



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

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

**THIS MEETING WILL BE CONDUCTED VIA TELECONFERENCE
[SEE GOV'T CODE § 54953(e) AND LETTER ATTACHED AT THE END OF THIS AGENDA.]**

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 6, 2021
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 Meeting ID: 810 1240 7769 Password: 554282 Call-in Number: 1 669 900 6833 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	JAIME GODFREY, CHAIR	APPOINTED
	LIZ KOPPENHAVER, VICE CHAIR	ELECTED RETIRED
	OPHELIA BASGAL	APPOINTED
	KEITH CARSON	APPOINTED
	HENRY LEVY	TREASURER

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 – October 6, 2021

Call to Order: 9:30 a.m.

Roll Call:

Public Input (Time Limit: 4 minutes per speaker)

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

1. Discussion and Possible motion to Adopt Banking RFP Decision

-David Nelsen

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

1. Operating Expenses as of 08/31/2021

-David Nelsen

2. Statement of Reserves as of 06/30/2021

-David Nelsen

3. Pension Software Replacement Project Update

-Dana D'Arienzo

4. Staff report on changes and enhancements to benefits processing, member services, and website

-Kathy Foster

-Vijay Jagar

-Mike Fara

-Jessica Huffman

-Sandra Duenas-Cuevas

5. Board of Retirement Election Update

-David Nelson

Trustee Remarks

Future Discussion Items

November

- Discussion and possible motion to approve the proposed 2022 ACERA Operating Expense Budget

December

- Discussion and possible motion to approve the annual agreement for the Segal Group

Establishment of Next Meeting Date

November 18, 2021 at 1:00 p.m.

Adjournment



OFFICE OF THE AGENCY DIRECTOR

1000 San Leandro Blvd., Suite 300
San Leandro, CA 94577
TEL (510) 618-3452
FAX (510) 351-1367

September 23, 2021

The Honorable Board of Supervisors
County Administration Building
1221 Oak Street
Oakland, CA 94612

**SUBJECT: RECEIVE AND ACCEPT THE RECOMMENDATION OF THE HEALTH CARE SERVICES AGENCY
DIRECTOR FOR CONTINUED SOCIAL DISTANCING AT ALL BOARD OF SUPERVISORS
MEETINGS AND BOARD COMMITTEE MEETINGS**

Dear Board Members:

RECOMMENDATION

Receive and accept the recommendation of the Health Care Services Agency Director for continued social distancing at all meetings of the full Board of Supervisors and at all Board of Supervisors Committee meetings.

DISCUSSION/SUMMARY

In light of the continued state of emergency related to COVID-19, the Health Care Services Agency (HCSA) Director recommends that your Board continue to impose the social distancing measures that were initially adopted in March 2020 for all meetings of the Board of Supervisors and Board Committee meetings, until your Board – in consultation with the HCSA Director – concludes that such measures are no longer necessary. The HCSA Director makes this recommendation to comply with newly enacted urgency legislation establishing new requirements for teleconferenced (remote) meetings under the Ralph M. Brown Act.

This recommendation is based on the continued threat of COVID-19 to the community, the unique characteristics of public governmental meetings (such as the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to fully participate in public governmental meetings, and the challenges with fully ascertaining and ensuring compliance with vaccination and other safety recommendations at such meetings), and the continued increased safety protection that social distancing provides as one method to reduce the risk of COVID-19 transmission.

BACKGROUND

On March 4, 2020, Governor Newsom issued an Executive Order proclaiming a state of emergency in California as a result of the COVID-19 pandemic. This emergency declaration remains in effect. On March 17, 2020, Governor Newsom issued Executive Order N-29-20, which allowed local agencies subject to the Brown Act to hold their meetings remotely, without providing a physical location for

members of the public to gather and participate, so long as there were telephonic means to allow public participation and protect citizens' statutory and constitutional rights. Your Board held its first telephonic meeting with no in-person public participation on April 21, 2020 and has continued the practice since. On June 11, 2021, Governor Newsom issued Executive Order N-08-21 which similarly governed the convening of public meetings and modified the permissions of Executive Order N-29-20 to allow for continued use of teleconferenced meetings by local agencies subject to the Brown Act.

On September 16, 2021, Governor Newsom signed into law Assembly Bill 361 (AB 361, Chapter 165, Statutes of 2021), which amended the Brown Act to allow for continued use of teleconferenced meetings by Brown Act bodies without providing a physical meeting location for the public through January 31, 2024, under certain conditions. The permitting conditions include factors such as a continued declaration of emergency, and a local official recommending measures for social distancing.

As HCSA and the Health Officer have reported to your Board, the highly transmissible SARS-CoV-2 B.1.617.2 (Delta) variant has been circulating in the County of Alameda since April 2021. While the risk for COVID-19 infection is highest among unvaccinated residents (and the vaccination rates in our County are relatively high) over one-third of COVID-19 infections are among fully vaccinated persons. Among vaccinated persons, older adults are at the highest risk for severe illness resulting from COVID-19 infection.

Accordingly, the HCSA Director recommends that social distancing measures adopted in the early days of the pandemic remain in place for meetings of your Board and Board Committees. This recommendation is consistent with the Division of Occupational Safety and Health of California's (Cal/OSHA) Emergency Temporary Standards, which require employers to train and instruct employees that the use of social distancing helps combat the spread of COVID-19 (8 Cal. Code Regs. 3205(c)(5)(D)). Under the requirements of AB 361, no later than 30 days after the September 28 meeting, and again every 30 days thereafter for as long as this recommendation remains in place, your Board will need to reconsider the state of emergency, and whether (a) the emergency directly impacts the ability of members to safely meet in person; or (b) social distancing measures are still recommended at Board and Board Committee meetings.

FINANCING

Acceptance of this recommendation will have no impact on net County cost.

VISION 2026 GOAL

Acceptance of this recommendation will prevent potential spread of COVID-19 in the Board's public meetings, and thus advances the 10X Vision 2026 Goal pathway of **Accessible Infrastructure** in support of our shared visions of a **Thriving & Resilient Population** and **Safe & Livable Communities**.

Sincerely,

DocuSigned by:

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Colleen Chawla, Director
Health Care Services Agency



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: October 6, 2021
TO: Members of the Operations Committee
FROM: David Nelsen, Chief Executive Officer *DN*
SUBJECT: RFP for Banking Providers

Executive Summary

ACERA hired Segal Marco Advisors ("Segal Marco") in March 2021, to conduct a search for banking treasury management providers with comparable services to our current bank provider (Wells Fargo Bank). This process consisted of working with Segal Marco on the: 1) information data gathering, 2) development of customized due diligence questionnaire, 3) issuance of customized questionnaire to prospective banks, 4) assessment of participating banks and 5) interviewing of participants. Segal Marco requested services and fee quote information from the following bank providers:

- Wells Fargo, incumbent
- Comerica Bank
- JP Morgan Chase Bank
- MUFG Union Bank
- U.S. Bank – Respectfully declined to participate and removed from the search review.

ACERA and Segal Marco conducted bank interviews with the following banks: Comerica Bank, JP Morgan Chase Bank, MUFG Union Banks and Wells Fargo Bank from August 16-17, 2021. The interviewing team consisted of Rosa M. Limas, Vice-President, Segal Marco Advisors, Fiscal Services and Project & Information Services Management (PRISM) staff:

- Margo Allen, Fiscal Services Officer
- Vijay Jagar, Chief Technology Officer
- Erica Haywood, Assistant Accounting Manager
- Heather Chan, Budget Analyst
- Abdul Nasser, Retirement System Program Analyst
- Mustafa Miakhail, Retirement System Program Analyst
- Uzair Khan, Retirement Accountant III

During the one hour interview sessions each bank demonstrated their banking platform (banking treasury management systems, security protocols and applicable reporting). The banking platform of JP Morgan Chase ranked the highest banking demonstration in 1) solution integration, 2) organization objectives, 3) ease of use, 4) system performance, 5) flow & simplicity, 6) system ability to handle requirements, 7) flexibility, tailorability, extensibility, 8) ability to answer questions, and 9) application robustness.

Segal Summary *(please refer to Segal Marco attachment)*

JP Morgan Chase's best and final proposal reflects approximately 60% (\$49,000) fee savings per annum compared to Wells Fargo's best and final fee proposal. JPMorgan is offering a 6 month fee waiver to ease transition cost for ACERA and a 5-year fee term guarantee if awarded the business.

Wells Fargo's short term investment fund cash sweep vehicle, Treasury Plus Money Market Fund Class A is the existing cash sweep for ACERA. This vehicle has a high expense ratio at 60 basis points. ACERA maintains high daily balances which qualifies for the institutional share class at a lower expense ratio, 20 basis points with equivalent or slightly higher yield potential. Wells Fargo compared poorly in this category based on other qualifying options available to ACERA from other bank providers.

Management Recommendation

ACERA recommends JP Morgan Chase as the new banking provider. JP Morgan Chase's banking platform is comparable with our current provider, and their range of banking products, availability of banking products and deposits, customer service, convenient locations and the ability to meet ACERA's banking requirements are all positive factors. Additionally, JP Morgan Chase's pricing/cost will result in a savings for ACERA.

Alameda County Employees' Retirement Association ("ACERA")

Banking Treasury Management Search - Executive Summary

Background

Segal Marco Advisors ("Segal Marco") conducted a banking treasury management search to compare services and fee structures with the current bank provider, Wells Fargo Bank on behalf of Alameda County Employees' Retirement Association ("ACERA"). This review commenced in March 2021 consistent with the scope of work that included five phases including but not limited to information data gathering, development of a custom due diligence questionnaire, issuance, evaluation assessments and interviews. The search was conducted as a fully disclosed request for proposal ("RFP").

Segal Marco requested services and fee quote information from the following banking providers:

- Wells Fargo, incumbent
- Comerica Bank
- JP Morgan Chase Bank
- MUFG Union Bank
- U.S. Bank – Respectfully declined to participate and removed from the search review.

Evaluations were performed within various targeted criteria as defined in the service requirements and measured against associated risks within the following categories:

Organization, Technology and Infrastructure, Accounting, Reporting and Collection/Payment Management, On-line system, Core Banking Competency, Client Service and Quality Assurance, Cash Management, Branch Presence, Fees and Contingencies

On August 4, 2021, search results were presented to the ACERA finance administration, followed by formal virtual interviews with all bank candidates including the incumbent, Wells Fargo. Bank interviews were held over a two day session on August 16 and 17 that consisted of firm commitment, client service assessments and live demonstrations of the banking treasury management systems, security protocols and applicable reporting.

Segal Marco performed a best and final fee review and obtained additional concessions on behalf of ACERA. These results are presented in this summary.

The ACERA finance administration conducted a close session review and removed Comerica Bank, maintaining Wells Fargo, JP Morgan Chase and MUFG Union Bank as finalists.

Observations

All bank finalists demonstrated strong ability to meet ACERA's functional and business requirements and compared favorably with respect to financial stability, commitment to the business, technical fit and dedicated client service team.

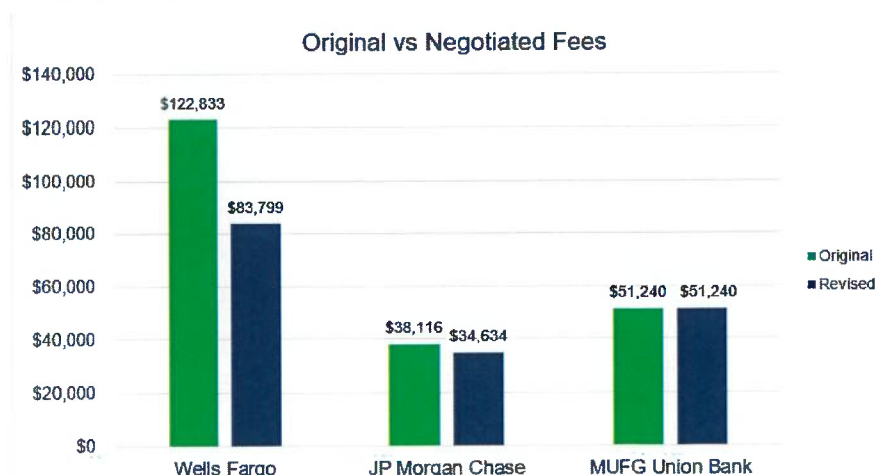
Wells Fargo, despite prior headlined risk has maintained financial stability albeit a series of regulatory sanctions and business vertical changes within their Institutional Retirement & Trust (IRT) and asset management divisions.

The following comments are additional distinctions relative to the current services where efficiencies, improvements and/or cost benefits were identified:

- Wells Fargo’s short term investment fund cash sweep vehicle, Treasury Plus Money Market Fund Class A is the existing cash sweep for ACERA. This vehicle has a high expense ratio at 60 basis points. ACERA maintains high daily balances which qualifies for the institutional share class at a lower expense ratio, 20 basis points with equivalent or slightly higher yield potential. Wells Fargo compared poorly in this category based on other qualifying options available to ACERA and when measured to other cash sweep structures with higher yield potential offered by JP Morgan Chase and MUFG Union Bank. Following this review, Wells Fargo offered institutional share class replacement options for ACERA’s consideration.
- Corporate credit card programs with JP Morgan Chase and MUFG Union Bank offer a co-operative agreement consortium structure for U.S. government entities and municipalities to aggregate spend to generate higher rebate tiers that are passed-on as credits to the client’s corporate credit card account(s) to offset charges. In addition, the programs offer extended features with higher credit allowance and corporate travel incentives to maximize working capital solutions. Wells Fargo does not offer a consortium program or extended program incentives.

Fees and Contingencies

- Wells Fargo’s best and final fee proposal reflects approximately 32% (\$39,000) fee savings per annum from the original proposal. The bank is offering a 5-year fee guarantee on their treasury pricing and will honor the proposed pricing through December 2026. Despite the concessions, Wells Fargo’s proposed fees are the highest compared to JP Morgan Chase and MUFG Union Bank.
- JP Morgan Chase’s best and final proposal reflects approximately 60% (\$49,000) fee savings per annum compared to Wells Fargo’s best and final fee proposal. JP Morgan Chase is offering a 6 month fee waiver to ease transition cost for ACERA and a 5-year fee term guarantee if awarded the business.
- MUFG Union Bank proposed fee reflects approximately 40% (\$32,500) fee savings per annum compared to Wells Fargo’s best and final fee proposal. MUFG Union Bank is offering a 6 month fee waiver to ease transition cost for ACERA and a 3-year fee term guarantee and amendable to a 5-year term if awarded the business.





MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: October 6, 2021

TO: Members of the Operations Committee

FROM: David Nelsen, Chief Executive Officer *DN*

SUBJECT: Operating Expenses and Budget Summary for the period ended August 31, 2021

ACERA's operating expenses are \$1,520K under budget for the period ended August 31, 2021. Budget surpluses and overages worth noting are as follows:

Budget Surpluses

1. *Staffing*: Staffing is \$855K under budget. This amount comprises surplus in staff vacancies of (\$293K) and fringe benefits of (\$681K), offset by an overage in temporary staffing of \$119K due to vacant positions filled by temporary staff.
2. *Staff Development*: Staff Development is \$80K under budget due to savings from unattended staff trainings and conferences.
3. *Professional Fees*: Professional Fees are \$50K under budget. This amount comprises surplus in legal fees of (\$34K), benefit consultant fees of (\$1K), and actuarial fees of (\$15K) due to savings from last year's accrual.
4. *Office Expense*: Office Expense is \$92K under budget. This amount comprises surpluses in printing and postage of (\$10K) and office maintenance and supplies of (\$32K) both due to savings in usage, communication expenses of (\$6K), building expenses of (\$2K), amortization expense of (\$1K), bank charges and miscellaneous administration of (\$13K) mainly due to savings from investment committee meeting security and active for life expenses, equipment lease and maintenance of (\$16K) mainly due to savings from overall equipment maintenance, and minor equipment and furniture of (\$12K) due to savings from ergonomic equipment and furniture expenses.
5. *Insurance*: Insurance is \$17K under budget.
6. *Member Services*: Member Services are \$38K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$40K) due to reduction in number of cases than expected, members' printing and postage of (\$15K), and member training and education of (\$2K), offset by overages in virtual call center of \$16K, and disability medical expense of \$3K.
7. *Systems*: Systems are \$104K under budget. This amount comprises surpluses in software maintenance and support of (\$113K) mainly due to delay in IT projects and savings from last year's accrual, offset by overages minor computer hardware of \$5K, and county data processing of \$4K.

Operating Expenses Budget Summary for the period ended August 31, 2021

8. *Depreciation:* Depreciation is \$1K under budget.
9. *Board of Retirement:* Board of Retirement is \$283K under budget. This amount comprises surpluses in board conferences and trainings of (\$148K) mainly due to unattended trainings and conferences, board employer reimbursement of (\$123K) mainly due to adjustment of previous year's overpayments, and board miscellaneous expenses of (\$12K).

Staffing Detail

Permanent vacant positions as of August 31, 2021:

Department	Position	QTY	Comments
Administration	Administrative Assistant	1	Vacant - currently budgeted until 12/2021
Benefits	Administrative Specialist II	1	Vacant - currently budgeted until 12/2021
Benefits	Retirement Benefit Specialist	1	Vacant - currently budgeted until 12/2021
Investments	Investment Operation Officer	1	Vacant - currently budgeted until 12/2021
Investments	Investment Analyst	1	Vacant - currently budgeted until 12/2021
Total Positions		5	

Pension Administration System Project as of August 31, 2021					
All amounts are in \$	Year-To-Date			2021 Budget	2019-20 Actual
	Actual	Budget	Variance		
Consultant Fees					
Levi, Ray and Shoup	28,337	456,000	(427,663)	683,000	1,085,179
Segal	234,695	256,000	(21,305)	384,000	800,450
Other expenses	-	33,600	(33,600)	50,000	1,500
Leap Technologies	-	-	-	-	98,970
Total	263,032	745,600	(482,568)	1,117,000	1,986,099
Staffing	422,131	409,000	13,131	627,000	881,052
TOTAL	685,163	1,154,600	(469,437)	1,744,000	2,867,151

Attachments:

- Total Operating Expenses Summary
- Professional Fees – Year-to-Date – Actual vs. Budget



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

YEAR TO DATE - ACTUAL VS. BUDGET					
<u>August 31, 2021</u>					
	Actual	Budget	YTD	2021	% 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	\$ 9,833,057	\$ 10,688,000	\$ (854,943)	\$ 16,049,000	61.3%
Staff Development	96,811	176,270	(79,459)	274,000	35.3%
Professional Fees (Next Page)	818,748	868,540	(49,792)	1,178,000	69.5%
Office Expense	289,809	381,700	(91,891)	574,000	50.5%
Insurance	521,170	538,540	(17,370)	825,000	63.2%
Member Services	233,481	271,900	(38,419)	464,000	50.3%
Systems	715,983	819,680	(103,697)	1,202,000	59.6%
Depreciation	78,055	79,320	(1,265)	118,000	66.1%
Board of Retirement	159,868	443,140	(283,272)	675,000	23.7%
Uncollectable Benefit Payments	-	-	-	68,000	0.0%
Total Operating Expense	\$ 12,746,982	\$ 14,267,090	\$ (1,520,108)	\$ 21,427,000	59.5%



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET

August 31, 2021

	<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>2021</u> <u>Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
Professional Fees					
Consultant Fees - Operations and Projects ¹	\$ 220,917	\$ 221,840	\$ (923)	\$ 333,000	66.3%
Actuarial Fees ²	304,736	319,640	(14,904)	415,000	73.4%
External Audit ³	157,000	157,000	-	157,000	100.0%
Legal Fees ⁴	136,095	170,060	(33,965)	273,000	49.9%
Total Professional Fees	\$ 818,748	\$ 868,540	\$ (49,792)	\$ 1,178,000	69.5%

	<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>2019 Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
¹ CONSULTANT FEES - OPERATIONS AND PROJECTS:					
Benefits					
Alameda County HRS (Benefit Services)	84,000	84,000	-	126,000	66.7%
Segal (Benefit Consultant/Retiree Open Enrollment)	84,800	86,640	(1,840)	130,000	65.2%
Total Benefits	168,800	170,640	(1,840)	256,000	65.9%
Human Resources					
Lakeside Group (County Personnel)	52,117	51,200	917	77,000	67.7%
Total Human Resources	52,117	51,200	917	77,000	67.7%
Total Consultant Fees - Operations	\$ 220,917	\$ 221,840	\$ (923)	\$ 333,000	66.3%
² ACTUARIAL FEES					
Actuarial valuation	79,000	79,000	-	79,000	100.0%
GASB 67 & 68 Valuation	20,000	24,500	(4,500)	49,000	40.8%
GASB 74 & 75 Actuarial	7,500	7,500	-	15,000	50.0%
Actuarial Standard of Practice 51 Pension Risk	40,000	40,000	-	40,000	100.0%
Supplemental Consulting	116,236	126,640	(10,404)	190,000	61.2%
Supplemental Retiree Benefit Reserve valuation	42,000	42,000	-	42,000	100.0%
Total Actuarial Fees	\$ 304,736	\$ 319,640	\$ (14,904)	\$ 415,000	73.4%
³ EXTERNAL AUDIT					
External audit	132,000	132,000	-	132,000	100.0%
GASB 67 & 68	13,000	13,000	-	13,000	100.0%
GASB 74 & 75-External Audit	12,000	12,000	-	12,000	100.0%
Total External Audit Fees	\$ 157,000	\$ 157,000	\$ -	\$ 157,000	100.0%
⁴ LEGAL FEES					
<u>Fiduciary Counseling & Litigation</u>					
Nossaman - Fiduciary Counseling	14,657	12,533	2,124	44,000	
Reed Smith - Fiduciary Counseling	5,905	6,833	(929)	10,000	
Nossaman - Litigation	23,480	23,933	(454)	42,000	
Reed Smith - Litigation	64,521	62,000	2,521	80,000	
Subtotal	108,562	105,300	3,262	176,000	61.7%
<u>Tax and Benefit Issues</u>					
Hanson Bridgett	11,101	19,400	(8,299)	29,000	
Subtotal	11,101	19,400	(8,299)	29,000	38.3%
<u>Miscellaneous Legal Advice</u>					
Meyers Nave	16,432	45,360	(28,928)	68,000	
Subtotal	16,432	45,360	(28,928)	68,000	24.2%
Total Legal Fees	\$ 136,095	\$ 170,060	\$ (33,965)	\$ 273,000	49.9%



MEMORANDUM TO THE OPERATIONS & RETIREE COMMITTEE

DATE: October 6, 2021

TO: Members of the Operations and Retiree Committee

FROM: David Nelsen, Chief Executive Officer *DW*

SUBJECT: Statement of Reserves and Supplemental Retirees Benefit Reserve (SRBR)
Status as of June 30, 2021

Statement of Reserves

The Statement of Reserves as of June 30, 2021, is attached for your review. The semi-annual interest crediting as of June 30, 2021, was completed on August 25, 2021.

For the six-month period ended June 30, 2021, approximately \$475.5 million of total interest was credited to all the valuation reserve accounts, including the 401(h) account and the SRBR.

- Regular earnings of \$323.3 million were credited to the valuation reserve accounts, the 401(h) account and the SRBR at the assumed crediting rate of return of 3.6250%.
- 50% of \$152.2 million (\$76.1 million) earnings above the assumed rate of return (excess earnings) were posted to the valuation reserve accounts and the 401(h) account at crediting rate of 0.9527%.
- The remaining 50% of the \$152.2 million (\$76.1 million) earnings above the assumed rate of return (excess earnings) were posted to SRBR at the crediting rate of 8.1666%.

The total interest crediting rate to the valuation reserve accounts and the 401(h) account was 4.5777% and the total interest crediting rate to SRBR was 11.7916% (see table below).

Earnings Classification	Valuation Reserve & 401(h) Accounts		SRBR	
	Amount	Rate	Amount	Rate
Regular Earnings	\$289,518,733	3.6250%	\$33,776,088	3.6250%
Excess Earnings	76,092,239	0.9527%	76,092,239	8.1666%
Total Interest Credited	\$365,610,972	4.5777%	\$109,868,327	11.7916%

The process for crediting interest as of June 30, 2021, is presented in the table on the next page. Note that for this semi-annual interest crediting period, the Contingency Reserve Account (CRA) was restored to 1% of total assets as of June 30, 2021, and there was no subsequent withdrawal of funds from the CRA to meet interest crediting shortfalls.

Interest Crediting Methodology as of June 30, 2021	
Expected Actuarial Earnings for the period	\$ 347,663,409.65
10 % Amortization of deferred amounts – (Sum of the last 10 periods)	174,273,847.14
Actuarial earnings on a smoothed basis	521,937,256.79
CRA adjustment to 1% of total assets as of 06/30/2021	(46,457,957.40)
Actuarial earnings available for interest crediting	475,479,299.39
Interest credited at the assumed return rate of 3.6250%	323,294,820.90
Excess Earnings - Earnings above the assumed rate of return	\$ 152,184,478.49
50% of Excess Earning credited to the SRBR at the rate of 8.1666%	\$ 76,092,239.25
50% of Excess Earning credited to the other reserves at the rate of 0.9527%	\$ 76,092,239.24

There was a market *gain* of approximately \$1,034.9 million for the six-month period ended June 30, 2021, which was higher than the expected actuarial earnings of approximately \$347.7 million. As a result, \$687.2 million in *gains* were added to the market stabilization reserve (the difference of the actual market *gain* and the expected actuarial earnings). In addition, \$174.3 million of net *gains* from the previous ten (10) interest crediting cycles were recognized in the current interest crediting period. Thus, the market stabilization reserve increased from deferred *gains* of \$643.3 million as of December 31, 2020, to \$1,156.2 million in deferred *gains* as of June 30, 2021.

On June 29, 2021 ACERA received advance UAAL payments of \$800 million from Alameda County to pay down the Safety membership UAAL and \$12.6 million from LARPD for its General membership UAAL. These advance UAAL payments were booked as Deferred Inflows of Resources as of June 30, 2021 and the balances were not eligible to receive interest at this interest crediting cycle. The advance UAAL payments will be recognized in ACERA's Fiduciary Net Position at the next interest crediting cycle as of December 31, 2021 and will be eligible for interest crediting.

Supplemental Retiree Benefit Reserve (SRBR) Status Report

The 10-year history of SRBR activity through December 31, 2020, and the six-month period ended June 30, 2021, is attached for your review. The June 30, 2021, ending balance of the SRBR account is approximately \$1,010.7 million.

The break-down of the total interest crediting rate is as follows:

- Regular earnings were credited at the assumed rate of return of 3.6250%.
- Earnings above the assumed rate of return (excess earning) were credited at the rate of 8.1666%.

The total interest credited to the SRBR for the six-month period ended June 30, 2021, was approximately \$33.8 million of regular earning and \$76.1 million of excess earnings.

For the six-month period ended June 30, 2021, the net deductions from SRBR were approximately \$30.9 million. These deductions include the net transfer to/from the employer advance reserve of

\$30.3 million (which includes net transfer of \$22.8 for 401(h) contributions and \$7.5 million transfer for implicit subsidy) as well as payments of supplemental COLA and retired death benefits of \$0.6 million.

Attachments:

- Statement of Reserves as of June 30, 2021.
- SRBR Status as of June 30, 2021.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF RESERVES
For the Six Months Ended June 30, 2021

	Beginning Balances 1/1/2021	Net Contributions Benefits, Refunds & Transfers 1/1 - 6/30/2021	Interest Crediting Process 1/1 - 6/30/2021 (3.6250%)	Allocation of Excess Earnings 1/1 - 6/30/2021 (0.9527%)	Ending Balances 6/30/2021
Member Reserves:					
Active Member Reserves	\$ 1,640,497,313	\$ (31,255,977)	\$ 55,717,628 ¹	\$ 14,643,885 ¹	\$ 1,679,602,849
Employer Advance Reserve	1,268,411,514	24,115,802	42,827,788	11,256,136	1,346,611,240
401(h) Account - OPEB	9,051,620	(138,465)	328,121	86,238	9,327,514
Total Employer Reserves	1,277,463,134	23,977,337	43,155,909 ¹	11,342,374 ¹	1,355,938,754
Retired Member Reserves	5,067,782,705	(42,482,516)	190,645,196 ¹	50,105,980 ¹	5,266,051,365
Supplemental Retiree Benefit Reserve:	931,754,157	(30,877,501)	33,776,088 ¹	76,092,239 ¹	1,010,744,983
Contingency Reserve	68,984,336		46,457,957 ²		115,442,293
Market Stabilization Reserve	643,285,705			512,921,584	1,156,207,289
Total Reserves at Fair Value / Fiduciary Net Position	9,629,767,350	(80,638,657)	369,752,778	665,106,062	10,583,987,533
Deferred Inflows of Resources					
County-Safety UAAL Advance Reserve	-	800,000,000			800,000,000
LARPD-General UAAL Advance Reserve	-	12,611,250			12,611,250
Total Fiduciary Net Position & Deferred Inflows of Resources	\$ 9,629,767,350	\$ 731,972,593	\$ 369,752,778	\$ 665,106,062	\$ 11,396,598,783

Notes: 1. Interest credited as of 06/30/21 includes \$323,294,820.90 of regular earnings and \$152,184,478.49 excess earning allocation to the SRBR Reserve or Non-SRBR reserves.

2. Amount includes an increase of the CRA by \$46,457,957.40 to restore the balance at 1% total assets as of 06/30/21; and no subsequent withdrawal of funds to cover part of the semi-annual interest crediting at 06/30/21. As a result, the CRA balance at 06/30/21 was 1.0% of total assets.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUPPLEMENTAL RETIREES' BENEFIT RESERVE (SRBR)
For the Ten Years Ended December 31, 2011 - December 31, 2020 and the Six Months Ended June 30, 2021**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	6/30/2021	
Beginning Balance	\$624,166,664	\$ 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	
Deductions:												
Transferred to Employers Advance Reserve	31,858,291	33,353,151	32,240,449	34,039,593	36,528,264	33,818,832	38,327,914	43,777,409	44,858,371	45,456,100	23,453,792	
Employers Implicit Subsidy	4,402,503	4,411,206	7,370,466	6,992,822	5,320,953	6,021,451	8,787,596	5,800,563	6,899,139	6,446,702	7,484,411	
Supplemental Cost of Living	2,556,221	2,345,527	2,067,218	1,849,140	1,555,924	1,350,784	1,231,500	1,134,613	1,181,244	1,116,523	493,648	
Death Benefit - Burial - SRBR	746,102	791,492	5,525	223,529	213,909	187,081	187,060	196,576	216,834	230,747	134,150	
ADEB (Active Death)	936,133	426,640	-	-	-	-	-	-	-	-	-	
Total Deductions	<u>40,499,351</u>	<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>31,566,001</u>	
Additions:												
Interest Credited to SRBR	19,239,412	9,300,219	38,786,516	54,031,947	62,722,797	60,730,023	66,715,938	64,827,682	57,022,264	58,878,406	33,776,088	
Excess Earnings Allocation	-	-	75,074,713 (1)	132,455,002	43,770,247	-	-	10,574,982	-	-	-	76,092,239
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	688,500	
Total Additions	<u>19,239,412</u>	<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>58,376,764</u>	<u>60,294,406</u>	<u>110,556,827</u>	
Ending Balance	<u>\$602,906,726</u>	<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>\$ 1,010,744,983</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 SB 1479 reimbursements from the Employer Advance Reserve were inadvertently booked to the 401(h) account instead of SRBR. A total misclassified balance of \$2,649,500 and regular credited interest of \$182,511.54 were transferred from the 401(h) account to SRBR.
- Amounts are rounded to the nearest dollar and include <\$1 rounding differences.

PAS

(Pension Administration System Replacement)

Project Update

Dana N. D'Arienzo PMP, CSM
Senior Project Manager
October 6th, 2021

Activity Update

D1 - Member
Pensioner
Maintenance
2/20 - 2/22/21

D2 -Employer
Reporting
9/11/20-12/6/21

- Phase (D)1 – Member Set Up Phase
 - User Testing Phase 1 Designs Successful
 - Lessons Learned Phase (D)1 Complete
 - Sign off on Phase 1 Requirements Complete
- Phase(D)2 - Employer Reporting Phase
 - Prototype of Employer Reporting Tool Complete
 - Phase 2 Requirements Refresher with Staff in Progress
 - LRS V3 Development and Testing in Progress

Phase 1 Highlights

Manual input today for the following will be automated:

- I. Employer and Employee Contribution rates
- II. Plan and Tier Information
- III. Service Credit Calculation of Sick Leave

Phase 2 Highlights

- I. Itemized Pay Codes under Bi-weekly salary reported by the Employers
- II. Debit/Credit memo entry to capture adjustments to member record when employer underpays or overpays
- III. Retroactive payments can be split automatically across multiple pay periods (manually split today)

Path to Success

- Prioritized Quality of Service to the Member
- Increased Subject Matter Expert Participation
- Updated Communication Plan to address onset of COVID-19
- Avoided Unnecessary Customizations

Upcoming Activities


- Start Workflow Project (OnBase/Pension Gold V3 Integration)
- Planning first outreach to Employers on V3 Employer Reporting Tool
- Staff training on test Phase II designs
- Staff Software Testing Phase II designs



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: October 6, 2021

TO: Members of the Operations Committee

FROM: Kathy Foster, Assistant Chief Executive Officer 

SUBJECT: **Changes & Enhancements to Benefits Processing, Member Services, and Website**

During the last year, many changes and enhancements have been made to benefits processing, communications, member services, and the website. Some were a result of working virtually and some were put in place as technology upgrades were needed. A team of managers will present these enhancements, explaining what changes have taken place along with the benefits to members, retirees and staff working with the new systems and processes.

Attachment

Changes & Enhancements to Benefits Processing, Member Services, and Website

Operations Committee Meeting
October 6, 2021

Kathy Foster
Vijay Jagar
Mike Fara
Jessica Huffman
Sandra Duenas-Cuevas



Introduction

Kathy Foster

- DocuSign
- Service Retirement
- Disabilities
- Call Center
- Seminars/Webinars
- Virtual Health Fair

DocuSign

Vijay Jagar &
Mike Fara

- **Enhancements**
 - Easy to use from computer or smartphone
 - No need to have printer!
 - Enhanced security
 - Ensures form completion
 - Improved workflow for staff
- **Rollout**
 - Healthcare enrollment forms
 - Service Retirement Application
 - Other forms
- **Integration with OnBase**

Service Retirement

Jessica Huffman

- a) Virtual and limited on-site Counseling appointments available
- b) Member Education - Videos and enhanced content available on ACERA website; including a comprehensive Counseling In-take form
- c) New service retirement application on DocuSign - Demo
 - Improved layout to help member easily complete application with minimal need for follow-ups
 - Updated language in section instructions and margins to be less intimidating, easier to understand.
 - Combined 5 of the previously separate required forms into 1
 - Added security
- d) Default payroll options being used to streamline and reduce processing times

Disabilities

Sandra Duenas-Cuevas

- a) Disability inquiry/intake form- ACERA website
 - Introduction
 - Demo
- b) Virtual Counseling options-
 - In-person
 - Video meetings
- c) Microsoft teams: cloud-based team collaboration software
- d) Zoom: cloud-based communication application
 - Phone Counseling
- e) Disability Optimization/case management database
- f) Improved member correspondence delivery
 - Electronic vs. postal mail
- g) Dropbox- accessible to members and employers
- h) Resources/staffing
- i) Improvement to disability unit correspondence

Call
Center
Jessica Huffman

Improvements in communicating with ACERA

A) 8x8 phone system

b) Info@acera email
Inquiries

c) Envoy - Appointment
tracking and
notification system

Seminars / Webinars

Mike Fara

	2019	2020	2021 YTD
In-Person Attendees	600 (Approx.)	125 (Approx.)	-
Live Video Attendees	-	156	374
YouTube Unique Viewers (Approx.)	-	1279	1122
YouTube Views	-	1920	1685
Total Members Reached	600	1560	1496

- YouTube is 2X more popular than in-person
- YouTube is 5X more popular than live video
- Virtual is 3X more popular than in-person

Virtual Health Fair

Mike Fara

- **When:**

Thursday, October 28, 2021

- **Start Time:**

10:00 AM

Event will be available for On-Demand
for later viewing at your leisure

- **Location:**

www.acera.org/healthfair

Virtual Health Fair

Mike Fara

- Visit the virtual health fair to watch live presentations from carriers and vendors
- Access vendor virtual resources and learn about their services and benefits offered
- “Refresh” home wellness presentation from Kaiser
- Learn how to practice meditation and calmness exercises by clicking on the links and watching
- View event from any internet-connected device anywhere
- Complete the ACERA Survey to be entered into a drawing for a chance to receive a gift



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: October 6, 2021

TO: Members of the Operations Committee

FROM: David Nelsen, Chief Executive Officer *DN*

SUBJECT: **2021 Board of Retirement Election Update**

The nomination period for the 2021 Board of Retirement election closed on September 27, 2021. There were five (5) requests for an Election Information Packet for the Second Member to represent the General Members on the Board of Retirement. Three (3) certifications were issued.

The drawing to determine the order of the names as they will appear on the ballot was held on September 29, 2021. Below are the order of the names and designations as they will appear on the ballots.

Second Member to represent the General Members

1. Kellie Blumin Simon, Deputy Public Defender
2. Stacey R. Perry, Administrative Specialist II
3. Dana Hodge, Social Worker III

A public review period of the candidate statements will be held for ten (10) calendar days ending on October 8, 2021.

The ACERA What's Up Newsletter ~ Election Edition will be mailed out to general members on October 25, 2021. The ballots for the 2021 Board election will be mailed on November 10, 2021 to all active and deferred General Members who are eligible to vote. In accordance with the Board Elections Policy, all ballots must be received by the Registrar of Voters no later than 5:00 p.m. on December 15, 2021. The ballots will be counted by the Registrar of Voters on December 16, 2021, and the results of the election will be announced at 2:00 p.m. at the Board Meeting.