	12,912	200,000	72.9%
Supplemental Retiree Benefit Reserve valuation	43,000	43,000	-	43,000	100.0%
<b>Total Actuarial Fees</b>	<b>327,712</b>	<b>319,800</b>	<b>7,912</b>	<b>420,000</b>	<b>78.0%</b>
<b><sup>3</sup> EXTERNAL AUDIT</b>					
External audit	119,000	119,000	-	119,000	100.0%
GASB 67 & 68 audit	11,000	11,000	-	11,000	100.0%
GASB 74 & 75 audit	12,000	12,000	-	12,000	100.0%
<b>Total External Audit Fees</b>	<b>142,000</b>	<b>142,000</b>	<b>-</b>	<b>142,000</b>	<b>100.0%</b>
<b><sup>4</sup> LEGAL FEES</b>					
Fiduciary & Litigation	43,030	83,360	(40,330)	125,000	34.4%
Tax and Benefit Issues	2,878	16,680	(13,803)	25,000	11.5%
Miscellaneous Legal Advice	13,847	33,600	(19,754)	50,000	27.7%
<b>Total Legal Fees</b>	<b>59,754</b>	<b>133,640</b>	<b>(73,886)</b>	<b>200,000</b>	<b>29.9%</b>



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
 TOTAL EXPENDITURES VS. PRIOR YEAR ACTUAL  
 For the Eight Months Ending 8/31/2022

	For the Month of August 2022	For the Month of August 2021	Variance	Year-To-Date 2022	Year-To-Date 2021	Variance
<b>STAFFING</b>						
Salaries	939,465	842,253	97,212	6,776,384	6,308,384	468,000
Fringe Benefits	462,674	440,810	21,864	3,460,009	3,174,321	285,688
Temporary & Other Staffing Cost	31,983	36,280	(4,297)	268,319	350,352	(82,033)
Staffing Total	1,434,122	1,319,343	114,779	10,504,712	9,833,057	671,655
<b>STAFF DEVELOPMENT</b>	17,127	12,431	4,696	157,280	96,811	60,469
<b>PROFESSIONAL FEES</b>						
Actuarial Fees	16,600	15,830	770	327,712	304,736	22,976
Consultant Fees - Operations	27,517	27,517	0	270,133	220,917	49,216
Consultant Fees - Legal	(3,695)	25,604	(29,299)	59,754	136,095	(76,341)
External Audit	0	0	0	142,000	157,000	(15,000)
Professional Fees Total	40,422	68,951	(28,529)	799,599	818,748	(19,149)
<b>OFFICE EXPENSE</b>						
Bank Charges & Misc. Admin	11,712	10,375	1,337	90,719	77,740	12,979
Building Expenses	1,319	6,627	(5,308)	8,737	54,271	(45,534)
Communications	14,375	6,427	7,948	97,863	58,355	39,508
Interest expense on lease liability - GASB-87	747	1,206	(459)	7,104	10,620	(3,516)
Amortization expense of lease assets - GASB-87	3,548	3,548	0	28,381	28,381	0
Equipment Lease/Maintenance	5,285	3,257	2,028	34,457	31,383	3,074
Minor Equipment and Furniture	1,951	0	1,951	4,772	429	4,343
Office Supplies/Maintenance	2,322	1,070	1,252	24,799	20,169	4,630
Printing & Postage	1,181	2,208	(1,027)	9,282	8,461	821
Office Expense Total	42,440	34,718	7,722	306,114	289,809	16,305
<b>INSURANCE</b>	46,924	63,379	(16,455)	359,565	521,170	(161,605)
<b>MEMBER SERVICES</b>						
Disability - Legal Arbitration & Transcripts	350	0	350	15,252	0	15,252
Disability Medical Expense	1,850	7,600	(5,750)	64,474	82,260	(17,786)
Disability Claims Management	3,850	3,850	0	30,800	30,800	0
Health Reimbursement Acct. (HRA)	5,511	4,576	935	45,944	39,744	6,200
Member Training & Education	781	1,111	(330)	3,492	3,900	(408)
Printing & Postage - Members	10,465	2,198	8,267	46,654	37,897	8,757
Virtual Call Center	0	5,041	(5,041)	0	38,880	(38,880)
Member Services Total	22,807	24,376	(1,569)	206,616	233,481	(26,865)

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
TOTAL EXPENDITURES VS. PRIOR YEAR ACTUAL  
For the Eight Months Ending 8/31/2022

	For the Month of August 2022	For the Month of August 2021	Variance	Year-To-Date 2022	Year-To-Date 2021	Variance
<b>SYSTEMS</b>						
Business Continuity Expense	16,156	15,794	362	139,760	129,950	9,810
County Data Processing	11,355	10,865	490	84,066	80,223	3,843
Minor Computer Hardware	229	699	(470)	29,963	24,278	5,685
Software Maintenance & Support	58,945	62,482	(3,537)	488,170	481,532	6,638
Systems Total	86,685	89,840	(3,155)	741,959	715,983	25,976
<b>DEPRECIATION</b>						
Depreciation Expense	9,961	9,592	369	82,274	78,055	4,219
<b>BOARD OF RETIREMENT</b>						
Board Compensation	2,100	2,700	(600)	15,800	17,900	(2,100)
Board Conferences & Training	843	732	111	73,500	11,776	61,724
Board Election	0	0	0	3,533	0	3,533
Board Employer Reimbursement	28,250	20,917	7,333	231,605	117,264	114,341
Board Miscellaneous Expense	665	504	161	7,322	4,831	2,491
Board Software Maint. & Support	(2,957)	986	(3,943)	3,943	8,097	(4,154)
Board of Retirement Total	28,901	25,839	3,062	335,703	159,868	175,835
<b>GRAND TOTALS</b>	<b>1,729,389</b>	<b>1,648,469</b>	<b>80,920</b>	<b>13,493,822</b>	<b>12,746,982</b>	<b>746,840</b>




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MEMORANDUM TO THE OPERATIONS AND RETIREES COMMITTEE

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DATE: October 5, 2022

TO: Members of the Operations and Retirees Committees

FROM: Erica Haywood, Fiscal Services Officer **EH**

SUBJECT: Statement of Reserves and Supplemental Retirees Benefit Reserve (SRBR)  
Status as of June 30, 2022

The Statement of Reserves as of June 30, 2022, is attached for your review. The semi-annual interest crediting as of June 30, 2022, was completed on August 25, 2022.

For the six-month period ended June 30, 2022, approximately \$381.9 million of total interest (\$360.4 million in regular earnings and \$21.5 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 \$360.4 million were credited to the valuation reserve accounts, the 401(h) account, and the SRBR at one half of the assumed crediting rate of return of 3.5000%. The advance UAAL contribution reserve was credited at rate of 2.3661%; a lower rate compared to all other reserves due to the exclusion of \$122.0 million in available earnings deferred prior to June 30, 2021.
- 50% of the \$21.5 million earnings above the assumed rate of return (excess earnings) or \$10.7 million were posted to SRBR at the crediting rate of 0.9504%.
- The remaining 50% of the earnings above the assumed rate of return (excess earnings) or \$10.7 million were posted to the valuation reserve accounts and the 401(h) account at a crediting rate of 0.1248%. There was no excess earning crediting to the advance UAAL contribution reserve as the reserve is not eligible to share crediting from earnings that were deferred on or before the June 30, 2021 interest crediting cycle.

The total interest crediting rates were 3.6248% to the valuation reserve accounts and the 401(h) account, 2.3661%% to the advance UAAL contribution reserve, and 4.4504% to the SRBR (see table below).

Earnings Classification	Valuation Reserve & 401(h) Accounts		Advance UAAL Contribution Reserve		SRBR	
	Amount	Rate	Amount	Rate	Amount	Rate
Regular Earnings	\$301,564,675	3.5000%	\$19,285,239	2.3661%	\$ 39,586,696	3.5000%
Excess Earnings	10,749,534	0.1248%	-	0.0000%	10,749,534	0.9504%
<b>Total Interest Credited</b>	<b>\$312,314,209</b>	<b>3.6248%</b>	<b>\$19,285,239</b>	<b>2.3661%</b>	<b>\$ 50,336,230</b>	<b>4.4504%</b>

The process for crediting interest as of June 30, 2022, 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, \$105.2 million as of June 30, 2022. As a result approximately \$15.0 million was released from the CRA. Of the \$15 million, the equitable share or \$381.6 thousand was allocated to the advance UAAL contribution reserve. There was no subsequent withdrawal of funds from the CRA to meet interest crediting shortfalls.

<b>Interest Crediting Methodology as of June 30, 2022</b>	
Expected Actuarial Earnings for the period	\$ 412,541,242.75
10 % Amortization of deferred amounts – (Sum of the last 10 periods)	(45,604,190.49)
<b>Actuarial earnings on a smoothed basis</b>	<b>366,937,052.26</b>
CRA adjustment to 1% of total assets as of 6/30/2022	14,998,625.54
<b>Actuarial earnings available for interest crediting</b>	<b>381,935,677.80</b>
Interest credited at the assumed return rate of 3.5000% to Valuation Reserves and 401(h) Account	301,564,674.81
Interest credited at the assumed return rate of 3.5000% to SRBR	39,586,696.61
Interest credited at the rate of 2.3661% to the advance UAAL Contribution Reserve (\$18,903,617.79 regular earnings + \$381,621.25 from CRA)	19,285,239.04
<b>Excess Earnings - Earnings above the assumed rate of return</b>	<b>\$ 21,499,067.34</b>
50% of Excess Earning credited to the SRBR at the rate of 0.9504%	\$ 10,749,533.67
Excess Earning credited to the other reserves at the rate of 0.1248%	\$ 10,749,533.67
Excess Earning credited to the advance UAAL contribution reserve at the rate of 0.0000%	\$ 0.00

There was a market *loss* of approximately \$1.4 billion for the six-month period ended June 30, 2022, which was lower than the expected actuarial earnings of approximately \$412.5 million. As a result, \$1.8 billion in *losses* were added to the market stabilization reserve (the difference of the actual market gain/loss and the expected actuarial earnings). In addition, \$45.6 million of net *losses* from the previous ten (10) interest crediting cycles were recognized in the current interest crediting period. Thus, the market stabilization reserve decreased from net deferred *gain* of \$1.1 billion as of December 31, 2021, to \$650.8 million in deferred *losses* as of June 30, 2022.

#### **Supplemental Retiree Benefit Reserve (SRBR) Status Report**

The 10-year history of SRBR activity through December 31, 2021 and the six-month period ended June 30, 2022, is attached for your review. The June 30, 2022, ending balance of the SRBR account is approximately \$1.2 billion.

The break-down of the June 30, 2022 total interest crediting rate is as follows:

- Regular earnings were credited at the assumed rate of return of 3.5000%.
- Earnings above the assumed rate of return (excess earning) were credited at the rate of 0.9504%.

The total interest credited to the SRBR for the six-month period ended June 30, 2022, was approximately \$39.6 million of regular earning and \$10.7 million of excess earnings.

For the six-month period ended June 30, 2022, the net deductions from SRBR were approximately \$28.7 million. These deductions include the net transfer to/from the employer advance reserve for 401(h) contributions of \$22.5 million, transfer to the employer advance reserve for implicit subsidy of \$5.6 million, and payments of supplemental COLA and retired death benefits of \$0.6 million.

Attachments:

- Statement of Reserves as of June 30, 2022
- SRBR Status as of June 30, 2022

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**STATEMENT OF RESERVES**

*For the Six Months Ended June 30, 2022*

	Beginning Balances 1/1/2022	Net Contributions Benefits, Refunds & Transfers 1/1 - 6/30/2022	Transfer Employers UAAL Adv Rsrv	Interest Crediting Process 1/1 - 6/30/2022 (3.5000%)	Allocation of Excess Earnings 1/1 - 6/30/2022 (0.1248%)	Ending Balances 6/30/2022
<b>Member Reserves:</b>						
Active Member Reserves	\$ 1,752,647,256	\$ (52,145,619)	\$ -	\$ 56,730,606 <sup>1</sup>	2,022,211 <sup>1</sup>	\$ 1,759,254,454
Employer Advance Reserve 401(h) Account - OPEB	1,465,340,113	(27,081,664)	32,345,994	46,238,625	1,648,216	1,518,491,284
Total Employer Reserves	1,474,569,398	(27,768,089)	32,345,994	46,561,650 <sup>1</sup>	11,514	8,877,399
Retired Member Reserves	5,414,392,920	(2,882,875)	10,149,876	198,272,419 <sup>1</sup>	7,067,592 <sup>1</sup>	5,626,999,932
Supplemental Retiree Benefit Reserve:	1,131,048,474	(28,645,747)		39,586,696 <sup>1</sup>	10,749,534 <sup>1</sup>	1,152,738,957
Contingency Reserve	120,183,593			(14,998,625) <sup>2</sup>		105,184,968
Market Stabilization Reserve	1,132,947,106				(1,783,785,702)	(650,838,596)
<b>Total All Other Reserves and SRBR</b>	11,025,788,747	(111,442,330)	42,495,870	326,152,746	(1,762,286,635)	9,520,708,398
UAAL Advance Contribution Reserves:						
County-Safety UAAL Advance Reserve	802,329,252	-	(41,998,434)	18,983,686 <sup>1</sup>	-	779,314,504
LARPD-General UAAL Advance Reserve	12,744,897	-	(497,436)	301,553 <sup>1</sup>	-	12,549,014
<b>Total Reserves at Fair Value / Fiduciary Net Position</b>	\$ 11,840,862,896	\$ (111,442,330)	\$ -	\$ 345,437,985	\$ (1,762,286,635)	\$ 10,312,571,916

Notes: 1. Interest credited as of 6/30/22 includes \$360,436,610.46 of regular earnings allocation at crediting rates of 3.50% to the SRBR and all other non-SRBR reserves; and at 2.3661% to the UAAL advance reserves. Excess earnings of \$21,499,067.34 were allocated at a rate of 0.9504% and 0.1248% to the SRBR and all other non-SRBR reserves, respectively. There was no excess earnings allocation to the UAAL advance reserves.

2. Amount includes a decrease of the CRA by \$14,998,625.54 to adjust the balance at 1% total assets as of 6/30/22. About \$381,621.25 of the funds released from the CRA were used to fund a portion of regular earnings allocation short fall to the UAAL advance reserve and the remaining funds were used towards the excess earnings allocation to the SRBR and all other reserves.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
SUPPLEMENTAL RETIREES' BENEFIT RESERVE (SRBR)  
For the Ten Years Ended December 31, 2012 - December 31, 2021 and the Six Months Ended June 30, 2022**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	6/30/2022
<b>Beginning Balance</b>	\$ 602,906,726	\$ 570,878,929	\$ 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
<b>Deductions:</b>											
Transferred to Employers Advance Reserve	33,353,151	32,240,449	34,039,593	36,528,264	33,819,832	38,327,914	43,777,409	44,858,371	45,456,100	46,772,130	23,318,337
Employers Implicit Subsidy	4,411,206	7,370,466	6,992,822	5,320,953	6,021,451	8,787,596	5,800,563	6,889,139	6,446,702	7,484,411	5,593,922
Supplemental Cost of Living	2,345,527	2,067,218	1,849,140	1,565,924	1,350,784	1,231,500	1,134,613	1,181,244	1,116,523	932,177	460,181
Death Benefit - Burial - SRBR	791,492	5,525	223,529	213,909	187,081	187,060	196,576	216,834	230,747	256,683	122,307
ADEB (Active Death)	426,640	-	-	-	-	-	-	-	-	-	-
<b>Total Deductions</b>	<u>41,328,016</u>	<u>41,683,658</u>	<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>29,494,747</u>
<b>Additions:</b>											
Interest Credited to SRBR	9,300,219	38,786,516	54,031,947	62,722,797	60,730,023	66,715,938	64,827,882	57,022,294	58,878,406	69,152,162	39,586,696
Excess Earnings Allocation	-	75,074,713 (1)	132,455,002	43,770,247	-	-	10,574,982	-	-	184,050,056	10,749,534
Transferred from Employers Advance Reserve	-	-	3,388,512 (2)	1,141,500	1,191,000	1,203,500	1,224,500	1,354,500	1,416,000	1,537,500	849,000
<b>Total Additions</b>	<u>9,300,219</u>	<u>113,861,229</u>	<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>51,185,230</u>
<b>Ending Balance</b>	<u>\$ 570,878,929</u>	<u>\$ 643,056,500</u>	<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>\$ 1,152,738,957</u>

**Notes**

(1) The Excess Earnings allocation of \$75,074,713.03 is a total of \$72,013,436.53 from investment earning above the assumed rate of return and \$3,061,276.50 from additional excess earning made available from the dispersal of the Death Benefit-Burial Reserve as of 12/31/13.

(2) 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 \$3,388,512 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.



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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: October 5, 2022

TO: Members of the Operations Committee

FROM: Lisa Johnson, Assistant Chief Executive Officer 

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

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### Nomination Results Summary

The nomination period for the 2022 Board of Retirement Election (election) closed on September 26, 2022 for five (5) open seats on the Board. There were ten (10) requests for election information packets. In total, six (6) certifications were issued for the five (5) open seats.

With the nomination period over, only three (3) of the five (5) initial seats will move forward in the election, since the third, and alternate eighth candidates went unopposed<sup>1</sup> (see list below). The winning candidates will serve a 3-year term commencing January 1, 2023, and ending December 31, 2025.

**Third Member** to represent the general members

1. George Wood, Incumbent

**Alternate Eighth Member** to represent the retired members

1. Cynthia Baron, Candidate

Mr. George Wood, the incumbent Third Member, was the only person to submit nomination papers and to be certified as a candidate for the Third Member. Ms. Cynthia Baron was the only person to submit nomination papers and to be certified as a candidate for the Alternate Eighth Member.

Given the outcome of the nomination period, ACERA's 2022 election will be held from November 16, 2022 to December 21, 2022 to elect the seventh member, the alternate seventh member (safety member and alternate safety member) and the eighth member (retired member). The first runner up for the seventh member seat will be designated as the alternate seventh member<sup>2</sup>.

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<sup>1</sup> Pursuant to Government Code Section 31523 and ACERA's Board Election Policy, if only one candidate is certified for any designated seat, the Board of Supervisors shall order that no election be held and shall direct the Clerk of the Board of Supervisors to cast a unanimous ballot in favor of the nominated member. ACERA staff will work with the Board of Supervisors to complete this process on behalf of Mr. Wood and Ms. Baron.

<sup>2</sup> To qualify as the alternate seventh member, this safety member must represent a group other than the group that the seventh member represents.

## Election Ballot and Timeline of Events

As with all past elections and in accordance with the board election policy, lots were drawn for name placement on the ballot.

Below is the order of the names and designations for the seventh member candidates as they will appear on the 2022 election ballot:

1. Ross Clippinger, Captain Sheriff's Office
2. Kevin Bryant, Probation Officer

Below is the order of the names and designations for the eighth member candidates as they will appear on the 2022 election ballot:

1. Darryl Walker, Retired Probation Supervisor
  2. Elizabeth Rogers, Candidate
- A public review period of the candidate statements will be held for ten (10) calendar days, ending on October 7, 2022.
  - What's Up – election edition will be mailed to safety and retired members on October 31, 2022.
  - Ballots will be mailed to safety and retired members on November 16, 2022.
  - The election will end on December 21, 2022 at 5:00 pm.
  - Ballots will be counted at the Registrar of Voters on December 22, 2022, at 9:00 am.
  - Election results will be announced on December 22, 2022, via email from ACERA's Chief Executive Officer.