



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

NOTICE and AGENDA

THIS MEETING WILL BE CONDUCTED VIA TELECONFERENCE [SEE EXECUTIVE ORDER N-29-20 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.

**Thursday, November 19, 2020
2:00 p.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: 892 9533 9568 Passcode: 293669 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	HENRY LEVY	TREASURER
	CHAIR	
	ELIZABETH ROGERS	ELECTED GENERAL
	FIRST VICE-CHAIR	
	JAIME GODFREY	APPOINTED
	SECOND VICE-CHAIR	
	DALE AMARAL	ELECTED SAFETY
	OPHELIA BASGAL	APPOINTED
	KEITH CARSON	APPOINTED
	TARRELL GAMBLE	APPOINTED
	LIZ KOPPENHAVER	ELECTED RETIRED
	GEORGE WOOD	ELECTED GENERAL
	NANCY REILLY	ALTERNATE RETIRED¹
DARRYL L.WALKER	ALTERNATE SAFETY²	

¹ 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 Elected Safety Member and an Elected General member, are absent).

² Alternate Safety Member (Votes in the absence of (1) the Elected Safety, (2) either of the two Elected General Members, or (3) 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. **CONSENT CALENDAR:**
 - A. **APPROVE APPLICATIONS FOR SERVICE RETIREMENT:**
Appendix A
 - B. **APPROVE APPLICATIONS FOR RETIREMENT, DEFERRED:**
None
 - C. **APPROVE APPLICATIONS FOR DEFERRED TRANSFER:**
None
 - D. **LIST OF DECEASED MEMBERS:**
Appendix D
 - E. **APPROVE REQUEST(S) FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT:**
None
 - F. **APPROVE STAFF RECOMMENDATIONS (UNCONTESTED) FOR DISABILITY RETIREMENTS:**
Appendix F
 - G. **APPROVE HEARING OFFICER RECOMMENDATIONS FOR DISABILITY RETIREMENTS:**
None
 - H. **APPROVAL of COMMITTEE and BOARD MINUTES:**
October 14, 2020 Investment Committee Minutes
October 15, 2020 Actuarial Committee Minutes
October 15, 2020 Audit Committee Minutes
October 15, 2020 Minutes of the Regular Board Meeting
November 4, 2020 Investment Committee Minutes
 - I. **MISCELLANEOUS MATTERS:**
Approve Staff Recommendations regarding the County's New Pay Codes 42L and 897 Operating Expenses as of September 30, 2020
Quarterly Financial Statements as of September 30, 2020
Quarterly Cash Forecast Report as of September 30, 2020
Board Member Conference Expense Report as of September 30, 2020
Senior Manager Conference and Training Expense Report as of September 30, 2020
Quarterly Report on Member Under/Overpayments
3rd Quarter Call Center Report

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

REGULAR CALENDAR
REPORTS AND ACTION ITEMS

5. DISABILITIES, RECOMMENDATIONS AND MOTIONS:

None.

6. COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS:

A. Investment:

1. Summary of November 4, 2020 Meeting.
2. Motion to adopt an up to \$75 million Investment in HPS Specialty Loan Fund V as part of ACERA's Private Credit Portfolio.

B. Operations:

1. Summary of November 19, 2020 Meeting.
2. Motion to approve the proposed 2021 ACERA Operating Expense Budget.

7. NEW BUSINESS:

A. SACRS Fall Conference Business Meeting:

1. Report on Proxy Vote on Business Meeting Action Items at the Virtual SACRS Fall Conference.
2. Receive input from the Board on the LACERA legislative proposal to add COVID-19 to the list of presumptive illnesses for Disability Retirement.

B. Chief Executive Officer's Report.

8. CONFERENCE/ORAL REPORTS:

9. ANNOUNCEMENTS:

10. BOARD INPUT:

11. ESTABLISHMENT OF NEXT MEETING:

Thursday, December 17, 2020 at 2:00 p.m.

12. CLOSED SESSION:

- A. Government Code Section 54957(b)(1): Public Employee Evaluation (Chief Executive Officer).

13. REPORT ON ACTION TAKEN IN CLOSED SESSION:

14. ADJOURNMENT:

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

ARANA, Karl
Effective: 7/1/2020
Social Services Agency

GRAHAM, Johnnie
Effective: 9/19/2020
Sheriff's Office

BALZOUMAN, Paul
Effective: 9/5/2020
District Attorney

HALPER, Catherine
Effective: 8/10/2020
Alameda Health System

BODAS, Diane
Effective: 9/5/2020
Department of Child Support Services

HARRELL, Darilyn
Effective: 9/1/2020
Alameda Health System

CHOY, Bruce
Effective: 8/11/2020
Social Services Agency

HART, Estelle
Effective: 8/23/2020
Alameda Health System

CORNIST DHATI, Rodney
Effective: 10/6/2020
Probation Department

HILST, Patricia
Effective: 9/19/2020
Sheriff's Office

COUNCIL, Susan
Effective: 9/3/2020
Alameda Health System

HUGHES, Leelee
Effective: 7/29/2020
Alameda Health System

DANFORTH, Brian
Effective: 8/29/2020
Public Works Agency

KLEINJAN, Joyce
Effective: 8/22/2020
Health Care Services Agency

DATUIN, Edna
Effective: 9/5/2020
Human Resources Service

LAWSON, Regina
Effective: 9/3/2020
Health Care Services Agency

FONTENETTE, Benita
Effective: 9/29/2020
Library

LOFTON-BRADLEY, Theresa
Effective: 8/22/2020
Probation Department

GARCIA, Carol Ann
Effective: 8/29/2020
Superior Court

MARTINEZ, Robert
Effective: 8/29/2020
LARPD

GOMEZ, George
Effective: 8/9/2020
Alameda Health System

MOORE, John
Effective: 9/2/2020
Probation Department

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

NGO, Lan
Effective: 8/15/2020
Alameda Health System

TEJANO, Frances
Effective: 9/5/2020
Sheriff's Office

POWELL, Leonard
Effective: 9/16/2020
LARPD

THOMPSON, Gary
Effective: 9/4/2020
Health Care Services Agency

RODRIQUES, Kay
Effective: 9/4/2020
Community Development Agency

TSEGAYE, Hirut
Effective: 8/12/2020
Alameda Health System

SHER, Jayne
Effective: 9/30/2020
Health Care Services Agency

VIERRA, Teresa
Effective: 9/19/2020
Department of Child Support Services

SMITH, Mable
Effective: 9/15/2020
Community Development Agency

WARREN, Cathy
Effective: 8/29/2020
Social Services Agency

SNYDER, Paula
Effective: 9/1/2020
Health Care Services Agency

WONG-SING, Douglas
Effective: 9/11/2020
Alameda Health System

**APPENDIX D
LIST OF DECEASED MEMBERS**

ANGLERO, Georgina
Probation Department
10/11/2020

BINONGCAL, Remedios H.
Superior Court
10/19/2020

ANTOINE, Charles R.
Treasurer-Tax Collector
10/12/2020

BREWER, Joyce P.
Community Development Agency
9/15/2020

BERGGREN, William A.
Sheriff's Office
9/13/2020

BROUGHAM, Gail A.
Probation Department
10/20/2020

BERNSTEIN, Melvin S.
Environmental Health Department
10/12/2020

CORDON, Joan
Non-Mbr Survivor of Walter M. Cordon
10/7/2020

**APPENDIX D
LIST OF DECEASED MEMBERS**

EMBRY, Barbara
Non-Mbr Survivor of George Embry Jr
10/5/2020

OTT, Emily S.
Non-Mbr Survivor of Gareth S. Ott
10/17/2020

EMMERT, Rowland D.
Probation Department
10/18/2020

PETERSON, Teri L.
Social Services Agency
10/12/2020

HEALY, Norman
District Attorney
10/7/2020

RICHARDS, Bernice H.
Alameda County Office of Education
10/1/2020

HOLYOAKE, Rose M.
Non-Mbr Survivor of Frank A. Holyoake
10/7/2020

RODRIGUEZ, Barbara
Alameda Health System
5/30/2020

JACKSON, Maggie L.
Non-Mbr Survivor of James E. Jackson
9/28/2020

SANCE, Nathalia
Alameda Health System
9/22/2020

JOHNSON, Dorothy A.
Public Works Agency
10/6/2020

SHELTON, Mary E.
Alameda Health System
9/5/2020

JORDAN, Delores
Alameda Health System
10/9/2020

SHERMAN, Jeanette
Non-Mbr Survivor of David L. Sherman
10/24/2020

LEONE, Ethel P.
Alameda Health System
10/12/2020

SHORES, William L.
General Services Agency
8/19/2020

MEEHAN, John J.
District Attorney
10/6/2020

SIMMS, Charles E.
Probation Department
9/4/2020

MUELLER, Jorunn H.
Social Services Agency
10/10/2020

SUTA, Joseph J.
Assessor's Office
9/18/2020

NICHOLSON, Eileen B.
Non-Mbr Survivor of Robert E. Nicholson
10/4/2020

TAYLOR, Paula A.
Public Health Department
9/18/2020

**APPENDIX D
LIST OF DECEASED MEMBERS**

WALLER, Ellen C.
Non-Mbr Survivor of Raymond R. Waller
10/17/2020

WONG, Donald M.
Social Services Agency
9/24/2020

WHITE, Harold W.
Sheriff's Office
10/23/2020

ZAMBOANGA, Luz O.
Assessor's Office
9/2/2020

**APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT**

Name: Finley, Laura
Type of Claim: Annual Review for SCD (Granted on 11/21/19)

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report to continue the allowance for Ms. Finley's service-connected disability and to waive future annual medical examinations and questionnaires at this time.

Name: McDaniel, Michael
Type of Claim: Service-Connected

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

Based on the Medical Advisor's and Staff's review and determination of Mr. McDaniel's ability to determine the permanency of his incapacity, to deny Mr. McDaniel's request for an earlier effective date.

Name: Willis, Taia
Type of Claim: Annual Review for NSCD (Granted on 4/21/16)

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report to continue the allowance for Ms. Willis's non-service connected disability and to waive future annual medical examinations and questionnaires at this time.

**EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA**

EXECUTIVE ORDER N-29-20

WHEREAS on March 4, 2020, I proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

WHEREAS despite sustained efforts, the virus continues to spread and is impacting nearly all sectors of California; and

WHEREAS the threat of COVID-19 has resulted in serious and ongoing economic harms, in particular to some of the most vulnerable Californians; and

WHEREAS time bound eligibility redeterminations are required for Medi-Cal, CalFresh, CalWORKs, Cash Assistance Program for Immigrants, California Food Assistance Program, and In Home Supportive Services beneficiaries to continue their benefits, in accordance with processes established by the Department of Social Services, the Department of Health Care Services, and the Federal Government; and

WHEREAS social distancing recommendations or Orders as well as a statewide imperative for critical employees to focus on health needs may prevent Medi-Cal, CalFresh, CalWORKs, Cash Assistance Program for Immigrants, California Food Assistance Program, and In Home Supportive Services beneficiaries from obtaining in-person eligibility redeterminations; and

WHEREAS under the provisions of Government Code section 8571, I find that strict compliance with various statutes and regulations specified in this order would prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of the COVID-19 pandemic.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, and in particular, Government Code sections 8567 and 8571, do hereby issue the following order to become effective immediately:

IT IS HEREBY ORDERED THAT:

1. As to individuals currently eligible for benefits under Medi-Cal, CalFresh, CalWORKs, the Cash Assistance Program for Immigrants, the California Food Assistance Program, or In Home Supportive Services benefits, and to the extent necessary to allow such individuals to maintain eligibility for such benefits, any state law, including but not limited to California Code of Regulations, Title 22, section 50189(a) and Welfare and Institutions Code sections 18940 and 11265, that would require redetermination of such benefits is suspended for a period of 90 days from the date of this Order. This Order shall be construed to be consistent with applicable federal laws, including but not limited to Code of Federal Regulations, Title 42, section 435.912, subdivision (e), as interpreted by the Centers for Medicare and Medicaid Services (in guidance issued on January 30, 2018) to permit the extension of

otherwise-applicable Medicaid time limits in emergency situations.

2. Through June 17, 2020, any month or partial month in which California Work Opportunity and Responsibility to Kids (CalWORKs) aid or services are received pursuant to Welfare and Institutions Code Section 11200 et seq. shall not be counted for purposes of the 48-month time limit set forth in Welfare and Institutions Code Section 11454. Any waiver of this time limit shall not be applied if it will exceed the federal time limits set forth in Code of Federal Regulations, Title 45, section 264.1.
3. Paragraph 11 of Executive Order N-25-20 (March 12, 2020) is withdrawn and superseded by the following text:

Notwithstanding any other provision of state or local law (including, but not limited to, the Bagley-Keene Act or the Brown Act), and subject to the notice and accessibility requirements set forth below, a local legislative body or state body is authorized to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and to address the local legislative body or state body. All requirements in both the Bagley-Keene Act and the Brown Act expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in or quorum for a public meeting are hereby waived.

In particular, any otherwise-applicable requirements that

- (i) state and local bodies notice each teleconference location from which a member will be participating in a public meeting;
- (ii) each teleconference location be accessible to the public;
- (iii) members of the public may address the body at each teleconference conference location;
- (iv) state and local bodies post agendas at all teleconference locations;
- (v) at least one member of the state body be physically present at the location specified in the notice of the meeting; and
- (vi) during teleconference meetings, a least a quorum of the members of the local body participate from locations within the boundaries of the territory over which the local body exercises jurisdiction

are hereby suspended.

A local legislative body or state body that holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, consistent with the notice and accessibility requirements set forth below, shall have satisfied any requirement that the body allow

members of the public to attend the meeting and offer public comment. Such a body need not make available any physical location from which members of the public may observe the meeting and offer public comment.

Accessibility Requirements: If a local legislative body or state body holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, the body shall also:

- (i) Implement a procedure for receiving and swiftly resolving requests for reasonable modification or accommodation from individuals with disabilities, consistent with the Americans with Disabilities Act and resolving any doubt whatsoever in favor of accessibility; and
- (ii) Advertise that procedure each time notice is given of the means by which members of the public may observe the meeting and offer public comment, pursuant to subparagraph (ii) of the Notice Requirements below.

Notice Requirements: Except to the extent this Order expressly provides otherwise, each local legislative body and state body shall:

- (i) Give advance notice of the time of, and post the agenda for, each public meeting according to the timeframes otherwise prescribed by the Bagley-Keene Act or the Brown Act, and using the means otherwise prescribed by the Bagley-Keene Act or the Brown Act, as applicable; and
- (ii) In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, also give notice of the means by which members of the public may observe the meeting and offer public comment. As to any instance in which there is a change in such means of public observation and comment, or any instance prior to the issuance of this Order in which the time of the meeting has been noticed or the agenda for the meeting has been posted without also including notice of such means, a body may satisfy this requirement by advertising such means using "the most rapid means of communication available at the time" within the meaning of Government Code, section 54954, subdivision (e); this shall include, but need not be limited to, posting such means on the body's Internet website.

All of the foregoing provisions concerning the conduct of public meetings shall apply only during the period in which state or local public health officials have imposed or recommended social distancing measures.

All state and local bodies are urged to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to the provisions of the Bagley-Keene Act and the Brown Act, and other applicable local laws regulating the conduct of public meetings, in order to maximize transparency and provide the public access to their meetings.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 17th day of March 2020.



GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State

October 15, 2020
Minutes of the Regular Board Meeting
For approval under November 19, 2020
Board “Consent Calendar”



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
MINUTES

THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO

Thursday, October 15, 2020

Chair Henry Levy called the meeting to order at 2:02 p.m.

Trustees Present: Ophelia Basgal
Keith Carson (*Arrived after Roll Call*)
Tarrell Gamble
Jaime Godfrey
Liz Koppenhaver
Henry Levy
Elizabeth Rogers
George Wood
Nancy Reilly (*Alternate*)
Darryl Walker (*Alternate*) (*Arrived after Roll Call*)

Staff Present: Margo Allen, Fiscal Services Officer
Victoria Arruda, Human Resource Officer
Angela Bradford, Executive Secretary
Kathy Foster, Assistant Chief Executive Officer
Jessica Huffman, Benefits Manager
Harsh Jadhav, Chief of Internal Audit
Vijay Jagar, Retirement Chief Technology Officer, ACERA
David Nelsen, Chief Executive Officer
Jeff Rieger, Chief Counsel

Staff Excused: Sandra Dueñas-Cuevas, Benefits Manager
Betty Tse, Chief Investment Officer

PUBLIC INPUT

REAC President Pete Albert inquired about the status of the *Alameda Health System v. ACERA* matter. Ashley Dunning, Esq. of Nossaman LLP and ACERA Chief Counsel Jeff Rieger both provided an update on the matter.

**CONSENT CALENDAR
REPORTS AND ACTION ITEMS**

APPROVAL of APPLICATIONS FOR SERVICE RETIREMENT

Appendix A

APPROVAL of APPLICATIONS FOR RETIREMENT, DEFERRED

Appendix B

Appendix B-1

APPROVAL of APPLICATIONS FOR DEFERRED TRANSFER

None

LIST OF DECEASED MEMBERS

Appendix D

**APPROVAL of REQUEST FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT
CONTRIBUTIONS AND GAIN CREDIT**

Appendix E

**APPROVAL of STAFF RECOMMENDATIONS (UNCONTESTED) FOR
DISABILITY RETIREMENTS**

Appendix F

**APPROVAL of HEARING OFFICER RECOMMENDATIONS FOR DISABILITY
RETIREMENTS**

None

APPROVAL of COMMITTEE and BOARD MINUTES

September 17, 2020 Actuarial Committee Minutes

September 17, 2020 Governance Committee Minutes

September 17, 2020 Minutes of the Regular Board Meeting

October 7, 2020 Operations Committee Minutes

October 7, 2020 Retirees Committee Minutes

MISCELLANEOUS MATTERS

*Approve Staff Recommendations for Adoption of New Pay Item/Code 108 for Alameda
Health System*

20-49

It was moved by Ophelia Basgal seconded by Elizabeth Rogers and approved by a vote of 8 yes (*Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 1 abstention (*Dale Amaral recused himself*):

BE IT RESOLVED BY THIS BOARD that the Consent Calendar is approved

REGULAR CALENDAR
REPORTS AND ACTION ITEMS

DISABILITIES, CURRENT AND CONTINUING RECOMMENDATIONS AND MOTIONS

None.

COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS

This month's Committee reports were presented in the following order:

Operations:

Ophelia Basgal gave an oral report stating that the Operations Committee met on October 7, 2020 and was presented with, reviewed information for, and discussed the following Information Items: *1) Operating Expenses as of August 31, 2020; 2) Statement of Reserves as of June 30, 2020; 3) Passage of AB2101; and 4) report on the September 30, 2020 Participating Employers meeting.*

Minutes of the meeting were presented to the Board for adoption on the Consent Calendar at today's Board meeting.

Retirees:

Liz Koppenhaver gave an oral report stating that the Retirees Committee met on October 7, 2020 and was presented with, reviewed information for, and discussed the annual Actuarial Valuation of the OPEB and Non-OPEB Benefits Provided by the Supplemental Retiree Benefit Reserve, Including Sufficiency of Funds, as of December 31, 2019.

20-50

It was moved by Liz Koppenhaver and seconded by Ophelia Basgal to accept the December 31, 2019 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Liz Koppenhaver further reported that the Committee was presented with, reviewed information for, and discussed the following Information Items: *1) Supplemental Retiree Benefit Reserve Financial Status; 2) Final Report on Open Enrollment Preparation and Communications Material, and Virtual Retiree Health and Wellness Fair Arrangements; and 3) Miscellaneous Updates.*

Minutes of the meeting were presented to the Board for adoption on the Consent Calendar at today's Board meeting.

Investment:

Elizabeth Rogers gave an oral report stating that the Investment Committee met on October 14, 2020 and was presented with, reviewed information for, and discussed an up to \$30 million Investment in EQT Infrastructure Fund V as part of ACERA's Real Asset Portfolio – Infrastructure.

20-51

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver to adopt an up to \$30 million Investment in EQT Infrastructure Fund V as part of ACERA's Real Asset Portfolio – Infrastructure, pending completion of legal and investment due diligence and successful contract negotiations. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Elizabeth Rogers further reported that the Committee was presented with, reviewed information for, and discussed adoption of a change to ACERA's International Equity Manager Structure.

20-52

It was moved by Elizabeth Rogers and seconded by Jaime Godfrey to adopt a change to ACERA's International Equity Manager Structure (Alternative #2). The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Elizabeth Rogers further reported that UBS-managed Trumbull Property Fund Representatives attended the October 14th Investment Committee meeting and reported on the ongoing labor dispute between the Baltimore Marriott and UniteHere. It was noted that UBS encouraged Marriott to resolve the labor dispute.

Minutes of the meeting will be presented to the Board for adoption on the Consent Calendar at the November 19, 2020 Board meeting.

Actuarial:

Dale Amaral gave an oral report stating that the Actuarial Committee met on October 15, 2020 and was presented with, reviewed information for, and discussed the proposed Actuarial Experience Study for years 2017 – 2019 prepared by the Segal Group, to be used in conducting ACERA's December 31, 2020 through December 31, 2022, annual actuarial valuations.

20-53

It was moved by Dale Amaral and seconded by Liz Koppenhaver to adopt the proposed Triennial Experience Study for years 2017-2019 prepared by the Segal Group, to be used in conducting ACERA’s December 31, 2020 through December 31, 2022, annual actuarial valuations. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

Minutes of the meeting will be presented to the Board for adoption on the Consent Calendar at the November 19, 2020 Board meeting.

Audit:

Tarrell Gamble gave an oral report stating that the Audit Committee met on October 15, 2020 and was presented with, reviewed information for, and discussed the following Information Items: **1)** Progress report on the Internal Audit Plan; **2)** Completed Audits Review; and **3)** Cybersecurity Review.

Minutes of the meeting will be presented to the Board for adoption on the Consent Calendar at the November 19, 2020 Board meeting.

NEW BUSINESS:

SACRS Proxy Voting

Chief Executive Officer Dave Nelsen presented his October 15, 2020, memo requesting the Board’s approval to vote ACERA’s Proxy (or his Designee), via electronically. Mr. Nelsen reported that the SACRS Business Meeting agenda items that are up for vote had not been distributed in time for the Board meeting, but stated that the items are non-controversial, which are: **1)** acceptance of the Secretary’s Report and the 2019 meeting minutes; **2)** the Treasurer’s Report; **3)** the Audit Committee Report; and a **4)** Bylaw Amendment that will allow SACRS to host virtual Business meetings in the future. Mr. Nelsen offered the Board the following options: **1)** conduct a Special Board meeting to direct Mr. Nelsen (or his Designee) on how to vote on the items; **2)** not participate in the vote; **3)** or grant Mr. Nelsen (or his Designee) the authority to use his best judgement on how to vote on the items. After discussion, the Board made the following motion:

20-54

It was moved by Ophelia Basgal and seconded by Liz Koppenhaver to direct the Chief Executive Officer (CEO) (or his Designee) to vote ACERA’s Proxy, via electronic voting, and to grant the CEO (or his Designee) authority to use his best judgement on how to vote on the SACRS’ Business Meeting agenda items on behalf of the Board of Retirement at the SACRS Fall Conference Business Meeting. The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Rogers, Wood*), 0 no, and 0 abstentions.

David Nelsen, Chief Executive Officer's Report

Mr. Nelsen presented his October 15, 2020, written CEO Report which provided an update on: **1) Committee and Board Action Items; 2) Conference/Event Schedule; 3) Other Items**, which included updates on: COVID-19 Responses, the Pension Administration System, Personnel Items and Budget, and Customer Service.

Mr. Nelsen provided an update on the status of Chief Investment Officer Betty Tse and stated that Ms. Tse's estimated date of return to the Office is December 1, 2020.

Mr. Nelsen and the Trustees expressed their appreciation regarding Ms. Tse's training and development of the Investment Staff and the establishment of good processes within the Investment team. As a result, the Investment Department Staff has performed very well in Ms. Tse's absence.

CONFERENCE/ORAL REPORTS

Mr. Nelsen reminded the Trustees that although Wednesday, November 11, 2020 is a County Holiday, the Virtual SACRS Fall Conference is from Tuesday, November 10 through Friday, November 13, 2020.

Trustee Walker reported that the upcoming International Foundation Conference will also be conducted virtually.

Trustee Levy reminded the Trustees that he is hosting the Virtual CALAPRS Trustees' Round Table on Friday, October 23, 2020.

Trustee Koppenhaver reported that ACERA is hosting its Virtual Wellness Fair on Thursday, October 30, 2020. Materials for the Wellness Fair will be distributed along with the Open Enrollment Packet.

There was some discussion about *Brown Act* rules when Trustees are attending conferences. Chief Counsel Jeff Rieger explained that those rules are different depending upon whether a conference is open to the public or not, and that when a conference is not open to the public, more care must be taken to ensure compliance with the *Brown Act*.

ANNOUNCEMENTS

None.

BOARD INPUT

None.

CLOSED SESSION

- A. Existing Litigation pursuant to Government Code Section 54956.9(d)(1): Alameda Health System v. ACERA, San Francisco County Superior Court, No. CGC-19-516795.
- B. Government Code Section 54957(b)(1): Public Employee Evaluation (Chief Executive Officer).

The Board reconvened into Open Session and Chair Henry Levy announced that the Board took no reportable action on any of the above-referenced matters.

ADJOURNMENT

The meeting adjourned at approximately 3:45 p.m.

Respectfully Submitted,



David Nelsen
Chief Executive Officer

11/19/20

Date Adopted

**APPENDIX A
APPLICATION FOR SERVICE RETIREMENT**

ANDREWS, Billie J.
Effective: 8/8/2020
Superior Court

GHANIM, Nancy E.
Effective: 7/4/2020
Social Services Agency

BELL, Debra A.
Effective: 7/10/2020
Health Care Services Agency

GOODS, Rose M.
Effective: 6/27/2020
Alameda Health System

BLOCK, Robert
Effective: 8/9/2020
Alameda Health System

GRAVES, Paul R.
Effective: 7/25/2020
Sheriff's Office

BRADSHAW, Dennis L.
Effective: 7/23/2020
Probation Department

HARBISON, Cristina M.
Effective: 8/10/2020
District Attorney

CARMINATI, Victoria M.
Effective: 8/8/2020
Alameda Health System

HAYES, Michael H.
Effective: 7/14/2020
Sheriff's Office

CEDERGREN, Craig K.
Effective: 7/12/2020
Sheriff's Office

HERMANS, Robin L.
Effective: 8/22/2020
District Attorney

COOK-SWANSON, Callie S.
Effective: 7/25/2020
Social Services Agency

HERRERA, Pedro
Effective: 8/1/2020
Alameda Health System

DAYCE, Renee E.
Effective: 8/8/2020
Superior Court

JACKSON, Lynnay K.
Effective: 3/19/2020
Social Services Agency

DE VERA, Adelia C.
Effective: 7/25/2020
Social Services Agency

KASAHARA, Beverly J.
Effective: 7/18/2020
Social Services Agency

DURHAM, Diane
Effective: 7/11/2020
Social Services Agency

KIM, Paul
Effective: 8/22/2020
Social Services Agency

EIDMAN, Melisse H.
Effective: 6/1/2020
Superior Court

KING, Cynthia G.
Effective: 12/20/2019
Alameda Health System

FICKEN, Frank A.
Effective: 9/11/2020
Information Technology

LEDEZMA, Hazel J.
Effective: 8/8/2020
Alameda Health System

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

LEE, Trenton H.
Effective: 8/8/2020
Social Services Agency

PUGH, Deidre D.
Effective: 4/19/2020
Social Services Agency

LEMOS, Jocelyn M.
Effective: 8/8/2020
Social Services Agency

SCOTT, Dameda K.
Effective: 6/27/2020
Superior Courts

LEON-ZERDA, Cecilia H.
Effective: 8/22/2020
Health Care Services Agency

SEVILLANO, Socorro
Effective: 7/25/2020
Alameda Health System

LUU, Ken H.
Effective: 8/8/2020
General Services Agency

SMITH, Jerry A.
Effective: 8/7/2020
Superior Court

MAGWILL, Cynthia C.
Effective: 7/29/2020
Alameda Health System

SYSLVESTER, Roselyn D.
Effective: 8/8/2020
Alameda Health System

MCBRIDE, Alan J.
Effective: 8/3/2020
Alameda Health System

TITUS, Minnie L.
Effective: 8/8/2020
Alameda Health System

NICHOLS, Patricia A.
Effective: 8/1/2020
Alameda Health System

WARD, Kenneth L.
Effective: 7/28/2020
Alameda Health System

OGBE, Sunny K.
Effective: 7/29/2019
Alameda Health System

WHITE, Helen
Effective: 8/8/2020
Alameda Health System

OM, Vannary
Effective: 8/4/2020
Alameda Health System

WHITE, Joyce A.
Effective: 7/3/2020
Alameda Health System

**APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT**

ARCHIE, Shonta L.
Alameda Health System
Effective Date: 9/1/2020

MURPHY, Omarri D.
Probation Department
Effective: 8/6/2020

BITAR, Ashley F.
Alameda Health System
Effective: 8/14/2020

PADEN, Tanya D.
Alameda Health System
Effective Date: 8/14/2020

HTUT, Robert.
Alameda Health System
Effective Date: 8/3/2020

PANDORI, Mark W.
Health Care Services Agency
Effective: 7/10/2020

HULL, Christopher
Superior Courts
Effective: 8/14/2020

PAUL, Sharell, L.
Alameda Health System
Effective Date: 7/9/2020

MILLER, Leigh K.
Alameda Health System
Effective Date: 8/6/2020

PINA, Gabriela
Alameda Health System
Effective: 7/9/2020

MORUZA, Julia T.
Sheriff's Office
Effective: 8/4/2020

TOWNSEND, Erika L.
Sheriff's Office
Effective Date: 9/4/2020

MURAKAMI, Jenna C.
County Administrator
Effective Date: 9/4/2020

WILSON, Holly N.
Health Care System
Effective: 8/7/3030

ZEPHYR, Cebastien A.
Alameda Health System
Effective: 7/9//2020

**APPENDIX B-1
APPLICATION FOR NON-VESTED DEFERRED**

CAPUCHINO, John J.
Social Services Agency
Effective Date: 8/13/2020

LAWANI, Abievhese O.
Health Care Services Agency
Effective: 7/17/2020

CHU, Nancy C.
Department of Child Support Services
Effective: 8/31/2020

LEMMON, Brian J.
Sheriff's Office
Effective: 7/25/2020

HATHORN, Brittany T.
Health Care Services Agency
Effective: 8/14/2020

LI, Wilson
Health Care Services Agency
Effective: 7/31/2020

**APPENDIX B-1
APPLICATION FOR NON-VESTED DEFERRED**

LY, Linda
Community Development Agency
Effective: 8/21/2020

SHRESTHA, Shilpa
Alameda Health Care System
Effective: 8/26/2020

MULLER, Erik R.
Superior Court
Effective: 7/17/2020

SIMMONS, Brandan R.
Disrict Attorney
Effective: 8/3/2020

OGBURN, Katherine M.
Superior Court
Effective: 8/26/2020

SMITH, Marcel L.
Alameda Health System
Effective Date: 8/7/2020

RIXEY, John E.
Zone 7
Effective: 8/14/2020

STRONG, Harry
Alameda Health System
Effective: 9/1/2020

ROBINSON, Michael E.
Social Services Agency
Effective: 8/7/2020

TING, Sarah W.
Board of Supervisors
Effective: 8/18/2020

SALMAN, Salam B.
Library
Effective: 8/20/2020

VENKATESH, Anchita
Alameda Health System
Effective: 8/24/2020

SARMIENTO, Loraine R.
Social Services Agency
Effective: 7/02/2020

VERZOSA, Melanie R.
Alameda Health Sysem
Effective: 8/12/2020

SCHNEIDER, Rachel, K.
Disrict Attorney
Effective: 7/31/2020

ZIGA, Nerissa V.
Alameda Health System
Effective: 8/14/2020

APPENDIX D
LIST OF DECEASED MEMBERS

ARANCIO, Ann G.
Social Services Agency
8/19/2020

ENGSTROM, Linda M.
Non-Mbr Survivor of Harry Engstrom
8/31/2020

ARUCAN, Fortunata S.
Alameda Health System
9/19/2020

FRIAS, Constante L.
Assessor's Office
8/14/2020

BENNETT, Edward J.
Non-Mbr Survivor of Doris Bennett
8/19/2020

GOCK, Roy
Public Works Agency
9/4/2020

BISCOTTI, Pam J.
Sheriff's Office
8/24/2020

GOMEZ, Berdie G.
Health Care Services Agency
8/25/2020

BLACK, Ella M.
Alameda Health System
8/28/2020

GRIFFITH, Ardis
Non-Mbr Survivor of Joseph Cazier
9/28/2020

BROUSSARD, Carrie L.
Non-Mbr Survivor of James Broussard
9/14/2020

HARPER, Michael A.
Sheriff's Office
8/29/2020

BROWN, Elaine F.
Social Services Agency
9/17/2020

HEIER, Donald F.
Non-Mbr Survivor of Joan Heier
9/3/2020

BULLOCK, Dolores A.
Health Care Services Agency
9/17/2020

HICKS, Charles F.
Sheriff's Office
9/17/2020

BURGIE, Garland
Alameda Health System
9/3/2020

JEFFREY, Roberta
Non-Mbr Survivor of Francis Jeffrey
9/2/2020

CAMPBELL, Roger C.
Public Works Agency
8/30/2020

KNOX, James E.
Alameda Health System
8/6/2020

CLOUSE, Robert D.
Sheriff's Office
9/29/2020

LAM, Van T
Assessor's Office
8/19/2020

EDGERLY, Myrtle B.
Alameda Health System
9/5/2020

LANCASTER, Ralph W.
Sheriff's Office
9/8/2020

**APPENDIX D
LIST OF DECEASED MEMBERS**

LEE, Richard
Sheriff's Office
9/29/2020

RAY, M. C.
Probation Department
9/8/2020

MINERVA, Alex O.
Non-Mbr Survivor of Marina Minerva
8/31/2020

RHONE, John E.
Sheriff's Office
9/9/2020

MORESI, Kenneth C.
Probation Department
9/10/2020

RICHARD, Lillie F.
Alameda Health System
8/12/2020

NOBRIGA, Joseph H.
Non-Mbr Survivor of Janice Nobriga
9/2/2020

ROBERTSON, James
District Attorney
8/16/2020

NUTTING, Anna B.
Alameda Health System
8/22/2020

SARA, Stephen R.
Health Care Services Agency
9/14/2020

POWELL, Clara M.
Sheriff's Office
8/30/2020

TATMON, Aaron J.
Social Services Agency
8/12/2020

ULVANG, Andrew R.
Health Care Services Agency
9/7/2020

**APPENDIX E
REQUEST FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS
AND GAIN CREDIT**

SAVOY, Lavelle J.
130 Biweekly Payroll Deductions for a total of \$23,063.30
Years of Service: 5.29639
Government Code § 31641.5 Part Time & Days Prior

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: Moss, Robert
Type of Claim: Service-Connected

Staff’s Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor’s report, including but not limited to, granting Mr. Moss’s application for a service-connected disability. Since Mr. Moss is over 55 years old, future annual medical examinations and questionnaires will not be required.

Based on the Medical Advisor’s and Staff’s review and determination of Mr. Moss’s ability to determine the permanency of his incapacity, to deny Mr. Moss’s request for an earlier effective date.

Name: Peck, Ryan
Type of Claim: Service-Connected

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

Based on the Medical Advisor’s and Staff’s review and determination of Mr. Peck’s ability to determine the permanency of his incapacity, to deny Mr. Peck’s request for an earlier effective date.

Name: Poynter, Robert
Type of Claim: Service-Connected

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

Operations:


Proposed 2021 ACERA Operating Expense Budget.



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: November 19, 2020

TO: Members of the Operations Committee

FROM: Dave Nelsen, Chief Executive Officer 

SUBJECT: Presentation of 2021 ACERA Budget Proposal

Executive Summary

It is my pleasure to present the 2021 ACERA Budget Proposal. This operating expense budget invests in both personnel and information technology infrastructure, but is prudent in the approach. I look forward to discussing it further with you.

The proposed operating expense budget is \$21,427,000, which is a 0.1% increase over the 2020 approved operating expense budget of \$21,400,000. Highlights of the proposal are as follows:

- Increase in staffing costs from 2020 forecast by 10.8%;
- Decrease in staff development costs from 2020 forecast by -18.5%;
- Decrease in insurance costs from 2020 forecast by -4.7%; and,
- Establishment of a contingency fund reserve for training and conference-related travel and possible litigation expenses totaling \$258,000.

The 2021 proposal includes increases in staffing costs from the 2020 forecast. It recognizes the increased costs from long-time vacant benefits positions previously filled by less expensive temporary staff that now will be filled by permanent employees for the full budget year; therefore, increasing both salary and fringe benefit costs. In addition, it includes the COLA and merit increases. As a result of COVID-19, the 2021 proposal includes decreases in staff development costs from the 2020 forecast due to the reallocation of travel expenses to a contingency reserve fund.

Variance Analysis

In reviewing the 2021 proposed operating expense budget summary (Section III, p. 19) there are ten expense line items identified with net changes exceeding \$15,000¹. For ease of review, the ten line items are summarized in the following table located on page two (2). The table is configured using the line item nomenclature with page reference, net change amount, percentage associated with the net change, and the budget variance narrative.

In brief, the net-change decreases are primarily due to technology upgrades gains, contractual terms, or reduction in services. The net-change increases are primarily due to cost-of-living adjustments (COLA), contractual terms, or policy changes. .

¹ A \$15,000 threshold has been used of the course of three mid-year budget reviews to establish consideration for reportable overages and line item transfers; therefore, staff is relying on the same \$15,000 threshold to review net changes in the 2021 proposed budget versus the 2020 forecast.

2021 Expense Line Items with a Net Change > \$15,000				
	Expense Line Items	Net Change	Percentage	(COV) Cause of Variance
1	<i>Temporary Staffing</i> (Cited on p. 22)	(\$38,000)	-11.9%	<ul style="list-style-type: none"> • Decrease in temporary staff to hiring permanent staff
2	<i>Staff Development</i> (Cited on p. 23)	(\$62,000)	-18.5%	<ul style="list-style-type: none"> • Decrease in staff development due to travel and conference-related expense allocation to contingency reserve fund for COVID-19
3	<i>Consultant Fees</i> (Cited on p. 26 -27)	(\$36,000)	-9.8%	<ul style="list-style-type: none"> • Decrease in consultant fees due to completion of RFP for dental and vision; and benchmark services
4	<i>Legal Fees</i> (Cited on p. 26 - 27)	(\$206,000)	-48.0%	<ul style="list-style-type: none"> • Decrease in legal fees for tax & benefits, and litigation expenses; offset by an increase in fiduciary services
5	<i>Insurance</i> (Cited on p. 29)	(\$41,000)	-4.7%	<ul style="list-style-type: none"> • Significant decrease in risk management and worker's compensation due to fewer claims
6	<i>Disability – Medical Expense</i> (Cited on p. 30)	(\$84,000)	-41.4%	<ul style="list-style-type: none"> • Decrease in medical expense due to decrease in disability cases
7	<i>Virtual Call Center</i> (Cited on p. 30)	\$15,000	75.0%	<ul style="list-style-type: none"> • Increase in virtual call center operations
8	<i>Software License & Maintenance</i> (Cited on p. 31)	\$77,000	9.5%	<ul style="list-style-type: none"> • Increase due to accounting system upgrade and other software maintenance and support
9	<i>Board of Retirement</i> (Cited on p. 32)	\$91,000	15.6%	<ul style="list-style-type: none"> • Increase in board compensation • Increase in board conference and trainings allowance in 2021 • Increase in employer reimbursement due to COLA and fringe benefits • 2021 board election
10	<i>Uncollectible Benefits Payments</i> (Cited on p. 34)	\$47,000	223.8%	<ul style="list-style-type: none"> • Expected increase in uncollectible benefit payments



**ALAMEDA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION**

**2021
PROPOSED
EXPENSE
BUDGET**

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Section I

Letter from the CEO to the Board of Retirement

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Section I

Letter from the CEO to the Board of Retirement

Members of the Board of Retirement,

It is my pleasure to present the proposed 2021 budget. This past year was spent navigating our way through uncertain and unprecedented times caused by the COVID-19 pandemic—a threatening virus that has destabilized working environments and changed the way people, organizations, and communities exist. The required restrictions to organizational life have forced ACERA staff to quickly adopt different ways of working, learning, and connecting with each other. To ensure the safety of members, employees, and families, the office was closed to members and to the public, and staff focus was redirected to adapting work processes to accommodate new work arrangements that enabled staff to work from the safety of their homes. For the employees remaining on site, County-mandated workplace readiness and protection protocol directives were implemented to create social distance and sanitary procedures to protect the few employees who, due to the nature of their work, duties, or responsibilities remained in the office.

Out of necessity, the focus this year has been on maintaining the delivery of essential services. Staff continued to process retirements and to make retirement and benefit payments on schedule. In adapting to this novel situation, staff resumed many of the projects that were suspended during the initial months of the pandemic, such as the redesign of the website.

The proposed 2021 budget has been predicated on priorities determined as necessary to carry out ACERA’s mission. These priorities are to continue developing a culture and infrastructure of accountability and cost effectiveness, to make for a more transparent organization moving forward. Additionally, we will leverage technology to introduce new service models and enhance service effectiveness that will continue building an organization focused on its core values and a vision of exceeding customer expectations, of engaging team members, and of developing supportive leadership. To that end, we look forward to finalizing this budget with the Board.

KEY 2020 ACCOMPLISHMENTS

Organization-Wide Initiatives | Touching all departments across the organization, ACERA continued the Pension Administration System (PAS) upgrade project. Working with the project oversight consultant and the in-house project manager, staff completed the first deliverable of the design in Pension Gold Version 3 and initiated the training plan for user acceptance training scheduled for the fourth quarter of 2020. The project has and will require an ongoing commitment and availability of cross-departmental staff resources. ACERA has reduced the volume of other project work to successfully deliver the targeted completion date of the project in 2023.

Benefit Initiatives | Redesigned and relaunched ACERA’s website using a contemporary, responsive design, and produced virtual seminar and instructional videos. Developed an online retirement packet and a walkthrough, counseling intake form, and post-counseling electronic survey. Implemented phone and video retirement counseling appointments. Upgraded the member portal to enable the secure transfer of forms and documents containing personal information. Implemented a virtual call center to enable staff to continue member counseling services from

a home-based call center. Initiated various optimization projects including creation of automated departmental and interdepartmental workflows, counseling process optimization, revision of service retirement application and tracking process, and disability process optimization.

Fiscal Services Initiatives | Department has been instrumental in keeping retirement and benefit payments flowing during the pandemic, and has focused on supporting interdepartmental services and processes. Formalized an in-house process excellence program.

Human Resources Initiatives | Department has been instrumental in ensuring remote work needs were met. Provided essential leadership and interface communication between County emergency operations and ACERA's senior leadership to ensure compliance with public health and disaster protocol and other procedures during the pandemic.

Internal Audit Initiatives | Completed a Retiree Payroll Deduction Policy audit to guide the administration of pension benefits. Created an approved benefits listing to eliminate the assignment of benefits for any purpose other than a valid requirement. Determined processes for deductions made from retiree's checks that ensured consistency with policy.

Investment Initiatives | Completed an investment department optimization project using Lean methodology to streamline various processes and redefine the staffing structure of the department. Conducted a Large Cap Value Manager search. Expanded the Emerging Managers program to include Private Equity, Private Real Estate, and Private Real Assets in addition to the public markets.

Technology Enhancements | Implemented migration of ACERA's communications to the cloud with Microsoft Office 365 which includes enhanced collaboration features; initiated project to migrate storage to cloud backup; initiated a project to employ Granicus cloud technology to manage Board agendas and minutes; initiated another major upgrade to OnBase, ACERA's document management system; initiated the first phase of an access database replacement project.

Portfolio Performance | As of June 30, 2020, the total fund had returned -5.8% (net), year-to-date for 2020, recovering much of the significant decline in value due to the COVID-19 pandemic. The value of the total fund was \$8.2 billion. At one point in March, the value of the total fund was down nearly \$2 billion from its pre-COVID peak of just under \$8.9 billion.

HIGHLIGHTS OF BUSINESS PLAN

As the pandemic has caused delays in the progress of some initiatives, ACERA is resuming these items and will shift focus toward them throughout the remainder of 2020 and 2021. Initiatives are linked to goals in the strategic plan. As these items are implemented, they will be managed as projects, with an assigned project owner and manager and a proposed project plan with timelines, deliverables, and oversight. Initiatives have been prioritized and reduced due to the increased resource needs required to complete the Pension Administration System upgrade project.

Highlights of upcoming business initiatives are:

For the Pension Administration System:

- OnBase Integration
- Benefits and Estimate Setups
- Benefit Payroll

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- Employer Reporting Transmittal Design
- Forms and Correspondence Review

Additional projects include:

- Granicus Implementation
- In-House Lean/Process Excellence Function
- On-the-Job Training (OJT) Structure
- CEM Benchmarking
- Strategic Communication Plan
- Enterprise Risk Management
- BERT Replacement, Phase 2
- Benefits Department Optimization, Phase 2

BASELINE AND PROPOSED 2021 OPERATING EXPENSE BUDGET (OEB)

The starting point for the 2021 OEB is a “baseline” that reflects the anticipated costs of carrying out the same level of services proposed by the ACERA Board in the 2020 Budget. Staff was required to request and justify additional funds with a formal Budget Change Proposal (BCP) for any item affecting the 2021 baseline and proposed 2021 budget. Additional staff positions or changes in salaries for 2021 were requested and justified using a Personnel Change Request (PCR) form. Approvals for changes did not take place without careful review of cost impacts and on-going organizational needs. Reviews were conducted by the Chief Executive Officer, Human Resource Officer (for PCRs), and Fiscal Services Officer before approvals were granted. With the addition of those items, the proposed 2021 budget is \$21.4 million. This is \$0.027 million or 0.1% greater than the 2020 approved budget of \$21.4 million. It is also \$0.2 million or 1% greater than the 2021 baseline budget of \$21.2 million.

The reasons for the budget differences will be explained below.

PROPOSED 2021 BUDGET HIGHLIGHTS

This section highlights the proposed adjustments to the 2021 proposed budget from the 2020 approved budget. A complete review of the differences can be found in Section III.

Staffing

The primary changes in Staffing costs for 2021 are as follows:

The assumption to fill and fund the remaining vacant positions filled by temporary staff in 2020; cost-of-living adjustments, step increases, and an average four percent (4%) performance-driven merit increase for eligible/selected deep-class positions. The total 2021 increase for staffing from the 2020 approved budget is \$0.4 million, or a net increase of 2.2%.

Staff Development

The primary change in Staff Development costs is a 43.2% decrease compared to the 2020 budget. The decrease is due to a deliberate 70% deferral of travel-related expenses to the contingency budget. This deferral recognizes the likelihood of continued conversion of conference based training and education to on-line or virtual education .

Professional Fees

The change in Professional Fees for 2021 is a decrease of \$0.09 million, or a net decrease of 7.2%. This reduction is due to expected lower costs in Actuarial, Consultant, and Legal fees.

The senior managers and I look forward to presenting our proposed 2021 operating expense budget to the committee and to the Board of Retirement.

Respectfully submitted,



Dave Nelsen
Chief Executive Officer

Section II

Budget Policies and Process

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Section II

Budget Policies and Process

Budget Policies

ACERA's budget policy, practices, and guidelines are based on the County Employees Retirement Law of 1937 and the ACERA Board of Retirement's Charter.

Legal Requirements

The California Constitution and Statute Section 31580.2(a) of the 1937 Act specifies that the Board of Retirement "shall annually adopt a budget covering the entire expense of administration of the retirement system which expense shall be charged against the earning of the retirement fund..."

As applied to ACERA, § 31580.2(a) also imposes a cap on administrative expenses. Administrative expenses incorporate the limits of § 31580.2(a) (1) of the County Employees Act of 1937; whereby, administrative expenses are capped at "Twenty-one hundredths of one percent (0.21%) of accrued actuarial liabilities of the retirement system". Pursuant to the applicable code sections, certain costs are excluded from the expense cap. Excluded costs include those associated with Business Continuity Planning (BCP), the Supplemental Retiree Benefits Reserve (SRBR) used to pay Other Postretirement Benefits (OPEB and non-OPEB), technology, actuarial, and investment-related fees (including banking and legal fees). Excludable expenses also include the pro rata portion of overhead expense attributable to excludable activities.

ACERA prepares the budget on an accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP), a methodology consistent with ACERA's audited financial statements.

Budget Amendments

Budget line item amounts may be amended, i.e., reallocated from one department to another or moved between categories at the discretion of the Chief Executive Officer, if such action does not increase the overall proposed budget. Conversely, increases to the overall proposed budget are only permitted with the approval of the Board of Retirement (the Board). There are two ways in which the budget can be increased: The first way is through committee action and board approval. And the second way is with a contingency budget that is accepted when the budget is put forth for approval during the annual budget cycle. A contingency budget is useful for current unknown expenses that arise from an event such as legislation, or an action by the Board of Supervisors, or a release of new project; where the event may or will occur but the timing is in question.

Budget Process

ACERA's budget is developed with Adaptive Insights budget software. This flexible budgeting software is a cloud-based program that enables department management and staff to access organizational expense forecasts from any location. It also enables users to view current year actuals, as well as expense forecasts; moreover, users can input and change expense forecast variables to easily prepare "what if" scenarios. These user-friendly features reduce,

and in some cases eliminates, time previously spent converting department provided information into the budget format and circulating the information for review and approval.

While the Fiscal Services Department Budget Team (budget team) is responsible for the preparation of the budget timeline, ACERA's Senior Leadership Team (SLT) is responsible for establishing business plan initiatives, in detail as to time and cost before the budget process begins, and is responsible for setting budget assumptions for the various expense categories.

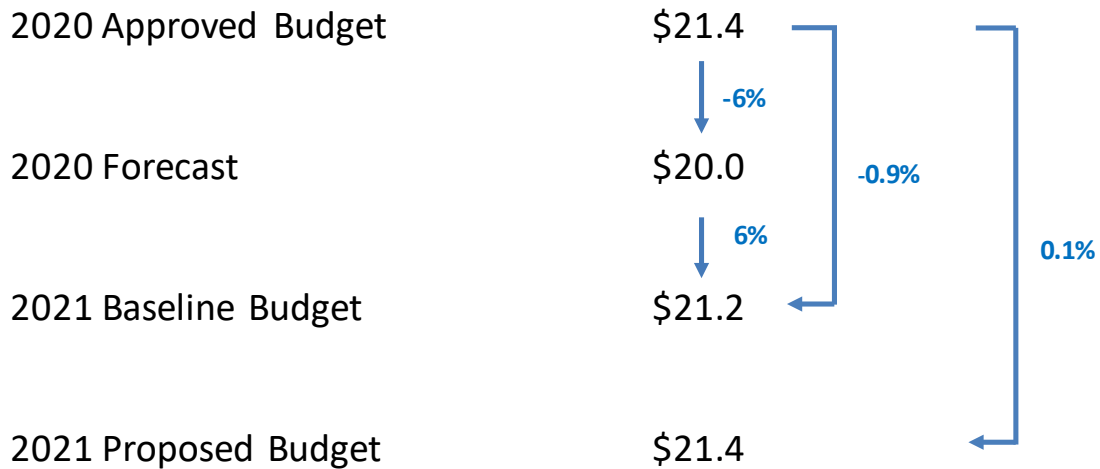
It is the responsibility of the budget team to develop the baseline budget once the forecast has been completed. Upon completion of the baseline, department staff and management begin entering information into the budget worksheets. When that step is completed, the budget team prepares the administrative budget based upon SLT prepared time allocations. Throughout the budget preparation process, the budget team now has the ability to monitor the budget progress by using the process tracker and workflows developed in Adaptive Insights. Nevertheless, the budget team continues to be available to meet with department staff and management to answer questions or to strategize the best way to present budget items or develop costs.

Once the proposed budget and the administrative budget are complete, the budget team pulls the information from Adaptive through Office Connect into InDesign (the budget publishing software). The budget team is responsible for preparing the variance analyses, updating changes to the budget, and for reviewing the budget document for submission to the Board of Retirement.

The Chief Executive Officer and the Fiscal Services Officer present the proposed budget to committee and at a future date to the Board. If committee members request changes to the budget, those changes are made and represented at the discretion of the committee. The Board's feedback is incorporated into the budget for final approval.

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ACERA 2021 Budget Process¹



1. The starting point for the 2021 proposed expense budget was to develop a “baseline” budget that reflected the anticipated costs of maintaining the same level of services approved by ACERA’s Board of Retirement in the 2020 budget. To that end, the 2021 baseline budget is \$21.2 million, a decrease of 0.9% under the approved 2020 budget.
2. Key to developing the 2021 proposed budget was more accurately estimating the forecast by including only incremental expenditures needed to achieve business objectives. But more importantly, it was setting assumptions that guided and prioritized expenditures, yet achieved the following objectives: a) allowed the necessary vacant staff positions to be filled; b) funded projects that directly support strategic goals and business plan initiatives; and, c) funded new programs or projects mandated by state legislation, the Board of Retirement, or management. Following the agreed criteria resulted in a 2021 Proposed Budget of \$21.4 million which is \$27K or 0.1% over the approved 2020 budget.

¹ Rounding to tenths of millions may impact percentages. Percentages in this document are based on rounding to nearest dollar, as is done in the budget document.

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Section III

Operating Expense Budget

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Section III

Operating Expense Budget

The purpose of the annual Operating Expense Budget (OEB) is to forecast and document the necessary resources required to meet ACERA's operating expenses. The OEB provides detailed estimates of anticipated annual expenditures for staffing, staff development, professional fees, office expenses, insurance, member services, systems, board of retirement expenses, uncollectible benefit payments, and capital costs and is contingent on approval by ACERA's Board of Retirement. The OEB does not include estimated expenditures for payment of portfolio management investment expenses reported in Section VIII or payment of member benefits such as pension and Other Post-Employment Benefits (OPEB). Lastly, the OEB functions as a tool for decision making and is a means to monitor business performance.

The annual proposed OEB is derived from a baseline budgeting methodology; whereby, current spending levels are rolled into a "baseline". The overarching assumption of baseline budgeting is that it uses current spending levels as the baseline for establishing future funding requirements. Further, it assumes the future budget will equal the current budget—plus established growth, inflation, increase adjustments, and new expenditures.

The following is a review of the 2021 budget assumptions for each major expense category and the corresponding results:

Staffing and Salary Assumptions

- Merit increase average of 4% per department, for eligible/selected deep class employees;
- Cost of living allowance and associated fringe benefit increase of 3.25%;
- Filling all current vacancies with:
 - Hire deep-class employees at 80% of the top range; and,
 - Hire step-class employees at an average Step 3.

Result: Staffing expenses realized a 2.2% net increase compared to the 2020 Budget; and a 10.8% net increase compared to the 2020 forecast.

Staff Development Assumptions

- Staff development expenses were capped to no increase over 2020 budget; and,
- Professional dues and subscriptions were capped to no increase over 2020 forecast.

Result: Staff development realized a (43.2%) net decrease compared to the 2020 budget; and a (18.5%) net decrease compared to the 2020 forecast. The decrease is due to a deliberate 70% deferral of travel-related expenses to the contingency budget.

Professional Fees Assumptions

- Actuarial Fees—Funding and SRBR valuations, GASB 67/68 and GASB 74/75 valuations, and reporting requirement for ASOP #51 were fixed to service agreement contracts, other actuarial consulting services were estimated at contracted hourly rate;
- Auditor Fees—Annual audit, GASB 67/68 and GASB 74/75 schedules were fixed to service agreement contracts, other auditing services were estimated at contracted hourly rate; and,

- Other Consultant Fees—Known consulting services (i.e., Benefits, Legal, and Human Resources) were fixed to service agreement contracts, other consulting services were calculated using estimates.

Result: Professional fee expenses realized a (7.2%) net decrease compared to the 2020 budget; and a (17.1%) net decrease compared to the 2020 forecast.

Office Expenses Assumptions

- Banking expenses would experience no increase over the 2020 budget;
- Miscellaneous Administrative expenses would experience no increase over the 2020 budget;
- Building Operation expenses would experience a 5% increase over the 2020 budget;
- Communication expenses would experience a 53% increase over the 2020 budget;
- Equipment Lease and Maintenance expenses would experience a 12% increase over the 2020 budget;
- Minor Furniture and Equipment expenses would experience no increase over the 2020 budget;
- Office supplies and Maintenance expenses would experience no increase over the 2020 budget; and,
- Printing and Postage expenses would experience no increase over the 2020 budget.

Result: Office expenses realized a 8.1% net increase compared to the 2020 budget; and a 5.5% net increase compared to the 2020 forecast.

Insurance Assumption

- The 2021 commercial insurance expense would realize a 10% increase over the 2020 budget; and,
- The Alameda County risk insurance expense would realize a (24%) decrease over the 2020 budget.

Result: Insurance expenses (in aggregate) realized a (42%) net decrease compared to the 2020 budget; and a (4.7%) net decrease compared to the 2020 forecast.

Member Services Assumptions

- Benefit Verification expenses would experience a 20% increase over the 2020 budget;
- Disability Arbitration and Transcript expenses would experience a (20%) decrease over the 2020 budget;
- Disability Medical expenses would experience a (41.4%) decrease over the 2020 budget;
- Health Reimbursement Accounts (HRA) expense would experience no increase over the 2020 budget;
- Member Training & Education expense would experience no increase over the 2020 budget; and,
- Printing and Postage expense would experience no increase over the 2020 budget.

Result: Member Services expenses realized a (12.0%) net decrease compared to the 2020 budget; and a (12.0%) net decrease compared to the 2020 forecast.

Systems Assumptions

- Business Continuity expense would experience an 18% increase over the 2020 budget;
- County Data Processing expense would experience a 1% increase over the 2020 budget;
- Minor Computer Hardware expenses would realize a (9%) decrease over the 2020 budget; and,
- Software License and Maintenance expenses would realize a 6% increase over the 2020 budget.

Result: Systems expenses realized a 6.6% net increase compared to the 2020 budget; and a 6.7% increase compared to the 2020 forecast.

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Board of Retirement Assumptions

- Board Conference and Miscellaneous Activity expense would realize a 2% increase over the 2020 budget.

Result: Board of Retirement expenses realized a 2.3% net increase compared to the 2020 budget; and a 15.6% increase compared to the 2020 forecast.

Uncollectible Benefit Payments Assumption

- Uncollectible Benefit Payment expense would realize a 209% increase over the 2020 budget.

Result: Uncollectible Benefit Payments expenses realized a 209.1% increase compared to the 2020 budget; and a 223.8% increase compared to the 2020 forecast.

Depreciation Assumption

- Depreciation expense would realize a (4%) decrease over the 2020 budget.

Result: Depreciation expense realized a (4.1%) net decrease compared to the 2020 budget; and a (1.7%) decrease compared to the 2020 forecast.

PROPOSED 2021 BUDGET SUMMARY AND COMPARISON

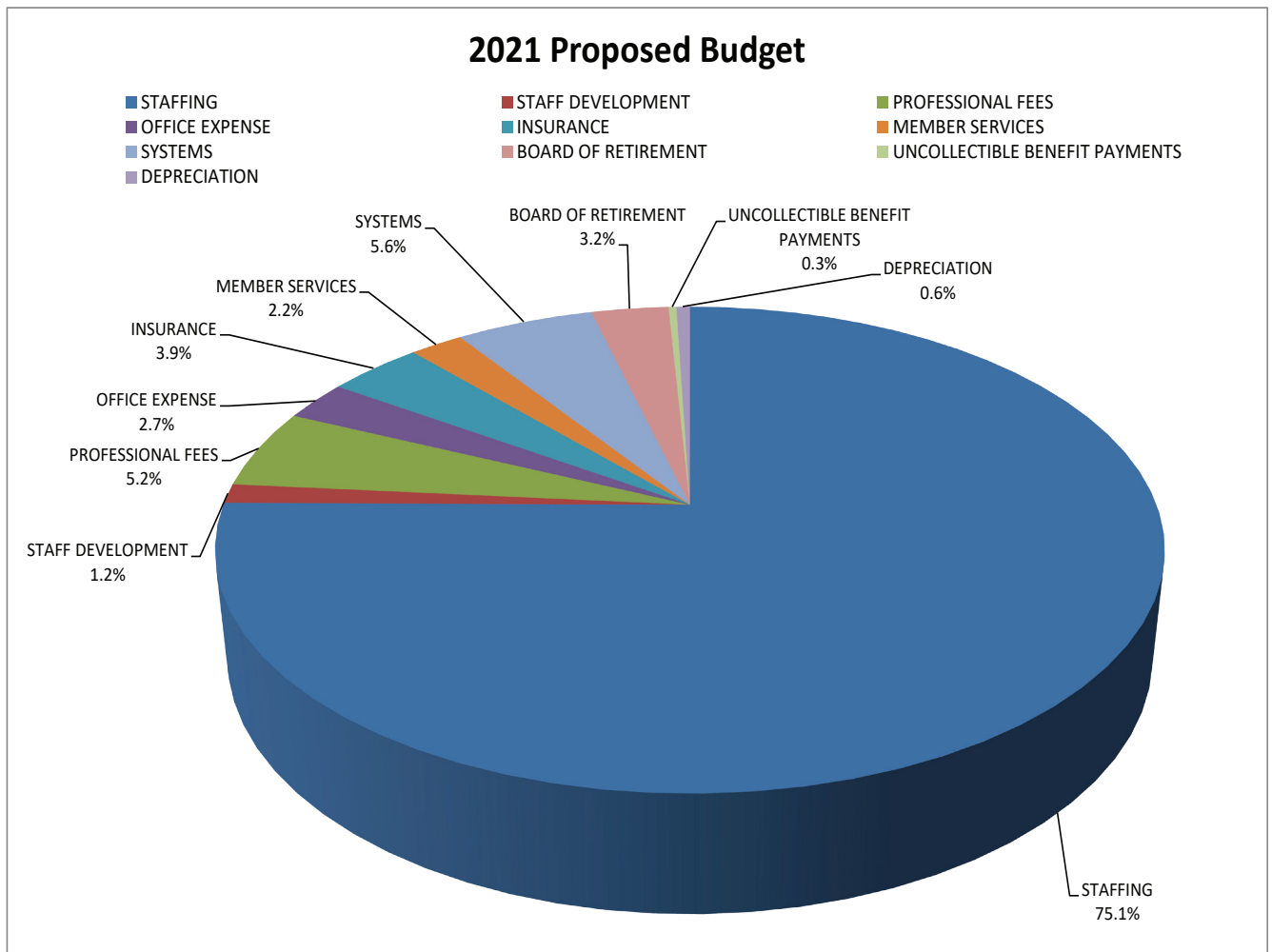
Staff recommends a proposed 2021 budget of \$21.4 million which is:

- \$0.027 million or 0.1% greater than the approved 2020 budget of \$21.4 million;
- \$0.2 million or 1% greater than the 2021 baseline budget of \$21.2 million; and,
- \$1.4 million or 7% greater than the 2020 forecast of \$20.0 million.

The 2021 administrative budget of \$13.2 million is \$9.9 million under the administrative cap of \$23.1 million. A year-over-year comparison reveals that the 2021 administrative budget of \$13.2 million is \$0.1 million higher than the 2020 administrative budget of \$13.1 million. Approximately \$8.2 million was excluded for the annual operating expense budget of \$21.4 million (see Section VI for administrative budget and allocation schedules).

2021 Proposed Operating Expense Budget
(\$ in thousands)

	2020 Forecast	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change	Category % of Total Operating Expenses
Staffing	\$ 14,530	\$ 16,099	\$ 1,569	10.8%	75.1%
Staff Development	336	274	(62)	-18.5%	1.2%
Professional Fees	1,361	1,128	(233)	-17.1%	5.2%
Office Expense	544	574	30	5.5%	2.7%
Insurance	866	825	(41)	-4.7%	3.9%
Member Services	527	464	(63)	-12.0%	2.2%
Systems	1,127	1,202	75	6.7%	5.6%
Board Of Retirement	584	675	91	15.6%	3.2%
Uncollectible Benefit Payments	21	68	47	223.8%	0.3%
Depreciation	120	118	(2)	-1.7%	0.6%
OPERATING EXPENSES Total	\$ 20,016	\$ 21,427	\$ 1,411	7.0%	100.0%



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Operating Expense Budget ¹	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
STAFFING (p.#21)						
Salaries	\$ 9,737,000	\$ 9,364,000	\$ (373,000)	\$ 10,026,000	\$ 662,000	7.1%
Fringe Benefits	5,910,000	4,847,000	(1,063,000)	5,792,000	945,000	19.5%
Temporary Staff	98,000	319,000	221,000	281,000	(38,000)	-11.9%
Staffing Total	15,745,000	14,530,000	(1,215,000)	16,099,000	1,569,000	10.8%
STAFF DEVELOPMENT (p.#22)						
	482,000	336,000	(146,000)	274,000	(62,000)	-18.5%
PROFESSIONAL FEES (p.#26)						
Actuarial Fees	466,000	410,000	(56,000)	415,000	5,000	1.2%
Audit Fees	153,000	153,000	-	157,000	4,000	2.6%
Consultant Fees	366,000	369,000	3,000	333,000	(36,000)	-9.8%
Legal Fees	230,000	429,000	199,000	223,000	(206,000)	-48.0%
Professional Fees Total	1,215,000	1,361,000	146,000	1,128,000	(233,000)	-17.1%
OFFICE EXPENSE (p.#28)						
Bank Charges	120,000	118,000	(2,000)	120,000	2,000	1.7%
Misc. Administrative Expenses	16,000	14,000	(2,000)	15,000	1,000	7.1%
Building Expenses	80,000	81,000	1,000	84,000	3,000	3.7%
Communications	63,000	96,000	33,000	96,000	-	0.0%
Equipment Lease & Maint.	116,000	122,000	6,000	130,000	8,000	6.6%
Minor Furniture & Equip.	19,000	16,000	(3,000)	18,000	2,000	12.5%
Office Supplies & Maint.	89,000	74,000	(15,000)	83,000	9,000	12.2%
Printing & Postage	28,000	23,000	(5,000)	28,000	5,000	21.7%
Office Expense Total	531,000	544,000	13,000	574,000	30,000	5.5%
INSURANCE (p.#29)						
	967,000	866,000	(101,000)	825,000	(41,000)	-4.7%
MEMBER SERVICES (p.#30)						
Benefit Verification	5,000	5,000	-	6,000	1,000	20.0%
Disability - Arbitration & Transcripts	75,000	54,000	(21,000)	60,000	6,000	11.1%
Disability - Medical Expense	203,000	203,000	-	119,000	(84,000)	-41.4%
Disability Claims Management	46,000	46,000	-	46,000	-	0.0%
Health Reimbursement Account	60,000	59,000	(1,000)	60,000	1,000	1.7%
Member Training & Education	16,000	18,000	2,000	16,000	(2,000)	-11.1%
Printing & Postage - Members	122,000	122,000	-	122,000	-	0.0%
Virtual Call Center	-	20,000	20,000	35,000	15,000	75.0%
Member Services Total	527,000	527,000	-	464,000	(63,000)	-12.0%
SYSTEMS (p.#31)						
Business Continuity Expenses	147,000	171,000	24,000	173,000	2,000	1.2%
County Data Processing	113,000	113,000	-	114,000	1,000	0.9%
Minor Computer Hardware	33,000	35,000	2,000	30,000	(5,000)	-14.3%
Software License & Maintenance	835,000	808,000	(27,000)	885,000	77,000	9.5%
Systems Total	1,128,000	1,127,000	(1,000)	1,202,000	75,000	6.7%
BOARD OF RETIREMENT (p.#32)						
	660,000	584,000	(76,000)	675,000	91,000	15.6%
UNCOLLECTIBLE BENEFITS						
	22,000	21,000	(1,000)	68,000	47,000	223.8%
Total Operating Expenses Before Depreciation	21,277,000	19,896,000	(1,381,000)	21,309,000	1,413,000	7.1%
DEPRECIATION (p.#33)						
	123,000	120,000	(3,000)	118,000	(2,000)	-1.7%
TOTAL OPERATING EXPENSE	21,400,000	20,016,000	(1,384,000)	21,427,000	1,411,000	7.0%
TOTAL PORTFOLIO MANAGEMENT INVESTMENT EXPENSE	52,696,000	51,418,000	(1,278,000)	51,373,000	(45,000)	-0.1%
TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES	\$ 74,096,000	\$ 71,434,000	\$ (2,662,000)	\$ 72,800,000	\$ 1,366,000	1.9%
¹ Budget schedules amounts are rounded to the nearest thousand.						
CONTINGENCY FUND (p.#83)						
	\$ 315,000	\$ 54,000	\$ (261,000)	\$ 258,000	\$ 204,000	377.8%

Operating Expense Budget 2021 Baseline vs. 2021 Increments (\$ in thousands)			2021	2021			2021 Proposed Budget (Baseline + Increments) vs.2020	
	2020 Forecast	2021 Baseline	Baseline vs. 2020 Forecast Over/ (Under)	Baseline vs. 2020 Forecast % Of Change	2021 Proposed Increments	2021 Proposed Budget (Baseline + Increments)	Forecast Over/ (Under)	% Change
STAFFING								
Salaries	\$ 9,364	\$ 10,065	\$ 701	7.5%	\$ (39)	\$ 10,026	\$ 662	7.1%
Fringe Benefits	4,847	5,830	983	20.3%	(38)	5,792	945	19.5%
Temporary Staff	319	75	(244)	-76.5%	206	281	(38)	-11.9%
Staffing Total	14,530	15,970	1,440	9.9%	129	16,099	1,569	10.8%
STAFF DEVELOPMENT	336	273	(63)	-18.8%	1	274	(62)	-18.5%
PROFESSIONAL FEES								
Actuarial Fees	410	400	(10)	-2.4%	15	415	5	1.2%
Audit Fees	153	157	4	2.6%	-	157	4	2.6%
Consultant Fees	369	333	(36)	-9.8%	-	333	(36)	-9.8%
Legal Fees	429	223	(206)	-48.0%	-	223	(206)	-48.0%
Professional Fees Total	1,361	1,113	(248)	-18.2%	15	1,128	(233)	-17.1%
OFFICE EXPENSE								
Bank Charges	118	120	2	1.7%	-	120	2	1.7%
Miscellaneous Administrative Expenses	14	15	1	7.1%	-	15	1	7.1%
Building Expenses	81	84	3	3.7%	-	84	3	3.7%
Communications	96	96	-	0.0%	-	96	-	0.0%
Equipment Lease & Maint.	122	125	3	2.5%	5	130	8	6.6%
Minor Furniture & Equipment	16	18	2	12.5%	-	18	2	12.5%
Office Supplies & Maint.	74	83	9	12.2%	-	83	9	12.2%
Printing & Postage	23	28	5	21.7%	-	28	5	21.7%
Office Expense Total	544	569	25	4.6%	5	574	30	5.5%
INSURANCE	866	825	(41)	-4.7%	-	825	(41)	-4.7%
MEMBER SERVICES								
Benefit Verification	5	6	1	20.0%	-	6	1	20.0%
Disability Arbitr. & Transcripts	54	60	6	11.1%	-	60	6	11.1%
Disability - Medical Expense	203	119	(84)	-41.4%	-	119	(84)	-41.4%
Disability Claims Management	46	46	-	0.0%	-	46	-	0.0%
Health Reimb. Account (HRA)	59	60	1	1.7%	-	60	1	1.7%
Member Training & Education	18	16	(2)	-11.1%	-	16	(2)	-11.1%
Printing & Postage - Members	122	122	-	0.0%	-	122	-	0.0%
Virtual Call Center	20	35	15	75.0%	-	35	15	75.0%
Member Services Total	527	464	(63)	-12.0%	-	464	(63)	-12.0%
SYSTEMS								
Business Continuity Expenses	171	173	2	1.2%	-	173	2	1.2%
County Data Processing	113	114	1	0.9%	-	114	1	0.9%
Minor Computer Hardware	35	30	(5)	-14.3%	-	30	(5)	-14.3%
Software License & Maint.	808	847	39	4.8%	38	885	77	9.5%
Systems Total	1,127	1,164	37	3.3%	38	1,202	75	6.7%
BOARD OF RETIREMENT	584	654	70	12.0%	21	675	91	15.6%
UNCOLLECTIBLE BENEFIT PAYMENTS								
	21	68	47	223.8%	-	68	47	223.8%
Total Operating Expenses Before Depreciation	19,896	21,100	1,204	6.1%	209	21,309	1,413	7.1%
DEPRECIATION	120	118	(2)	-1.7%	-	118	(2)	-1.7%
TOTAL OPERATING EXPENSE	20,016	21,218	1,202	6.0%	209	21,427	1,411	7.0%
TOTAL PORTFOLIO MANAGEMENT INVESTMENT EXPENSE	51,418	51,373	(45)	-0.1%	-	51,373	(45)	-0.1%
TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES	\$ 71,434	\$ 72,591	\$ 1,157	1.6%	\$ 209	\$ 72,800	\$ 1,366	1.9%

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STAFFING (p.#19)

Staffing expense includes salaries, fringe benefits, and temporary services¹.

Headcount by Department	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)
Administration	9	9	-	9	-
Benefits	39	39	-	39	-
Fiscal Services	11	11	-	11	-
Human Resources	3	3	-	3	-
Internal Audit	3	3	-	3	-
Investments	9	8	(1)	9	1
Legal	4	4	-	4	-
PRISM	11	11	-	11	-
HEADCOUNT TOTAL	89	88	(1)	89	1

¹ Headcount does not include temporary Retirement Technician to cover fluctuations in headcount.

Staffing	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
Administration	\$ 956,000	\$ 954,000	\$ (2,000)	\$ 1,048,000	\$ 94,000	9.9%
Benefits	3,624,000	3,472,000	(152,000)	3,686,000	214,000	6.2%
Fiscal Services	1,171,000	1,178,000	7,000	1,186,000	8,000	0.7%
Human Resources	378,000	378,000	-	392,000	14,000	3.7%
Internal Audit	438,000	441,000	3,000	453,000	12,000	2.7%
Investments	1,224,000	1,032,000	(192,000)	1,251,000	219,000	21.2%
Legal	642,000	649,000	7,000	651,000	2,000	0.3%
PRISM	1,269,000	1,223,000	(46,000)	1,324,000	101,000	8.3%
Total Salaries	9,702,000	9,327,000	(375,000)	9,991,000	664,000	7.1%
Cafeteria Benefit Allowance	225,000	184,000	(41,000)	264,000	80,000	43.5%
Health and Dental	1,560,000	1,280,000	(280,000)	1,830,000	550,000	43.0%
Retirement Contributions	3,268,000	2,681,000	(587,000)	2,638,000	(43,000)	-1.6%
Medicare and SDI	189,000	155,000	(34,000)	230,000	75,000	48.4%
Social Security	603,000	494,000	(109,000)	734,000	240,000	48.6%
Other Benefits (Life Insurance, Def. Comp. and Auto Allowance)	65,000	53,000	(12,000)	96,000	43,000	81.1%
Fringe Benefits	5,910,000	4,847,000	(1,063,000)	5,792,000	945,000	19.5%
Overtime	35,000	37,000	2,000	35,000	(2,000)	-5.4%
Temporary Staffing	98,000	319,000	221,000	281,000	(38,000)	-11.9%
STAFFING EXPENSES Total	\$ 15,745,000	\$ 14,530,000	\$ (1,215,000)	\$ 16,099,000	\$ 1,569,000	10.8%

Staffing - Variance Narrative 2021 Proposed Budget vs. 2020 Forecast		Variance Over/(Under)
• Increase in salaries due to filled vacant positions: 3-Retirement Technicians and 1- Investment Analyst	\$	232,000
• Increase in salaries due to COLA, merit increases, step increases, and vacation sellbacks		432,000
• Increase in fringe benefits attributed to the filling of all vacant positions in 2021 and inflation costs		945,000
• Slight decrease in overtime expense		(2,000)
• Decrease in temporary staff from hiring permanent staff		(38,000)
Total Over/(Under)		\$ 1,569,000

Staffing - Variance Narrative 2020 Forecast vs. 2020 Budget		Variance Over/(Under)
• Net savings from unfilled positions and vacant positions of 1-Senior Investment Officer, 1-Investment Officer, and 3-Retirement Technicians	\$	(375,000)
• Net savings in fringe benefits are mainly due to vacant positions and lower in fringe benefits rate		(1,063,000)
• Slight increase in overtime expense		2,000
• Increase in temporary staff due to vacant positions		221,000
Total Over/(Under)		\$ (1,215,000)

STAFF DEVELOPMENT [\(p.#19\)](#)

Staff Development includes education, training, professional dues, recruitment, and subscription expenses.

Staff Development	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/ (Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
CONFERENCES/TRAININGS						
Adaptive	\$ 8,000	\$ 2,000	\$ (6,000)	\$ 2,000	\$ -	0.0%
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	61,000	33,000	(28,000)	20,000	(13,000)	-39.4%
CALPERLA	5,000	5,000	-	1,000	(4,000)	-80.0%
Cyber-Security	12,000	8,000	(4,000)	3,000	(5,000)	-62.5%
BCP/Disaster Recovery Journal Conference (DRJ)	6,000	6,000	-	2,000	(4,000)	-66.7%
GFOA	11,000	2,000	(9,000)	5,000	3,000	150.0%
IFEBP	25,000	11,000	(14,000)	8,000	(3,000)	-27.3%
ILPA	13,000	9,000	(4,000)	4,000	(5,000)	-55.6%
Institutional Investors	3,000	3,000	-	1,000	(2,000)	-66.7%
MILKEN	16,000	-	(16,000)	10,000	10,000	100.0%
PG User, Onbase, Sungard Conference	48,000	31,000	(17,000)	14,000	(17,000)	-54.8%
SACRS	31,000	18,000	(13,000)	10,000	(8,000)	-44.4%
Technology Related Trainings	19,000	8,000	(11,000)	6,000	(2,000)	-25.0%
Miscellaneous	111,000	78,000	(33,000)	73,000	(5,000)	-6.4%
Sub-Total	369,000	214,000	(155,000)	159,000	(55,000)	-25.7%
PROFESSIONAL DUES & SUBSCRIPTIONS	111,000	112,000	1,000	113,000	1,000	0.9%
RECRUITMENT EXPENSES	2,000	10,000	8,000	2,000	(8,000)	-80.0%
STAFF DEVELOPMENT EXPENSES Total	\$ 482,000	\$ 336,000	\$ (146,000)	\$ 274,000	\$ (62,000)	-18.5%

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Staff Development - Variance Narrative 2021 Proposed Budget vs. 2020 Forecast

	Variance Over/(Under)
CONFERENCE/TRAINING	
• Reallocated to contingency expense due to COVID-19	\$ (55,000)
Sub-total	(55,000)
PROFESSIONAL FEES & SUBSCRIPTIONS	
• Slight increase in professional dues and subscriptions expense	1,000
Sub-total	1,000
RECRUITMENT	
• Decrease in recruitment costs due to less vacant positions to fill in 2021	(8,000)
Sub-total	(8,000)
Total Over/(Under)	\$ (62,000)

Staff Development - Variance Narrative 2020 Forecast vs. 2020 Budget

	Variance Over/(Under)
CONFERENCE/TRAINING	
• Decrease in attendance of trainings primarily due to COVID-19	\$ (155,000)
Sub-total	(155,000)
PROFESSIONAL FEES & SUBSCRIPTIONS	
• Slight increase in professional dues and subscriptions expenses	1,000
Sub-total	1,000
RECRUITMENT	
• Increase due to conversion fees for temporary staff converted into permanent staff	8,000
Sub-total	8,000
Total Over/(Under)	\$ (146,000)

2021 Proposed Budget: Breakdowns for Miscellaneous Trainings/Conferences						
	Administration	Benefits	Fiscal Services	Human Resources	Internal Audit	
American Institute of Certified Public Accountants (AICPA)	\$ -	\$ -	\$ -	\$ -	\$ -	2,000
Association of Certified Fraud Examiners (ACFE)	-	-	-	-	-	1,000
Association of Public Pension Fund Auditors (APPFA)	-	-	-	-	-	1,000
Computer Training/County	-	5,000	3,000	-	-	-
CSDA Conference	1,000	-	-	-	-	-
IDEA Training	-	-	-	-	-	3,000
Investment Related	-	-	-	-	-	-
ISCEBS Annual Conference	-	1,000	-	-	-	-
LMS (Alameda County HRS)	-	-	-	6,000	-	-
NAPPA	-	-	-	-	-	-
NCPERS Conference	-	1,000	-	-	-	-
NASRA Winter & Annual Conference	1,000	-	-	-	-	-
Project Management	-	-	-	-	-	-
PRISM Conference	-	-	-	-	-	-
Staff Development	-	9,000	-	-	-	-
Miscellaneous Trainings/Conferences	4,000	4,000	4,000	6,000	-	5,000
Total Other Training/Conferences	6,000	20,000	7,000	12,000	12,000	
Adaptive	-	-	2,000	-	-	-
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	3,000	11,000	4,000	-	-	-
CALPERLA	-	-	-	1,000	-	-
Cybersecurity	-	-	-	-	-	-
BCP/Disaster Recovery Journal Conference (DRJ)	-	-	-	-	-	-
GFOA	-	-	4,000	-	-	1,000
IFEBP	-	8,000	-	-	-	-
ILPA	-	-	-	-	-	-
Institutional Investors	-	-	-	-	-	-
MILKEN	-	-	-	-	-	-
PG User and Onbase Conference	-	4,000	3,000	-	-	-
SACRS	2,000	4,000	-	-	-	1,000
Technology Related Trainings	-	-	-	-	-	-
Other Training/Conferences (from above)	6,000	20,000	7,000	12,000	-	12,000
Total Training/Conferences	11,000	47,000	20,000	13,000	14,000	
Professional Dues & Subscriptions	35,000	3,000	4,000	2,000	5,000	
Recruitment Expenses	-	1,000	-	-	-	
TOTAL	\$ 46,000	\$ 51,000	\$ 24,000	\$ 15,000	\$ 19,000	

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2021 Proposed Budget: Breakdowns for Miscellaneous Trainings/Conferences				
	Investments	Legal	PRISM	Total
American Institute of Certified Public Accountants (AICPA)	\$ -	\$ -	\$ -	2,000
Association of Certified Fraud Examiners (ACFE)	-	-	-	1,000
Association of Public Pension Fund Auditors (APPFA)	-	-	-	1,000
Computer Training/County	-	-	1,000	9,000
CSDA Conference	-	-	-	1,000
IDEA Training	-	-	-	3,000
Investment Related	-	3,000	-	3,000
ISCEBS Annual Conference	-	-	-	1,000
LMS (Alameda County HRS)	-	-	-	6,000
NAPPA	-	1,000	-	1,000
NCPERS Conference	-	-	-	1,000
NASRA Winter & Annual Conference	-	-	-	1,000
Project Management	-	-	1,000	1,000
PRISM Conference	-	-	1,000	1,000
Staff Development	-	-	-	9,000
Miscellaneous Trainings/Conferences	4,000	3,000	2,000	32,000
Total Other Training/Conferences	4,000	7,000	5,000	73,000
Adaptive	-	-	-	2,000
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	1,000	1,000	-	20,000
CALPERLA	-	-	-	1,000
Cybersecurity	-	-	3,000	3,000
BCP/Disaster Recovery Journal Conference (DRJ)	-	-	2,000	2,000
GFOA	-	-	-	5,000
IFEBP	-	-	-	8,000
ILPA	3,000	1,000	-	4,000
Institutional Investors	1,000	-	-	1,000
MILKEN	10,000	-	-	10,000
PG User and Onbase Conference	-	-	7,000	14,000
SACRS	1,000	1,000	1,000	10,000
Technology Related Trainings	-	-	6,000	6,000
Other Trainings/Conferences (from above)	4,000	7,000	5,000	73,000
Total Training/Conferences	20,000	10,000	24,000	159,000
Professional Dues & Subscriptions	7,000	57,000	-	113,000
Recruitment Expenses	1,000	-	-	2,000
TOTAL	\$ 28,000	\$ 67,000	\$ 24,000	\$ 274,000

PROFESSIONAL FEES (p.#19)

This category excludes investment professional consultant and advisor expenses.

Professional Fees	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/ (Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/ (Under)	% Change
Actuarial Fees	\$ 466,000	\$ 410,000	\$ (56,000)	\$ 415,000	\$ 5,000	1.2%
Audit Fees	153,000	153,000	-	157,000	4,000	2.6%
Consultant Fees	366,000	369,000	3,000	333,000	(36,000)	-9.8%
Legal Fees	230,000	429,000	199,000	223,000	(206,000)	-48.0%
PROFESSIONAL FEES TOTAL	1,215,000	1,361,000	146,000	1,128,000	(233,000)	-17.1%
Actuarial Fees						
Actuarial Valuation	77,000	77,000	-	79,000	2,000	2.6%
ASOP #51, Risk Report	60,000	40,000	(20,000)	40,000	-	0.0%
GASB 67 & 68	48,000	48,000	-	49,000	1,000	2.1%
GASB 74 & 75	14,000	14,000	-	15,000	1,000	7.1%
SRBR Valuation	41,000	41,000	-	42,000	1,000	2.4%
Supplemental Consulting	190,000	154,000	(36,000)	190,000	36,000	23.4%
Triennial Study	36,000	36,000	-	-	(36,000)	-100.0%
Total Actuarial Fees	466,000	410,000	(56,000)	415,000	5,000	1.2%
Audit Fees						
Audit Fees	129,000	129,000	-	132,000	3,000	2.3%
GASB 67 & 68	12,000	12,000	-	13,000	1,000	8.3%
GASB 74 & 75	12,000	12,000	-	12,000	-	0.0%
Total Audit Fees	153,000	153,000	-	157,000	4,000	2.6%
Consultant Fees						
Administration						
Benchmark Services	20,000	20,000	-	-	(20,000)	100.0%
Total Administration	20,000	20,000	-	-	(20,000)	-100.0%
Benefits						
Benefit Cons./Open Enroll.	143,000	146,000	3,000	130,000	(16,000)	-11.0%
County Retirees Medical	126,000	126,000	-	126,000	-	0.0%
Total Benefits	269,000	272,000	3,000	256,000	(16,000)	-5.9%
Human Resources						
Lakeside Group (County Personnel)	77,000	77,000	-	77,000	-	0.0%
Total Human Resources	77,000	77,000	-	77,000	-	0.0%
Total Consultant Fees	366,000	369,000	3,000	333,000	(36,000)	-9.8%
Legal Fees						
Fiduciary	130,000	114,000	(16,000)	126,000	12,000	10.5%
Miscellaneous Legal Advice	60,000	281,000	221,000	68,000	(213,000)	-75.8%
Tax and Benefit Issues	40,000	34,000	(6,000)	29,000	(5,000)	-14.7%
Total Legal Fees	\$ 230,000	\$ 429,000	\$ 199,000	\$ 223,000	\$ (206,000)	-48.0%

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Professional Fees - Variance Narrative 2021 Proposed Budget vs. 2020 Forecast

	Variance Over/(Under)
ACTUARIAL	
• Increase in GASB, actuarial valuation and SRBR valuation	\$ 5,000
Sub-total	5,000
AUDIT	
• Slight increase in audit fees	4,000
Sub-total	4,000
CONSULTANTS	
• Decrease due to benchmark services completed in 2020	(20,000)
• Decrease due to completion of RFP for dental and vision; offset by slight increase in other consulting fees	(16,000)
Sub-total	(36,000)
LEGAL	
• Increase in legal fees for fiduciary services	12,000
• Decrease in legal fees for tax & benefits	(5,000)
• Decrease in projected litigation expenses in 2021 as compared to unexpected higher litigation expenses incurred in 2020	(213,000)
Sub-total	(206,000)
Total Over/(Under)	\$ (233,000)

Professional Fees - Variance Narrative 2020 Forecast vs. 2020 Budget

	Variance Over/(Under)
CONSULTANTS	
• Increase in benefits consulting fees	\$ 3,000
Sub-total	3,000
ACTUARIAL	
• Decrease in ASOP #51, Risk Report	(20,000)
• Decrease in supplemental consulting fees	(36,000)
Sub-total	(56,000)
LEGAL	
• Decrease in legal fees for fiduciary services	(16,000)
• Decrease in legal fees for tax & benefits	(6,000)
• Increase due to unexpected higher litigation expenses	221,000
Sub-total	199,000
Total Over/(Under)	\$ 146,000

OFFICE EXPENSE (p.#19)

This category covers expenses such as building expenses, banking fees, telecommunications, and office equipment.

Office Expense	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
Bank Charges	\$ 120,000	\$ 118,000	\$ (2,000)	\$ 120,000	\$ 2,000	1.7%
Misc. Administrative Expenses	16,000	14,000	(2,000)	15,000	1,000	7.1%
Building Expenses	80,000	81,000	1,000	84,000	3,000	3.7%
Communications	63,000	96,000	33,000	96,000	-	0.0%
Equip. Leasing & Maint.	116,000	122,000	6,000	130,000	8,000	6.6%
Minor Furniture & Equipment	19,000	16,000	(3,000)	18,000	2,000	12.5%
Office Supplies & Maint.	89,000	74,000	(15,000)	83,000	9,000	12.2%
Printing & Postage	28,000	23,000	(5,000)	28,000	5,000	21.7%
OFFICE EXPENSE Total	\$ 531,000	\$ 544,000	\$ 13,000	\$ 574,000	\$ 30,000	5.5%

**Office Expense - Variance Narrative
2021 Proposed Budget vs. 2020 Forecast**

Variance Over/(Under)

EQUIPMENT, FURNITURE, SUPPLIES AND MAINTENANCE

- Increase in office supplies, maintenance, minor furniture and equipment expenses in 2021; plus new lease agreement for mailing equipment in 2020

Sub-total \$ 19,000

MISCELLANEOUS ADMINISTRATIVE EXPENSES

- Slight increase in miscellaneous administrative expenses

Sub-total 1,000

PRINTING & POSTAGE

- Increase in printing and postage expenses in 2021

Sub-total 5,000

BUILDING AND BANK CHARGES

- Slight increase in building expenses
- Slight increase in bank charges

Sub-total 3,000
2,000

Total Over/(Under) \$ 30,000

**Office Expense - Variance Narrative
2020 Forecast vs. 2020 Budget**

Variance Over/(Under)

MISCELLANEOUS ADMINISTRATIVE EXPENSES

- Slight decrease in miscellaneous administrative expenses

Sub-total \$ (2,000)

BUILDING, BANK CHARGES AND COMMUNICATIONS

- Increase in communication expense due to teleconference services during COVID-19
- Slight increase in building expenses
- Slight decrease in bank charges

Sub-total 33,000
1,000
(2,000)

EQUIPMENT, FURNITURE, SUPPLIES AND MAINTENANCE

- Decrease in office supplies & maintenance and minor equipment & furniture expenses; offset by increase in equipment leasing

Sub-total (12,000)

PRINTING & POSTAGE

- Decrease in printing and postage expense

Sub-total (5,000)

Total Over/(Under) \$ 13,000

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INSURANCE (p.#19)

This category includes insurance premiums for business automobile, commercial, earthquake, fiduciary, criminal and cyber liability, employer liability, umbrella, and workers' compensation.

Insurance	2020 Forecast		2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget		2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
	2020 Budget	2020 Forecast		2021 Proposed Budget	2020 Forecast		
Business Automobile	\$ 1,000	\$ 1,000	\$ -	\$ 1,000	\$ -	0.0%	
Commercial Package	31,000	31,000	-	33,000	2,000	9.5%	
Crime	8,000	7,000	(1,000)	8,000	1,000	20.0%	
Cyber Liability	14,000	14,000	-	14,000	-	0.0%	
Earthquake	26,000	26,000	-	30,000	4,000	23.5%	
Fiduciary Liability	167,000	167,000	-	185,000	18,000	15.9%	
Risk Management	455,000	409,000	(46,000)	385,000	(24,000)	-9.2%	
Umbrella	8,000	9,000	1,000	9,000	-	0.0%	
Worker's Compensation	257,000	202,000	(55,000)	160,000	(42,000)	-35.6%	
INSURANCE Total	\$ 967,000	\$ 866,000	\$ (101,000)	\$ 825,000	\$ (41,000)	-4.7%	

Insurance - Variance Narrative 2021 Proposed Budget vs. 2020 Forecast

	Variance Over/(Under)
• Increase in premium for fiduciary liability	\$ 18,000
• Slight increase in premiums for Commercial Package, Crime and Earthquake	7,000
• Significant decrease in Alameda County Risk Management	(24,000)
• Significant decrease in Alameda County worker's compensation	(42,000)
Total Over/(Under)	\$ (41,000)

Insurance - Variance Narrative 2020 Forecast vs. 2020 Budget

	Variance Over/(Under)
• Significant decrease in Alameda County Risk Management	\$ (46,000)
• Significant decrease in Alameda County worker's compensation	(55,000)
Total Over/(Under)	\$ (101,000)

MEMBER SERVICES *(p.#19)*

This category includes expenses for services provided to members, including healthcare plans, enrollments, wellness seminars, communications, disability hearings and evaluations.

Member Services	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
Benefit Verification	\$ 5,000	\$ 5,000	\$ -	\$ 6,000	\$ 1,000	20.0%
Disability - Legal Arbitration & Transcripts	75,000	54,000	(21,000)	60,000	6,000	11.1%
Disability - Medical	203,000	203,000	-	119,000	(84,000)	-41.4%
Disability Claims Management	46,000	46,000	-	46,000	-	0.0%
Health Reimbursement Account (HRA)	60,000	59,000	(1,000)	60,000	1,000	1.7%
Member Training & Education	16,000	18,000	2,000	16,000	(2,000)	-11.1%
Printing and Postage - Members	122,000	122,000	-	122,000	-	0.0%
Virtual Call Center	-	20,000	20,000	35,000	15,000	75.0%
MEMBER SERVICES Total	\$ 527,000	\$ 527,000	\$ -	\$ 464,000	\$ (63,000)	-12.0%

Member Services - Variance Narrative 2021 Proposed Budget vs. 2020 Forecast		Variance Over/(Under)
DISABILITY		
• Decrease in disability cases	\$	(84,000)
• Increase in disability legal arbitration and transcripts		6,000
Sub-total		(78,000)
VIRTUAL CALL CENTER AND BENEFIT VERIFICATION		
• Increase due to virtual call center		15,000
• Slight increase in benefit verification expense		1,000
Sub-total		16,000
MEMBERS TRAINING AND EDUCATION AND HEALTH REIMBURSEMENT ACCOUNT		
• Slight decrease in members training and education		(2,000)
• Slight increase in health reimbursement account		1,000
Sub-total		(1,000)
Total Over/(Under)		\$ (63,000)

Member Services - Variance Narrative 2020 Forecast vs. 2020 Budget		Variance Over/(Under)
DISABILITY		
• Decrease in disability legal arbitration and transcripts due to lower number of disability cases than budgeted	\$	(21,000)
Sub-total		(21,000)
VIRTUAL CALL CENTER		
• Increase due to virtual call center		20,000
Sub-total		20,000
MEMBERS TRAINING AND EDUCATION AND HEALTH REIMBURSEMENT ACCOUNT		
• Slight increase in members training and education		2,000
• Slight decrease in health reimbursement account		(1,000)
Sub-total		1,000
Total Over/(Under)		\$ -

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SYSTEMS (p.#19)

This category includes the costs of business continuity planning, county data processing, software maintenance and support, and uncapitalized computer hardware and software.

System Expenses	2020		2020 Forecast	2020 Forecast vs. 2020 Budget Over/ (Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
	Budget	Forecast					
Business Continuity Expenses	\$ 147,000	\$ 171,000	\$ 24,000	\$ 173,000	\$ 2,000	1.2%	
County Data Processing	113,000	113,000	-	114,000	1,000	0.9%	
Minor Computer Hardware	33,000	35,000	2,000	30,000	(5,000)	-14.3%	
Software License & Maintenance	835,000	808,000	(27,000)	885,000	77,000	9.5%	
SYSTEMS Total	\$ 1,128,000	\$ 1,127,000	\$ (1,000)	\$ 1,202,000	\$ 75,000	6.7%	

Systems - Variance Narrative 2021 Proposed Budget vs. 2020 Forecast

Variance Over/(Under)

SOFTWARE, MAINTENANCE & SUPPORT

- Increase due to accounting system upgrade in 2021; plus increase in other software, maintenance and support

\$ 77,000
Sub Total 77,000

BUSINESS CONTINUITY EXPENSES

- Slight increase in business continuity expenses

2,000
Sub Total 2,000

COMPUTER HARDWARE & COUNTY DATA PROCESSING

- Delay implementation of automated check-in system at front desk
- Slight increase in county data processing expense

(5,000)
1,000
Sub Total (4,000)

Total Over/(Under) \$ 75,000

Systems - Variance Narrative 2020 Forecast vs. 2020 Budget

Variance Over/(Under)

SOFTWARE, MAINTENANCE & SUPPORT

- Savings due to delay in projects caused by COVID-19

\$ (27,000)
Sub Total (27,000)

COMPUTER HARDWARE

- Slight increase in minor computer hardware expense

2,000
Sub Total 2,000

BUSINESS CONTINUITY EXPENSES

- Increase due to COVID-19 related expenses

24,000
Sub Total 24,000

Total Over/(Under) \$ (1,000)

BOARD OF RETIREMENT *(p.#19)*

This category covers Board compensation and expenses for meetings, conferences and trainings, employer reimbursement (elected members only), and election expenses.

Board of Retirement	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
Board Compensation	\$ 29,000	\$ 21,000	\$ (8,000)	\$ 28,000	\$ 7,000	33.3%
Board Conference and Training	221,000	170,000	(51,000)	192,000	22,000	12.9%
Board Elections	-	-	-	45,000	45,000	100.0%
Board Employer Reimbursement	357,000	354,000	(3,000)	361,000	7,000	2.0%
Board Miscellaneous Activities	30,000	17,000	(13,000)	26,000	9,000	52.9%
Board Software Maint. & Support	13,000	12,000	(1,000)	13,000	1,000	8.3%
Board Strategic Planning	10,000	10,000	-	10,000	-	0.0%
BOARD OF RETIREMENT Total	\$ 660,000	\$ 584,000	\$ (76,000)	\$ 675,000	\$ 91,000	15.6%

**Board of Retirement - Variance Narrative
2021 Proposed Budget vs. 2020 Forecast**

	Variance Over/(Under)
• Board elections projected in 2021	\$ 45,000
• Increase in board meetings projected in 2021	7,000
• Increase in board conferences and trainings projected in 2021	22,000
• Increase in employer reimbursement due to COLA and fringe benefits	7,000
• Increase in board miscellaneous activities projected in 2021	9,000
• Slight increase in board software maintenance and support	1,000
Total Over/(Under)	\$ 91,000

**Board of Retirement - Variance Narrative
2020 Forecast vs. 2020 Budget**

	Variance Over/(Under)
• Decrease in board members attendance	\$ (8,000)
• Decrease in board conferences and trainings	(51,000)
• Slight decrease in board employer reimbursements	(3,000)
• Decrease in board miscellaneous activities	(13,000)
• A slight decrease in board software maintenance and support	(1,000)
Total Over/(Under)	\$ (76,000)

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DEPRECIATION (p.#19)

Depreciation expense is the allocation of a capital asset cost over the asset's useful life.

Depreciation	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
BCP	\$ 2,000	\$ 2,000	\$ -	\$ 4,000	\$ 2,000	100.0%
Computer Software	4,000	2,000	(2,000)	2,000	-	0.0%
EDMS Admin. Share	1,000	1,000	-	1,000	-	0.0%
Equipment	20,000	19,000	(1,000)	15,000	(4,000)	-21.1%
Furniture	1,000	1,000	-	1,000	-	0.0%
Leasehold Improvements	95,000	95,000	-	95,000	-	0.0%
DEPRECIATION Total	\$ 123,000	\$ 120,000	\$ (3,000)	\$ 118,000	\$ (2,000)	-1.7%

Depreciation is computed using the straight-line method for most assets over the following estimated useful lives:

- Computer Hardware 5 years
- Computer Software 3 years
- Equipment 5 years
- Furniture 7 years
- Information System-Retirement 7 years
- Information System-Fiscal Services 5 years
- Disaster Recovery 5 years
- Leasehold Improvements 27.5 years
- EDMS 5 years

Depreciation - Variance Narrative 2021 Proposed Budget vs. 2020 Forecast	Variance Over/(Under)
• Increase attributed to BCP server and OnBase upgrade	\$ 2,000
• Decrease attributed to fully depreciated office equipment	(4,000)
Total Over/(Under)	\$ (2,000)

Depreciation - Variance Narrative 2020 Forecast vs. 2020 Budget	Variance Over/(Under)
• Decrease in purchase of office equipment	\$ (3,000)
Total Over/(Under)	\$ (3,000)

UNCOLLECTIBLE BENEFIT PAYMENTS *(p.#19)*

After the adoption of the discharge of uncollectible accounts receivable policy and Board of Retirement authorization, the annual uncollectible accounts receivable balance to be discharged is approximately \$68,000. This balance is comprised of benefit overpayments healthcare premium, payroll deductions, and taxes. Discharges of uncollectible balances normally include one year’s worth of transactions, after passage of a four-year period from which collection efforts have been exhausted and the receivable has been declared uncollectible.

Uncollectible Benefit Payments	2020		2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
	Budget	Forecast					
Uncollectible Benefit Payments	\$ 22,000	\$ 21,000		\$ (1,000)	\$ 68,000	\$ 47,000	223.8%
Total	\$ 22,000	\$ 21,000		\$ (1,000)	\$ 68,000	\$ 47,000	223.8%

Uncollectible Benefit Payments - Variance Narrative 2021 Proposed Budget vs. 2020 Forecast		Variance Over/(Under)
• Expected increase in uncollectible benefit payments	\$	47,000
Total Over/(Under)	\$	47,000

Uncollectible Benefit Payments - Variance Narrative 2020 Forecast vs. 2020 Budget		Variance Over/(Under)
• Slight decrease in uncollectible benefit payments	\$	(1,000)
Total Over/(Under)	\$	(1,000)

Section IV

Departmental Operating Expense Budgets

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Section IV

Departmental Operating Expense Budgets

ACERA operations are organized into eight departments: Administration, Benefits, Fiscal Services, Human Resources, Internal Audit, Investments, Legal, and Project and Information Services Management (PRISM).

Departments	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
Administration (p.#38)	\$ 4,342,000	\$ 4,028,000	\$ (314,000)	\$ 4,297,000	\$ 269,000	6.7%
Benefits (p.#42)	6,918,000	6,456,000	(462,000)	6,854,000	398,000	6.2%
Fiscal Services (p.#45)	2,293,000	2,206,000	(87,000)	2,338,000	132,000	6.0%
Human Resources (p.#47)	728,000	689,000	(39,000)	738,000	49,000	7.1%
Internal Audit (p.#49)	742,000	689,000	(53,000)	744,000	55,000	8.0%
Investment (p.#51)	1,982,000	1,555,000	(427,000)	1,962,000	407,000	26.2%
Legal (p.#53)	1,394,000	1,528,000	134,000	1,388,000	(140,000)	-9.2%
PRISM (p.#55)	2,951,000	2,834,000	(117,000)	3,061,000	227,000	8.0%
Total Depart. Expenses	21,350,000	19,985,000	(1,365,000)	21,382,000	1,397,000	7.0%
PROJECTS¹	50,000	31,000	(19,000)	45,000	14,000	45.2%
Total Depart. Exp. + Projects	\$ 21,400,000	\$ 20,016,000	\$ (1,384,000)	\$ 21,427,000	\$ 1,411,000	7.0%

¹ See Section V

ADMINISTRATION DEPARTMENT (p.#37)

The Administration Department is led by the Chief Executive Officer who plans, manages, and administers the business of the retirement system and coordinates external outreach with legislators and member organizations.

Administration Department	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 956,000	\$ 954,000	\$ (2,000)	\$ 1,048,000	\$ 94,000	9.9%
Fringe Benefits	535,000	451,000	(84,000)	544,000	93,000	20.6%
Staffing Total	1,491,000	1,405,000	(86,000)	1,592,000	187,000	13.3%
STAFF DEVELOPMENT	73,000	69,000	(4,000)	46,000	(23,000)	-33.3%
PROFESSIONAL FEES						
Actuarial Fees	466,000	410,000	(56,000)	415,000	5,000	1.2%
Consultant Fees	20,000	20,000	-	-	(20,000)	-100.0%
Professional Fees Total	486,000	430,000	(56,000)	415,000	(15,000)	-3.5%
OFFICE EXPENSE						
Miscellaneous Administrative	16,000	14,000	(2,000)	15,000	1,000	7.1%
Building Expenses	80,000	81,000	1,000	84,000	3,000	3.7%
Communications	63,000	96,000	33,000	96,000	-	0.0%
Equipment Lease & Maintenance	116,000	122,000	6,000	130,000	8,000	6.6%
Minor Furniture & Equipment	4,000	4,000	-	3,000	(1,000)	-25.0%
Office Supplies & Maintenance	89,000	74,000	(15,000)	83,000	9,000	12.2%
Printing & Postage	28,000	23,000	(5,000)	28,000	5,000	21.7%
Office Expense Total	396,000	414,000	18,000	439,000	25,000	6.0%
INSURANCE	967,000	866,000	(101,000)	825,000	(41,000)	-4.7%
SYSTEMS						
County Data Processing	113,000	113,000	-	114,000	1,000	0.9%
Software Maintenance & Support	11,000	6,000	(5,000)	5,000	(1,000)	-16.7%
Systems Total	124,000	119,000	(5,000)	119,000	-	0.0%
BOARD OF RETIREMENT						
Board Conferences & Miscellaneous Activity	660,000	584,000	(76,000)	675,000	91,000	15.6%
UNCOLLECTIBLE BENEFIT PAYMENTS	22,000	21,000	(1,000)	68,000	47,000	223.8%
DEPRECIATION						
Depreciation Expense	123,000	120,000	(3,000)	118,000	(2,000)	-1.7%
GRAND TOTAL	\$ 4,342,000	\$ 4,028,000	\$ (314,000)	\$ 4,297,000	\$ 269,000	6.7%

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Administration Department - Variance Narrative 2021 Proposed Budget vs. 2020 Forecast

	Variance Over/(Under)
STAFFING	
• Increase due to filling vacant positions, vacation sellbacks, COLA, and merit increase	\$ 94,000
• Increase in fringe benefits due to inflation costs	93,000
Sub-Total	187,000
STAFF DEVELOPMENT	
• Reallocated to contingency fund due to COVID-19	(23,000)
Sub-Total	(23,000)
PROFESSIONAL FEES	
• Increase in GASB, actuarial valuation and SRBR valuation	5,000
• Decrease due to benchmark services completed in 2020	(20,000)
Sub-Total	(15,000)
OFFICE EXPENSE	
• Increase in printing and postage expenses in 2021	5,000
• Slight increase in building expenses	3,000
• Increase in office supplies, maintenance, minor furniture and equipment expenses in 2021; plus new lease agreement for mailing equipment in 2020	17,000
Sub-Total	25,000
INSURANCE	
• Increase in premium for fiduciary liability	18,000
• Slight increase in premiums for Commercial Package, Crime and Earthquake	7,000
• Significant decrease in Alameda County Risk Management	(24,000)
• Significant decrease in Alameda County worker's compensation	(42,000)
Sub-Total	(41,000)
BOARD OF RETIREMENT	
• Board elections projected in 2021	45,000
• Increase in board meetings projected in 2021	7,000
• Increase in board conferences and trainings projected in 2021	22,000
• Increase in employer reimbursement due to COLA and fringe benefits	7,000
• Increase in board miscellaneous activities projected in 2021	9,000
• Slight increase in board software maintenance and support	1,000
Sub-Total	91,000
UNCOLLECTIBLE BENEFIT PAYMENTS	
• Expected increase in uncollectible benefit payments	47,000
Sub-Total	47,000
DEPRECIATION EXPENSE	
• Increase attributed to BCP server and OnBase upgrade	2,000
• Decrease attributed to fully depreciated office equipment	(4,000)
Sub-Total	(2,000)
Total Over/(Under)	\$ 269,000

**Administration Department - Variance Narrative
2020 Forecast vs. 2020 Budget**

	Variance Over/(Under)
STAFFING	
• Savings due to lower fringe benefits rate and slight decrease in salaries	\$ (86,000)
Sub-Total	(86,000)
STAFF DEVELOPMENT	
• Decrease in attendance of trainings primarily due to COVID-19	(4,000)
Sub-Total	(4,000)
PROFESSIONAL FEES	
• Savings in actuarial fees	(56,000)
Sub-Total	(56,000)
OFFICE EXPENSE	
• Slight decrease in miscellaneous administrative expenses	(2,000)
• Increase in communication expense due to teleconference services during COVID-19	33,000
• Increase in escalation cost and equipment lease	7,000
• Decrease in office supplies & maintenance and minor equipment & furniture expenses; offset by increase in equipment leasing	(15,000)
• Decrease in printing and postage expense	(5,000)
Sub-Total	18,000
INSURANCE	
• Decrease in premium for worker's compensation and risk management	(101,000)
Sub-Total	(101,000)
SYSTEMS	
• Delay implementation of automated check-in system at front desk	(5,000)
Sub-Total	(5,000)
BOARD OF RETIREMENT	
• Decrease in board members attendance	(8,000)
• Decrease in board conferences and trainings	(51,000)
• Slight decrease in board employer reimbursements	(3,000)
• Decrease in board miscellaneous activities	(13,000)
• A slight decrease in board software maintenance and support	(1,000)
Sub-Total	(76,000)
UNCOLLECTABLE BENEFIT PAYMENTS	
• Slight decrease in uncollectible benefit payments	(1,000)
Sub-Total	(1,000)
DEPRECIATION EXPENSE	
• Decrease in purchase of office equipment	(3,000)
Sub-Total	(3,000)
Total Over/(Under)	\$ (314,000)

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Administration Department Professional Fees	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
Consultant Fees						
Benchmark Services	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ (20,000)	-100.0%
Sub-Total	20,000	20,000	-	-	(20,000)	-100.0%
Actuarial Fees						
Actuarial Valuation	77,000	77,000	-	79,000	2,000	2.6%
ASOP #51, Risk Report	60,000	40,000	(20,000)	40,000	-	0.0%
GASB 67 & 68	48,000	48,000	-	49,000	1,000	2.1%
GASB 74 & 75	14,000	14,000	-	15,000	1,000	7.1%
SRBR Valuation	41,000	41,000	-	42,000	1,000	2.4%
Supplemental Consulting	190,000	154,000	(36,000)	190,000	36,000	23.4%
Triennial Study	36,000	36,000	-	-	(36,000)	-100.0%
Sub-Total	466,000	410,000	(56,000)	415,000	5,000	1.2%
Administration Total	\$ 486,000	\$ 430,000	\$ (56,000)	\$ 415,000	\$ (15,000)	-3.5%

Administration Department Staffing	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)
Chief Executive Officer	\$ 294,000	\$ 292,000	\$ (2,000)	\$ 309,000	\$ 17,000
Assistant CEO ²	181,000	181,000	-	187,000	6,000
Admin Assistant	75,000	75,000	-	77,000	2,000
Administrative Support Specialist	67,000	67,000	-	71,000	4,000
Administrative Specialist II	82,000	82,000	-	94,000	12,000
Clerk II	55,000	55,000	-	56,000	1,000
Executive Secretary	112,000	112,000	-	116,000	4,000
Staff Development Specialist	36,000	36,000	-	81,000	45,000
Supply Clerk II	54,000	54,000	-	57,000	3,000
Sub-total Salaries¹	956,000	954,000	(2,000)	1,048,000	94,000
Fringe Benefits	535,000	451,000	(84,000)	544,000	93,000
Administration Total	\$ 1,491,000	\$ 1,405,000	\$ (86,000)	\$ 1,592,000	\$ 187,000

¹Sub-total salaries include base salary, work out of class, footnotes and vacation sellback.

²The FSO is occupied in this position

BENEFITS DEPARTMENT *(p.#37)*

The Benefits Department administers all benefit programs and provides multiple services to active, deferred and retired ACERA members.

Benefits Department			2020 Forecast			2021 Proposed		
	2020 Budget	2020 Forecast	Budget Over/ (Under)	2021 Proposed	Budget	2020 Forecast Over/(Under)	% Change	
STAFFING								
Salaries	\$ 3,659,000	\$ 3,507,000	\$ (152,000)	\$ 3,721,000	\$ 214,000		6.1%	
Fringe Benefits	2,266,000	1,827,000	(439,000)	2,142,000	315,000		17.2%	
Temporary Staff	94,000	236,000	142,000	240,000	4,000		1.7%	
Staffing Total	6,019,000	5,570,000	(449,000)	6,103,000	533,000		9.6%	
STAFF DEVELOPMENT	118,000	81,000	(37,000)	51,000	(30,000)		-37.0%	
PROFESSIONAL FEES	269,000	272,000	3,000	256,000	(16,000)		-5.9%	
MEMBER SERVICES								
Benefit Verification	5,000	5,000	-	6,000	1,000		20.0%	
Disability - Medical Expense	203,000	203,000	-	119,000	(84,000)		-41.4%	
Disability Claims Management	46,000	46,000	-	46,000	-		0.0%	
Health Reimburs. Account (HRA)	60,000	59,000	(1,000)	60,000	1,000		1.7%	
Member Training & Education	16,000	18,000	2,000	16,000	(2,000)		-11.1%	
Printing & Postage - Members	122,000	122,000	-	122,000	-		0.0%	
Virtual Call Center	-	20,000	20,000	35,000	15,000		75.0%	
Member Services Total	452,000	473,000	21,000	404,000	(69,000)		-14.6%	
SYSTEMS								
Software Maintenance/Support	60,000	60,000	-	40,000	(20,000)		-33.3%	
Systems Total	60,000	60,000	-	40,000	(20,000)		-33.3%	
GRAND TOTAL	\$ 6,918,000	\$ 6,456,000	\$ (462,000)	\$ 6,854,000	\$ 398,000		6.2%	

**Benefits Department - Variance Narrative
2021 Proposed Budget vs. 2020 Forecast**

	Variance Over/(Under)
STAFFING	
<ul style="list-style-type: none"> Increase in salaries from hiring permanent staff, COLA, merit increase, step increase and vacation sellbacks 	\$ 214,000
<ul style="list-style-type: none"> Increase in fringe benefits attributed to filling vacant positions and inflation costs 	315,000
<ul style="list-style-type: none"> Increase in temporary staff 	4,000
Sub-Total	533,000
STAFF DEVELOPMENT	
<ul style="list-style-type: none"> Reallocated to contingency fund due to COVID-19 	(30,000)
Sub-Total	(30,000)
PROFESSIONAL FEES	
<ul style="list-style-type: none"> Decrease due to completion of RFP for dental and vision; offset by slight increase in other consulting fees 	(16,000)
Sub-Total	(16,000)
MEMBER SERVICES	
<ul style="list-style-type: none"> Slight increase in benefit verification expense 	1,000
<ul style="list-style-type: none"> Decrease in disability cases 	(84,000)
<ul style="list-style-type: none"> Slight increase in health reimbursement account 	1,000
<ul style="list-style-type: none"> Slight decrease in members training and education 	(2,000)
<ul style="list-style-type: none"> Increase due to virtual call center 	15,000
Sub-Total	(69,000)
SYSTEMS	
<ul style="list-style-type: none"> Decrease due to completion of projects 	(20,000)
Sub-Total	(20,000)
Total Over/(Under)	\$ 398,000

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Benefits Department - Variance Narrative 2020 Forecast vs. 2020 Budget

	Variance Over/(Under)
STAFFING	
• Savings from vacant positions	\$ (152,000)
• Savings due to lower fringe benefits rate and vacant positions	(439,000)
• Increase attributed to vacant positions filled by temporary staff	142,000
Sub-Total	(449,000)
STAFF DEVELOPMENT	
• Decrease in attendance of trainings primarily due to COVID-19	(37,000)
Sub-Total	(37,000)
PROFESSIONAL FEES	
• Increase in benefits consulting fees	3,000
Sub-Total	3,000
MEMBER SERVICES	
• Slight decrease in health reimbursement account	(1,000)
• Slight increase in members training and education	2,000
• Increase due to virtual call center	20,000
Sub-Total	21,000
Total Over/(Under)	\$ (462,000)

Benefits Department Professional Fees	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/ (Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
Benefits Consultant/Open Enrollment	\$ 143,000	\$ 146,000	\$ 3,000	\$ 130,000	\$ (16,000)	-11.0%
County Retirees Medical (Benefit Consultant)	126,000	126,000	-	126,000	-	0.0%
Benefits Total	\$ 269,000	\$ 272,000	\$ 3,000	\$ 256,000	\$ (16,000)	-5.9%

Benefits Department Staffing			2020 Forecast			2021 Proposed	2021 Proposed
	2020 Budget	2020 Forecast	vs. 2020 Budget	2021 Proposed	2021 Proposed	Budget vs. 2020	Forecast Over/
			Over/(Under)	Budget	Budget	Forecast Over/	(Under)
Assistant CEO	\$ 241,000	\$ 240,000	\$ (1,000)	\$ 248,000	\$ 248,000	\$ 8,000	
Management Analyst	93,000	96,000	3,000	104,000	104,000	8,000	
Administrative Specialist II	93,000	93,000	-	75,000	75,000	(18,000)	
Administrative Specialist II	91,000	91,000	-	94,000	94,000	3,000	
Administrative Support Specialist	72,000	72,000	-	76,000	76,000	4,000	
Communications Manager	106,000	106,000	-	109,000	109,000	3,000	
Graphic Designer	83,000	83,000	-	87,000	87,000	4,000	
Retirement Assistant Benefits Manager	114,000	112,000	(2,000)	121,000	121,000	9,000	
Retirement Assistant Benefits Manager	138,000	137,000	(1,000)	146,000	146,000	9,000	
Retirement Benefits Manager	151,000	151,000	-	163,000	163,000	12,000	
Retirement Benefits Manager	174,000	173,000	(1,000)	178,000	178,000	5,000	
Retirement Benefits Specialist	98,000	98,000	-	101,000	101,000	3,000	
Retirement Benefits Specialist	100,000	100,000	-	101,000	101,000	1,000	
Retirement Benefits Specialist	98,000	98,000	-	101,000	101,000	3,000	
Retirement Benefits Specialist	98,000	102,000	4,000	105,000	105,000	3,000	
Retirement Benefits Specialist	89,000	88,000	(1,000)	96,000	96,000	8,000	
Retirement Benefits Specialist	88,000	88,000	-	96,000	96,000	8,000	
Retirement Support Specialist	60,000	59,000	(1,000)	61,000	61,000	2,000	
Retirement Support Specialist	60,000	62,000	2,000	64,000	64,000	2,000	
Retirement Support Specialist	60,000	59,000	(1,000)	61,000	61,000	2,000	
Retirement Technician	77,000	77,000	-	79,000	79,000	2,000	
Retirement Technician	76,000	75,000	(1,000)	79,000	79,000	4,000	
Retirement Technician	77,000	77,000	-	79,000	79,000	2,000	
Retirement Technician	71,000	71,000	-	77,000	77,000	6,000	
Retirement Technician	73,000	75,000	2,000	81,000	81,000	6,000	
Retirement Technician	68,000	28,000	(40,000)	35,000	35,000	7,000	
Retirement Technician	68,000	28,000	(40,000)	35,000	35,000	7,000	
Retirement Technician	70,000	28,000	(42,000)	35,000	35,000	7,000	
Senior Retirement Technician	81,000	81,000	-	88,000	88,000	7,000	
Senior Retirement Technician	83,000	74,000	(9,000)	86,000	86,000	12,000	
Senior Retirement Technician	83,000	76,000	(7,000)	86,000	86,000	10,000	
Senior Retirement Technician	81,000	81,000	-	88,000	88,000	7,000	
Senior Retirement Technician	77,000	77,000	-	85,000	85,000	8,000	
Senior Retirement Technician	92,000	92,000	-	95,000	95,000	3,000	
Senior Retirement Technician	92,000	92,000	-	98,000	98,000	6,000	
Senior Retirement Technician	92,000	92,000	-	95,000	95,000	3,000	
Senior Retirement Technician	87,000	72,000	(15,000)	95,000	95,000	23,000	
Senior Retirement Technician	87,000	86,000	(1,000)	94,000	94,000	8,000	
Senior Retirement Technician	82,000	82,000	-	89,000	89,000	7,000	
Sub-total Salaries¹	3,624,000	3,472,000	(152,000)	3,686,000	3,686,000	214,000	
Fringe Benefits	2,266,000	1,827,000	(439,000)	2,142,000	2,142,000	315,000	
Temporary Staff	94,000	236,000	142,000	240,000	240,000	4,000	
Overtime	35,000	35,000	-	35,000	35,000	-	
Benefits Total	\$ 6,019,000	\$ 5,570,000	\$ (449,000)	\$ 6,103,000	\$ 6,103,000	\$ 533,000	

¹Sub-total salaries include base salary, work out of class, footnotes and vacation sellback.

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FISCAL SERVICES DEPARTMENT [\(p.#37\)](#)

The Fiscal Services Department prepares Board reports, the Comprehensive Annual Financial Report (CAFR), and the annual budget. The Department accounts for cash management, retiree and vendor payrolls, capital assets, and operating expenditures.

Fiscal Services Department	2020 Forecast vs. 2020 Budget Over/(Under)		2021 Proposed Budget vs. 2020 Forecast Over/(Under)		% Change	
	2020 Budget	2020 Forecast	2021 Proposed Budget	2020 Forecast		
STAFFING						
Salaries	\$ 1,171,000	\$ 1,179,000	\$ 8,000	\$ 1,186,000	\$ 7,000	0.6%
Fringe Benefits	744,000	659,000	(85,000)	758,000	99,000	15.0%
Temporary Staff	-	24,000	24,000	-	(24,000)	-100.0%
Staffing Total	1,915,000	1,862,000	(53,000)	1,944,000	82,000	4.4%
STAFF DEVELOPMENT	49,000	18,000	(31,000)	24,000	6,000	33.3%
PROFESSIONAL FEES						
External Audit	153,000	153,000	-	157,000	4,000	2.6%
Professional Fees Total	153,000	153,000	-	157,000	4,000	2.6%
OFFICE EXPENSE						
Bank Charges	120,000	118,000	(2,000)	120,000	2,000	1.7%
Office Expense Total	120,000	118,000	(2,000)	120,000	2,000	1.7%
SYSTEMS						
Software Maintenance/Support	56,000	55,000	(1,000)	93,000	38,000	69.1%
Systems Total	56,000	55,000	(1,000)	93,000	38,000	69.1%
GRAND TOTAL	\$ 2,293,000	\$ 2,206,000	\$ (87,000)	\$ 2,338,000	\$ 132,000	6.0%

Fiscal Services Department - Variance Narrative 2021 Proposed Budget vs. 2020 Forecast		Variance Over/(Under)
STAFFING		
• Increase in salaries due to step increases, COLA and vacation sellbacks		\$ 7,000
• Increase in fringe benefits due to inflation costs		99,000
• Decrease in temporary staff		(24,000)
Sub-Total		82,000
STAFF DEVELOPMENT		
• Increase in attendance of conferences and trainings		6,000
Sub-Total		6,000
PROFESSIONAL FEES		
• Slight increase in audit fees		4,000
Sub-Total		4,000
OFFICE EXPENSE		
• Slight increase in bank fees		2,000
Sub-Total		2,000
SYSTEMS		
• Increase due to system upgrade and contract renewal		38,000
Sub-Total		38,000
Total Over/(Under)		\$ 132,000

Fiscal Services Department - Variance Narrative 2020 Forecast vs. 2020 Budget

	Variance Over/(Under)
STAFFING	
• Increase in salaries due to vacation sellbacks	\$ 8,000
• Savings due to lower fringe benefits rate	(85,000)
• Increase in temporary staff	24,000
Sub-Total	(53,000)
STAFF DEVELOPMENT	
• Decrease in attendance of trainings primarily due to COVID-19	(31,000)
Sub-Total	(31,000)
OFFICE EXPENSE	
• Slight decrease in bank charges	(2,000)
Sub-Total	(2,000)
SYSTEMS	
• Slight decrease in software maintenance and support	(1,000)
Sub-Total	(1,000)
Total Over/(Under)	\$ (87,000)

Fiscal Services Department Professional Fees	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
External Audit	\$ 129,000	\$ 129,000	\$ -	\$ 132,000	\$ 3,000	2.3%
GASB 67 & 68	12,000	12,000	-	13,000	1,000	8.3%
GASB 74 & 75	12,000	12,000	-	12,000	-	0.0%
Fiscal Services Total	\$ 153,000	\$ 153,000	\$ -	\$ 157,000	\$ 4,000	2.6%

Fiscal Services Department Staffing	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)
Retirement Assistant Accounting Manager	\$ 147,000	\$ 147,000	\$ -	\$ 152,000	\$ 5,000
Administrative Assistant	78,000	77,000	(1,000)	80,000	3,000
Financial Services Specialist II	91,000	94,000	3,000	98,000	4,000
Financial Services Specialist II	96,000	98,000	2,000	100,000	2,000
Retirement Accountant III	98,000	98,000	-	106,000	8,000
Retirement Accountant III	111,000	113,000	2,000	117,000	4,000
Retirement Accountant II	100,000	99,000	(1,000)	102,000	3,000
Retirement Accountant II	37,000	42,000	5,000	-	(42,000)
Retirement Accountant II	90,000	80,000	(10,000)	93,000	13,000
Retirement Accountant II	100,000	103,000	3,000	106,000	3,000
Retirement Accountant II	103,000	103,000	-	106,000	3,000
Retirement Budget Analyst	120,000	124,000	4,000	126,000	2,000
Sub-total Salaries¹	1,171,000	1,178,000	7,000	1,186,000	8,000
Fringe Benefits	744,000	659,000	(85,000)	758,000	99,000
Temporary Staff	-	24,000	24,000	-	(24,000)
Overtime	-	1,000	1,000	-	(1,000)
Fiscal Services Total	\$ 1,915,000	\$ 1,862,000	\$ (53,000)	\$ 1,944,000	\$ 82,000

¹Sub-total salaries include base salary, work out of class, footnotes and vacation sellback.

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HUMAN RESOURCES DEPARTMENT (p.#37)

The Human Resource Department handles personnel issues, training programs and management consultation.

Human Resources Department	2020 Forecast		2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast		% Change
	2020 Budget	Forecast			2020 Forecast Over/(Under)	2021 Proposed Budget Over/(Under)	
STAFFING							
Salaries	\$ 378,000	\$ 378,000	\$ -	\$ 392,000	\$ 14,000		3.7%
Fringe Benefits	239,000	207,000	(32,000)	239,000	32,000		15.5%
Staffing Total	617,000	585,000	(32,000)	631,000	46,000		7.9%
STAFF DEVELOPMENT	19,000	15,000	(4,000)	15,000	-		0.0%
PROFESSIONAL FEES	77,000	77,000	-	77,000	-		0.0%
OFFICE EXPENSE							
Ergonomic Furniture & Equipment	15,000	12,000	(3,000)	15,000	3,000		25.0%
Office Expense Total	15,000	12,000	(3,000)	15,000	3,000		25.0%
GRAND TOTAL	\$ 728,000	\$ 689,000	\$ (39,000)	\$ 738,000	\$ 49,000		7.1%

Human Resources Department - Variance Narrative 2021 Proposed Budget vs. 2020 Forecast

	Variance Over/(Under)
STAFFING	
• Increase in salaries due to COLA, merit increase, and vacation sellbacks	\$ 14,000
• Increase in fringe benefits due to inflation costs	32,000
Sub-total	46,000
OFFICE EXPENSE	
• Increase in ergonomic furniture and equipment	3,000
Sub-total	3,000
Total Over/(Under)	\$ 49,000

Human Resources Department - Variance Narrative 2020 Forecast vs. 2020 Budget

	Variance Over/(Under)
STAFFING	
• Savings due to lower fringe benefits rate	\$ (32,000)
Sub-total	(32,000)
STAFF DEVELOPMENT	
• Decrease in attendance of trainings primarily due to COVID-19	(4,000)
Sub-total	(4,000)
OFFICE EXPENSE	
• Decrease in ergonomics furniture and equipment	(3,000)
Sub-total	(3,000)
Total Over/(Under)	\$ (39,000)

Human Resources Department Professional Fees	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
Consultant Fees - Lakeside Group	\$ 77,000	\$ 77,000	\$ -	\$ 77,000	\$ -	0.0%
Human Resources Total	\$ 77,000	\$ 77,000	\$ -	\$ 77,000	\$ -	0.0%

Human Resources Department Staffing	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)
Human Resources Officer	\$ 173,000	\$ 173,000	\$ -	\$ 179,000	\$ 6,000
Human Resources Specialist	117,000	117,000	-	120,000	3,000
Administrative Specialist II	88,000	88,000	-	93,000	5,000
Sub-total Salaries¹	378,000	378,000	-	392,000	14,000
Fringe Benefits	239,000	207,000	(32,000)	239,000	32,000
Human Resources Total	\$ 617,000	\$ 585,000	\$ (32,000)	\$ 631,000	\$ 46,000

¹Sub-total salaries include base salary, work out of class, footnotes and vacation sellback.

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INTERNAL AUDIT DEPARTMENT (p.#37)

The Internal Audit Department prepares an annual internal audit plan, conducts internal operational audits and employer audits, and provides periodic reports to the Board of Retirement Audit Committee.

Internal Audit Department	2020 Forecast		2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast		% Change
	2020 Budget	Forecast		Budget Over/ (Under)	Forecast Over/ (Under)	
STAFFING						
Salaries	\$ 438,000	\$ 441,000	\$ 453,000	\$ 12,000		2.7%
Fringe Benefits	272,000	227,000	263,000	36,000		15.9%
Temporary Staff	4,000	-	6,000	6,000		100.0%
Staffing Total	714,000	668,000	722,000	54,000		8.1%
STAFF DEVELOPMENT	26,000	19,000	19,000	-		0.0%
SYSTEMS	2,000	2,000	3,000	1,000		50.0%
GRAND TOTAL	\$ 742,000	\$ 689,000	\$ 744,000	\$ 55,000		8.0%

Internal Audit Department - Variance Narrative 2021 Proposed Budget vs. 2020 Forecast		Variance Over/(Under)
STAFFING		
• Increase in salaries from COLA and vacation sellbacks	\$	12,000
• Increase in fringe benefits due to inflation costs		36,000
• Increase due to hiring of a part-time intern		6,000
Sub-Total		54,000
SOFTWARE MAINTENANCE AND SUPPORT		
• Increase cost for audit software		1,000
Sub-Total		1,000
Total Over/(Under)	\$	55,000

Internal Audit Department - Variance Narrative 2020 Forecast vs. 2020 Budget		Variance Over/(Under)
STAFFING		
• Slight increase in salaries due to vacation sellbacks	\$	3,000
• Savings due to lower fringe benefits rate		(45,000)
• Savings from postponement of part-time intern		(4,000)
Sub-Total		(46,000)
STAFF DEVELOPMENT		
• Decrease in attendance of trainings primarily due to COVID-19		(7,000)
Sub-Total		(7,000)
Total Over/(Under)	\$	(53,000)

Internal Audit Department Staffing			2020 Forecast	vs. 2020			2021 Proposed
	2020 Budget	2020 Forecast	Budget Over/	(Under)	2021 Proposed	Budget	2020 Forecast
							Over/(Under)
Chief Internal Auditor	\$ 174,000	\$ 174,000	\$ -	\$ -	\$ 178,000	\$ 4,000	
Internal Auditor	117,000	120,000	3,000		123,000	3,000	
Retirement Assistant Accounting Manager	147,000	147,000	-		152,000	5,000	
Sub-total Salaries¹	438,000	441,000	3,000		453,000	12,000	
Fringe Benefits	272,000	227,000	(45,000)		263,000	36,000	
Temporary Staff	4,000	-	(4,000)		6,000	6,000	
Internal Audit Total	\$ 714,000	\$ 668,000	\$ (46,000)		\$ 722,000	\$ 54,000	

¹Sub-total salaries include base salary, work out of class, footnotes and vacation sellback.

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INVESTMENT DEPARTMENT (p.#37)

The Investment Department oversees ACERA's investment program, recommending and implementing Board of Retirement investment decisions.

Investment Department	2020 Budget	2020 Forecast	2020 Forecast	2021 Proposed Budget	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
			vs. 2020 Budget Over/ (Under)		vs. 2020 Forecast Over/(Under)		
STAFFING							
Salaries	\$ 1,224,000	\$ 1,032,000	\$ (192,000)	\$ 1,251,000	\$ 219,000	21.2%	
Fringe Benefits	712,000	502,000	(210,000)	683,000	181,000	36.1%	
Staffing Total	1,936,000	1,534,000	(402,000)	1,934,000	400,000	26.1%	
STAFF DEVELOPMENT	46,000	21,000	(25,000)	28,000	7,000	33.3%	
GRAND TOTAL	\$ 1,982,000	\$ 1,555,000	\$ (427,000)	\$ 1,962,000	\$ 407,000	26.2%	

Investment Department - Variance Narrative 2021 Proposed Budget vs. 2020 Forecast

	Variance Over/(Under)
STAFFING	
<ul style="list-style-type: none"> Increase due to filling vacant positions, COLA, merit increases, and vacation sellbacks, Increase in fringe benefits due to filling vacant positions and inflation costs 	\$ 219,000 181,000
Sub-Total	400,000
STAFF DEVELOPMENT	
<ul style="list-style-type: none"> Increase in attendance of conferences and trainings 	7,000
Sub-Total	7,000
Total Over/(Under)	\$ 407,000

Investment Department - Variance Narrative 2020 Forecast vs. 2020 Budget

	Variance Over/(Under)
STAFFING	
<ul style="list-style-type: none"> Saving in salaries from vacant positions Savings due to lower fringe benefits rate and vacant positions 	\$ (192,000) (210,000)
Sub-Total	(402,000)
STAFF DEVELOPMENT	
<ul style="list-style-type: none"> Decrease in attendance of trainings primarily due to COVID-19 	(25,000)
Sub-Total	(25,000)
Total Over/(Under)	\$ (427,000)

Investment Department Staffing	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)
Chief Investment Officer	\$ 325,000	\$ 326,000	\$ 1,000	\$ 338,000	\$ 12,000
Administrative Specialist II	97,000	97,000	-	99,000	2,000
Administrative Support Specialist	74,000	74,000	-	76,000	2,000
Investment Analyst	89,000	104,000	15,000	113,000	9,000
Investment Analyst	112,000	-	(112,000)	69,000	69,000
Investment Officer	121,000	122,000	1,000	131,000	9,000
Investment Officer	123,000	124,000	1,000	133,000	9,000
Investment Officer	139,000	139,000	-	144,000	5,000
Investment Operations Officer	144,000	46,000	(98,000)	148,000	102,000
Sub-total Salaries¹	1,224,000	1,032,000	(192,000)	1,251,000	219,000
Fringe Benefits	712,000	502,000	(210,000)	683,000	181,000
Investment Total	\$ 1,936,000	\$ 1,534,000	\$ (402,000)	\$ 1,934,000	\$ 400,000

¹Sub-total salaries include base salary, work out of class, footnotes and vacation sellback.

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LEGAL DEPARTMENT [\(p.#37\)](#)

The Legal Department provides legal advice and assistance to the ACERA Board of Retirement and staff.

Legal Department	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 642,000	\$ 649,000	\$ 7,000	\$ 651,000	\$ 2,000	0.3%
Fringe Benefits	353,000	315,000	(38,000)	366,000	51,000	16.2%
Staffing Total	995,000	964,000	(31,000)	1,017,000	53,000	5.5%
STAFF DEVELOPMENT	73,000	60,000	(13,000)	67,000	7,000	11.7%
PROFESSIONAL FEES	230,000	429,000	199,000	223,000	(206,000)	-48.0%
DISABILITY-ARBITRATION & TRANSCRIPTS	75,000	54,000	(21,000)	60,000	6,000	11.1%
SYSTEMS						
Software Maintenance & Support	21,000	21,000	-	21,000	-	0.0%
Systems Total	21,000	21,000	-	21,000	-	0.0%
GRAND TOTAL	\$ 1,394,000	\$ 1,528,000	\$ 134,000	\$ 1,388,000	\$ (140,000)	-9.2%

Legal Department - Variance Narrative 2021 Proposed Budget vs. 2020 Forecast	Variance Over/(Under)
STAFFING	
<ul style="list-style-type: none"> Increase in fringe benefits plus slight increase in salaries 	\$ 53,000
Sub-Total	53,000
STAFF DEVELOPMENT	
<ul style="list-style-type: none"> Increase in attendance of conferences and trainings 	7,000
Sub-Total	7,000
PROFESSIONAL FEES	
<ul style="list-style-type: none"> Increase in fiduciary services Decrease in tax & benefits Decrease in projected litigation expenses in 2021 as compared to unexpected higher litigation expenses incurred in 2020 	12,000 (5,000) (213,000)
Sub-Total	(206,000)
DISABILITY-LEGAL TRANSCRIPTS	
<ul style="list-style-type: none"> Increase in disability legal arbitration and transcripts 	6,000
Sub-Total	6,000
Total Over/(Under)	\$ (140,000)

**Legal Department - Variance Narrative
2020 Forecast vs. 2020 Budget**

	Variance Over/(Under)
STAFFING	
• Savings due to lower fringe benefits rate offset by slight increase in salaries	\$ (31,000)
Sub-Total	(31,000)
STAFF DEVELOPMENT	
• Decrease in attendance of trainings primarily due to COVID-19	(13,000)
Sub-Total	(13,000)
PROFESSIONAL FEES	
• Increase due to unexpected higher litigation expenses	199,000
Sub-Total	199,000
DISABILITY-LEGAL TRANSCRIPTS	
• Decrease in disability legal arbitration and transcripts due to lower number of disability cases than budgeted	(21,000)
Sub-Total	(21,000)
Total Over/(Under) \$	134,000

Legal Department Professional Fees	2020 Budget		2020 Forecast		2020 Forecast vs. 2020 Budget Over/(Under)		2021 Proposed Budget vs. 2020 Forecast Over/(Under)		% Change		
Fiduciary	\$	130,000	\$	114,000	\$	(16,000)	\$	126,000	\$	12,000	10.5%
Miscellaneous Legal Advice		60,000		281,000		221,000		68,000		(213,000)	-75.8%
Tax and Benefit Issues		40,000		34,000		(6,000)		29,000		(5,000)	-14.7%
Legal Total	\$	230,000	\$	429,000	\$	199,000	\$	223,000	\$	(206,000)	-48.0%

Legal Department Staffing	2020 Budget		2020 Forecast		2020 Forecast vs. 2020 Budget Over/(Under)		2021 Proposed Budget vs. 2020 Forecast Over/(Under)			
Chief Counsel	\$	267,000	\$	275,000	\$	8,000	\$	261,000	\$	(14,000)
Administrative Specialist II		82,000		82,000		-		89,000		7,000
Administrative Support Specialist		74,000		73,000		(1,000)		76,000		3,000
Associate Counsel		219,000		219,000		-		225,000		6,000
Sub-total Salaries¹		642,000		649,000		7,000		651,000		2,000
Fringe Benefits		353,000		315,000		(38,000)		366,000		51,000
Legal Total	\$	995,000	\$	964,000	\$	(31,000)	\$	1,017,000	\$	53,000

¹Sub-total salaries include base salary, work out of class, footnotes and vacation sellback.

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PRISM DEPARTMENT (p.#37)

The PRISM Department assesses and resolves operational problems in existing and new technology systems.

PRISM Department	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 1,269,000	\$ 1,223,000	\$ (46,000)	\$ 1,324,000	\$ 101,000	8.3%
Fringe Benefits	789,000	660,000	(129,000)	797,000	137,000	20.8%
Temporary Staff	-	59,000	59,000	35,000	(24,000)	-40.7%
Staffing Total	2,058,000	1,942,000	(116,000)	2,156,000	214,000	11.0%
STAFF DEVELOPMENT	78,000	53,000	(25,000)	24,000	(29,000)	-54.7%
SYSTEMS						
Business Continuity Expenses	147,000	171,000	24,000	173,000	2,000	1.2%
Minor Computer Hardware	33,000	35,000	2,000	30,000	(5,000)	-14.3%
Software Maintenance & Support	635,000	633,000	(2,000)	678,000	45,000	7.1%
Systems Total	815,000	839,000	24,000	881,000	42,000	5.0%
GRAND TOTAL	\$ 2,951,000	\$ 2,834,000	\$ (117,000)	\$ 3,061,000	\$ 227,000	8.0%

PRISM Department - Variance Narrative 2021 Proposed Budget vs. 2020 Forecast

	Variance Over/(Under)
STAFFING	
• Increase in salaries due to COLA, merit increases, and vacation sellbacks	\$ 101,000
• Increase in fringe benefits attributed to salary increases and inflation costs	137,000
• Decrease in temporary staff	(24,000)
Sub-Total	214,000
STAFF DEVELOPMENT	
• Reallocated to contingency fund due to COVID-19	(29,000)
Sub-Total	(29,000)
SOFTWARE MAINTENANCE AND SUPPORT	
• Slight increase in business continuity expenses	2,000
• Decrease due to reduction in minor computer hardware purchases	(5,000)
• Increase in software, maintenance and support in 2021	45,000
Sub-Total	42,000
Total Over/(Under)	\$ 227,000

**PRISM Department - Variance Narrative
2020 Forecast vs. 2020 Budget**

	Variance Over/(Under)
STAFFING	
• Savings due to employee on leave	\$ (46,000)
• Savings due to lower fringe benefits rate	(129,000)
• Temporary staff hired to cover the permanent staff on leave in scanning unit	59,000
Sub-Total	(116,000)
STAFF DEVELOPMENT	
• Decrease in attendance of trainings primarily due to COVID-19	(25,000)
Sub-Total	(25,000)
SOFTWARE MAINTENANCE AND SUPPORT	
• Increase due to COVID-19 related expenses	24,000
Sub-Total	24,000
Total Over/(Under)	\$ (117,000)

PRISM Department Staffing	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)
Retirement Tech Officer	\$ 180,000	\$ 180,000	\$ -	\$ 187,000	\$ 7,000
Administrative Specialist II	93,000	86,000	(7,000)	94,000	8,000
Computer and Network System Specialist	100,000	93,000	(7,000)	103,000	10,000
Computer and Network System Analyst	120,000	149,000	29,000	154,000	5,000
Retirement Support Specialist	60,000	15,000	(45,000)	61,000	46,000
Retirement Support Specialist	60,000	59,000	(1,000)	64,000	5,000
Retirement System Program Analyst	134,000	134,000	-	139,000	5,000
Retirement System Program Analyst	133,000	133,000	-	136,000	3,000
Retirement System Program Analyst	128,000	127,000	(1,000)	131,000	4,000
Retirement System Program Analyst	128,000	127,000	(1,000)	131,000	4,000
Security Analyst	120,000	120,000	-	124,000	4,000
Lean Team/Process Excellence	13,000	-	(13,000)	-	-
Sub-total Salaries¹	1,269,000	1,223,000	(46,000)	1,324,000	101,000
Fringe Benefits	789,000	660,000	(129,000)	797,000	137,000
Temporary Staff	-	59,000	59,000	35,000	(24,000)
Prism Total	\$ 2,058,000	\$ 1,942,000	\$ (116,000)	\$ 2,156,000	\$ 214,000

¹Sub-total salaries include base salary, work out of class, footnotes and vacation sellback.

Section V

Enterprise-wide Projects

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Section V

Enterprise-wide Projects

PROJECTS			2020 Forecast			2021 Proposed			% Change
	2020 Budget	2020 Forecast	vs. 2020 Budget Over/ (Under)	2021 Proposed Budget	2020 Forecast Over/(Under)				
SYSTEMS	\$ 50,000	\$ 31,000	\$ (19,000)	\$ 45,000	\$ 14,000			45.2%	
GRAND TOTAL	\$ 50,000	\$ 31,000	\$ (19,000)	\$ 45,000	\$ 14,000			45.2%	

Projects System			2020 Forecast			2021 Proposed			% Change
	2020 Budget	2020 Forecast	vs. 2020 Budget Over/ (Under)	2021 Proposed Budget	2020 Forecast Over/(Under)				
Database Migration	\$ 50,000	\$ 31,000	\$ (19,000)	\$ 45,000	\$ 14,000			45.2%	
GRAND TOTAL	\$ 50,000	\$ 31,000	\$ (19,000)	\$ 45,000	\$ 14,000			45.2%	

PROJECT - Variance Narrative 2021 Proposed Budget vs. 2020 Forecast		Variance Over/(Under)
SYSTEMS		
• Increase in Database Migration	\$	14,000
	Sub-Total	14,000
	Total Over/(Under)	\$ 14,000

PROJECT - Variance Narrative 2020 Forecast vs. 2020 Budget		Variance Over/(Under)
SYSTEMS		
• Decrease in Database Migration due to COVID-19	\$	(19,000)
	Sub-Total	(19,000)
	Total Over/(Under)	\$ (19,000)

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Section VI

Administrative Budget

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Section VI :

Administrative Budget

The Administrative Budget incorporates the limits of Section 31580.2 of the County Employees Act of 1937; whereby administrative expenses are “capped” at 0.21% of actuarially accrued liabilities. Pursuant to the relevant code sections, certain costs are excluded from the expense cap. Excluded costs include those associated with actuarial fees, business continuity planning (BCP), investments, legal, SRBR, and technology. Excludable expenses also include a pro rata portion of overhead expense attributable to excludable activities. In the 2021 administrative budget, ACERA is \$9.9 million under the cap limit of \$23.0 million.

ADMINISTRATIVE EXPENSES BUDGET ALLOCATION	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/ (Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/(Under)
STAFFING	\$ 10,747,000	\$ 10,098,000	\$ (649,000)	\$ 11,141,000	\$ 1,043,000
STAFF DEVELOPMENT	278,000	195,000	(83,000)	138,000	(57,000)
PROFESSIONAL FEES					
Consultant Fees - Operations	74,000	75,000	1,000	59,000	(16,000)
External Audit	115,000	115,000	-	118,000	3,000
Professional Fees Total	189,000	190,000	1,000	177,000	(13,000)
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	104,000	101,000	(3,000)	104,000	3,000
Building Expenses	61,000	62,000	1,000	65,000	3,000
Communications	48,000	73,000	25,000	74,000	1,000
Equipment Lease/Maintenance	89,000	93,000	4,000	100,000	7,000
Minor Furniture and Equipment	14,000	11,000	(3,000)	13,000	2,000
Office Supplies and Maint.	68,000	57,000	(11,000)	65,000	8,000
Printing & Postage	21,000	17,000	(4,000)	21,000	4,000
Office Expense Total	405,000	414,000	9,000	442,000	28,000
INSURANCE	741,000	664,000	(77,000)	635,000	(29,000)
MEMBER SERVICES					
Benefit Verification	5,000	5,000	-	6,000	1,000
Members Medical Expense	203,000	203,000	-	119,000	(84,000)
Disability Claims Management	46,000	46,000	-	46,000	-
Member Training & Education	16,000	18,000	2,000	16,000	(2,000)
Printing & Postage - Members	61,000	61,000	-	61,000	-
Virtual Call Center	-	20,000	20,000	35,000	15,000
Member Services Total	331,000	353,000	22,000	283,000	(70,000)
DEPRECIATION	89,000	88,000	(1,000)	85,000	(3,000)
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activities	262,000	232,000	(30,000)	270,000	38,000
UNCOLLECTIBLE BENEFIT PAYMENTS	22,000	21,000	(1,000)	68,000	47,000
GRAND TOTAL	\$ 13,064,000	\$ 12,255,000	\$ (809,000)	\$ 13,239,000	\$ 984,000

BCP EXPENSES BUDGET ALLOCATION	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/ (Under)
STAFFING	\$ 418,000	\$ 394,000	\$ (24,000)	\$ 449,000	\$ 55,000
STAFF DEVELOPMENT	10,000	7,000	(3,000)	5,000	(2,000)
PROFESSIONAL FEES					
Consultant Fees - Operations	3,000	3,000	-	2,000	(1,000)
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	4,000	4,000	-	4,000	-
Building Expenses	2,000	2,000	-	2,000	-
Communications	2,000	3,000	1,000	3,000	-
Equipment Lease/Maintenance	3,000	2,000	(1,000)	3,000	1,000
Minor Furniture and Equipment	1,000	1,000	-	1,000	-
Office Supplies and Maint.	2,000	2,000	-	2,000	-
Printing & Postage	1,000	1,000	-	1,000	-
Office Expense Total	15,000	15,000	-	16,000	1,000
INSURANCE	26,000	23,000	(3,000)	23,000	-
SYSTEMS					
Disaster Recovery & Business Continuity	147,000	171,000	24,000	173,000	2,000
DEPRECIATION					
Depreciation Expense - Technology	2,000	2,000	-	4,000	2,000
Depreciation Expense - Other	3,000	3,000	-	3,000	-
Depreciation Total	5,000	5,000	-	7,000	2,000
GRAND TOTAL	\$ 624,000	\$ 618,000	\$ (6,000)	\$ 675,000	\$ 57,000

INVESTMENT EXPENSES BUDGET ALLOCATION	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/ (Under)
STAFFING					
Staffing - Direct	\$ 1,927,000	\$ 1,527,000	\$ (400,000)	\$ 1,924,000	\$ 397,000
Staffing - Indirect	811,000	779,000	(32,000)	813,000	34,000
Staffing Total	2,738,000	2,306,000	(432,000)	2,737,000	431,000
STAFF DEVELOPMENT	109,000	65,000	(44,000)	58,000	(7,000)
PROFESSIONAL FEES					
Consultant Fees - Operations	17,000	17,000	-	13,000	(4,000)
External Audit	38,000	38,000	-	39,000	1,000
Professional Fees Total	55,000	55,000	-	52,000	(3,000)
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	24,000	23,000	(1,000)	23,000	-
Building Expenses	14,000	14,000	-	14,000	-
Communications	11,000	17,000	6,000	16,000	(1,000)
Equipment Lease & Maintenance	20,000	20,000	-	23,000	3,000
Minor Furniture and Equipment	3,000	3,000	-	3,000	-
Office Supplies & Maintenance	16,000	13,000	(3,000)	14,000	1,000
Printing & Postage	5,000	4,000	(1,000)	5,000	1,000
Office Expense Total	93,000	94,000	1,000	98,000	4,000
INSURANCE	168,000	151,000	(17,000)	140,000	(11,000)
DEPRECIATION					
Depreciation Expense - Other	20,000	20,000	-	19,000	(1,000)
Depreciation Total	20,000	20,000	-	19,000	(1,000)
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activity	165,000	146,000	(19,000)	169,000	23,000
GRAND TOTAL	\$ 3,348,000	\$ 2,837,000	\$ (511,000)	\$ 3,273,000	\$ 436,000

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LEGAL EXPENSES BUDGET ALLOCATION	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/ (Under)
STAFFING	\$ 514,000	\$ 495,000	\$ (19,000)	\$ 518,000	\$ 23,000
STAFF DEVELOPMENT	85,000	69,000	(16,000)	73,000	4,000
PROFESSIONAL FEES					
Consultant Fees - Operations	3,000	3,000	-	3,000	-
Consultant Fees - Legal	230,000	429,000	199,000	223,000	(206,000)
Professional Fees Total	233,000	432,000	199,000	226,000	(206,000)
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	4,000	4,000	-	4,000	-
Building Expenses	3,000	3,000	-	3,000	-
Communications	2,000	3,000	1,000	3,000	-
Equipment Lease & Maintenance	4,000	7,000	3,000	4,000	(3,000)
Minor Furniture and Equipment	1,000	1,000	-	1,000	-
Office Supplies & Maintenance	3,000	2,000	(1,000)	2,000	-
Printing & Postage	1,000	1,000	-	1,000	-
Office Expense Total	18,000	21,000	3,000	18,000	(3,000)
INSURANCE	32,000	28,000	(4,000)	27,000	(1,000)
MEMBER SERVICES					
Disability - Legal Arbitration & Transcripts	75,000	54,000	(21,000)	60,000	6,000
SYSTEMS					
Software Maintenance & Support	21,000	21,000	-	21,000	-
DEPRECIATION	4,000	4,000	-	4,000	-
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activity	68,000	61,000	(7,000)	67,000	6,000
GRAND TOTAL	\$ 1,050,000	\$ 1,185,000	\$ 135,000	\$ 1,014,000	\$ (171,000)

SRBR EXPENSES BUDGET ALLOCATION	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/ (Under)
STAFFING	\$ 1,328,000	\$ 1,237,000	\$ (91,000)	\$ 1,254,000	\$ 17,000
PROFESSIONAL FEES					
Actuarial - SRBR Valuation	41,000	41,000	-	42,000	1,000
Consultant Fees - SRBR	269,000	271,000	2,000	256,000	(15,000)
Professional Fees Total	310,000	312,000	2,000	298,000	(14,000)
MEMBER SERVICES					
Health Reimbursement Account (HRA)	60,000	59,000	(1,000)	60,000	1,000
Printing & Postage - Members	61,000	61,000	-	61,000	-
Member Services Total	121,000	120,000	(1,000)	121,000	1,000
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activities	165,000	145,000	(19,000)	169,000	24,000
GRAND TOTAL	\$ 1,924,000	\$ 1,814,000	\$ (110,000)	\$ 1,842,000	\$ 28,000

TECHNOLOGY EXPENSES BUDGET ALLOCATION	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/ (Under)
SYSTEMS					
Computer Hardware & Maintenance	\$ 33,000	\$ 35,000	\$ 2,000	\$ 30,000	\$ (5,000)
County Data Processing	113,000	113,000	-	114,000	1,000
Software Maintenance & Support	814,000	787,000	(27,000)	864,000	77,000
Systems Total	960,000	935,000	(25,000)	1,008,000	73,000
DEPRECIATION	5,000	3,000	(2,000)	3,000	-
GRAND TOTAL	\$ 965,000	\$ 938,000	\$ (27,000)	\$ 1,011,000	\$ 73,000

Administrative Expense Budget Overview ¹ (\$ in thousands)	2021 Proposed Budget	2021 Actuarial Budget	2021 Business Continuity Budget	2021 Investment Budget	2021 Legal Budget	2021 SRBR Budget	2021 Technology Budget	2021 Administrative Budget
STAFFING	\$ 16,099	\$ -	\$ (449)	\$ (2,737)	\$ (518)	\$ (1,254)	\$ -	\$ 11,141
STAFF DEVELOPMENT	274	-	(5)	(58)	(73)	-	-	138
PROFESSIONAL FEES								
Actuarial Fees	415	(373)	-	-	-	(42)	-	-
Audit Fees	157	-	-	(39)	-	-	-	118
Consultant Fees	333	-	(2)	(13)	(3)	(256)	-	59
Legal Fees	223	-	-	-	(223)	-	-	-
Professional Fees Total	1,128	(373)	(2)	(52)	(226)	(298)	-	177
OFFICE EXPENSE								
Bank Charges & Miscellaneous Admin	135	-	(4)	(23)	(4)	-	-	104
Building Expenses	84	-	(2)	(14)	(3)	-	-	65
Communications	96	-	(3)	(16)	(3)	-	-	74
Equipment Lease & Maint.	130	-	(3)	(23)	(4)	-	-	100
Minor Furniture & Equipment	18	-	(1)	(3)	(1)	-	-	13
Office Supplies & Maintenance	83	-	(2)	(14)	(2)	-	-	65
Printing & Postage	28	-	(1)	(5)	(1)	-	-	21
Office Expense Total	574	-	(16)	(98)	(18)	-	-	442
INSURANCE	825	-	(23)	(140)	(27)	-	-	635
MEMBER SERVICES								
Benefit Verification	6	-	-	-	-	-	-	6
Disability - Legal Arbitration & Transcripts	60	-	-	-	(60)	-	-	-
Disability Claimed Management	46	-	-	-	-	-	-	46
Health Reimbursement Account (HRA)	60	-	-	-	-	(60)	-	-
Member Medical Expense	119	-	-	-	-	-	-	119
Member Training & Education	16	-	-	-	-	-	-	16
Printing & Postage - Members	122	-	-	-	-	(61)	-	61
Virtual Call Center	35	-	-	-	-	-	-	35
Member Services Total	464	-	-	-	(60)	(121)	-	283
SYSTEMS								
Business Continuity Expenses	173	-	(173)	-	-	-	-	-
Computer Hardware & Maintenance	30	-	-	-	-	-	(30)	-
County Data Processing	114	-	-	-	-	-	(114)	-
Software Maintenance & Support	885	-	-	-	(21)	-	(864)	-
Systems Total	1,202	-	(173)	-	(21)	-	(1,008)	-
BOARD OF RETIREMENT	675	-	-	(169)	(67)	(169)	-	270
UNCOLLECTIBLE BENEFIT PAYMENTS	68	-	-	-	-	-	-	68
DEPRECIATION	118	-	(7)	(19)	(4)	-	(3)	85
TOTAL OPERATING EXPENSE	\$ 21,427	\$ (373)	\$ (675)	\$ (3,273)	\$ (1,014)	\$ (1,842)	\$ (1,011)	\$ 13,239

¹ All ACERA budget schedules with dollar amounts are rounded to the nearest thousand dollars. This may result in some rounding differences.

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OPERATING AND ADMINISTRATIVE EXPENSES

Operating Expenses (\$ in Thousands)	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/ (Under)
EXPENSE CATEGORY					
Staffing	\$ 15,745	\$ 14,530	\$ (1,215)	\$ 16,099	\$ 1,569
Staff Development	482	336	(146)	274	(62)
Professional Fees	1,215	1,361	146	1,128	(233)
Office Expense	531	544	13	574	30
Insurance	967	866	(101)	825	(41)
Member Services	527	527	-	464	(63)
Systems	1,128	1,127	(1)	1,202	75
Board of Retirement	660	584	(76)	675	91
Uncollectible Benefit Payments	22	21	(1)	68	47
Depreciation	123	120	(3)	118	(2)
Operating Expenses	\$ 21,400	\$ 20,016	\$ (1,384)	\$ 21,427	\$ 1,411

Administrative Expenses (\$ in Thousands)	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/ (Under)
EXCLUSIONS FROM OPERATING EXPENSE TO CALCULATE ADMINISTRATIVE EXPENSE					
Operating Expense (from above)	\$ 21,400	\$ 20,016	\$ (1,384)	\$ 21,427	\$ 1,411
Actuarial	(425)	(369)	56	(373)	(4)
Business Continuity ¹	(624)	(618)	6	(675)	(57)
Investment- Related ²	(3,348)	(2,837)	511	(3,273)	(436)
Legal- Related ³	(1,050)	(1,185)	(135)	(1,014)	171
SRBR ⁴	(1,924)	(1,814)	110	(1,842)	(28)
Technology ⁵	(965)	(938)	27	(1,011)	(73)
Administrative Expense	\$ 13,064	\$ 12,255	\$ (809)	\$ 13,239	\$ 984

¹ Business Continuity – 2021 related costs include total direct costs (\$177K) for software support and direct depreciation; 2.8% is added for both allocated staffing and other overhead expenses (\$498K).

² Investment – 2021 related expenses are composed of direct costs of Investment staff (\$1,924K), allocated staffing costs (\$813K), 25% of Board expenses (\$169K), 25% of audit expenses (\$39K) and 17.0% of other overhead costs (\$328K).

³ Legal – 2021 related expenses include direct costs of Staffing (\$518K), Professional Legal fees (\$223K), Disability Arbitration Expenses (\$60K), Software Support - Legal (\$21K), 10% of Board expenses (\$67K), and 3.2% of other overhead costs (\$125K).

⁴ SRBR – 2021 related expenses are composed of allocated staffing costs (\$1,254K), direct costs of Professional Fees (\$298K), Member Services (\$121K), and 25% of Board expenses (\$169K).

⁵ Technology – 2021 related expenses include computer hardware, computer software, computer depreciation, and computer technology consulting services in support of these computer products.

Comparison of Administrative Expense to Limits (Section 31580.2) (\$ in thousands)	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/(Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/ (Under)
Total Actuarial Accrued Liabilities ⁶	\$ 10,527,660	\$ 10,527,660	\$ -	\$ 10,984,240	\$ 456,580
Limit on Expense	0.21%	0.21%	-	0.21%	-
Maximum Allowed	22,108	22,108	-	23,067	959
Administrative Expense	13,064	12,255	(809)	13,239	984
Over/(Under) Maximum	\$ (9,044)	\$ (9,853)	\$ (809)	\$ (9,828)	\$ 25

⁶ Based on total actuarial accrued liabilities for pension as of December 31, 2019; OPEB and non-OPEB as of December 31, 2018 for 2021 Budget.

2021 DEPARTMENT WEIGHTED AVERAGE

2021 Allocation Percentages								
Expense Category	Department	Investment	Legal	BCP	SRBR	Technology	Administrative	
STAFFING	Administration	7.1%	0.0%	2.1%	0.0%	0.0%	90.8%	
	Benefits	0.3%	0.0%	0.6%	17.8%	0.0%	81.3%	
	SALARIES	Fiscal Services	9.5%	0.0%	0.6%	8.7%	0.0%	81.2%
	FRINGE BENEFITS	Human Resources	0.0%	0.0%	1.5%	0.0%	0.0%	98.5%
	TEMPS	Internal Audit	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
		Investments	99.5%	0.0%	0.5%	0.0%	0.0%	0.0%
		Legal	47.0%	51.0%	2.0%	0.0%	0.0%	0.0%
		PRISM	0.8%	0.0%	15.2%	0.0%	0.0%	84.0%
Total Staffing Factors		17.0%	3.2%	2.8%	7.8%	0.0%	69.2%	

2020 DEPARTMENT WEIGHTED AVERAGE

2020 Allocation Percentages								
Expense Category	Department	Investment	Legal	BCP	SRBR	Technology	Administrative	
STAFFING	Administration	8.0%	0.0%	2.4%	0.0%	0.0%	89.6%	
	Benefits	0.3%	0.0%	0.5%	19.4%	0.0%	79.8%	
	SALARIES	Fiscal Services	9.6%	0.0%	0.6%	8.6%	0.0%	81.2%
	FRINGE BENEFITS	Human Resources	0.0%	0.0%	1.5%	0.0%	0.0%	98.5%
	TEMPS	Internal Audit	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
		Investments	99.5%	0.0%	0.5%	0.0%	0.0%	0.0%
		Legal	47.5%	51.7%	0.8%	0.0%	0.0%	0.0%
		PRISM	0.8%	0.0%	15.2%	0.0%	0.0%	84.0%
Total Staffing Factors		17.4%	3.3%	2.7%	8.4%	0.0%	68.2%	

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APPLIED FACTORS

2021 Applied Allocation Factors							
Expense Category	Expense Line	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFF DEVELOPMENT	Staff Development	17.0%	3.2%	2.8%	0.0%	0.0%	77.0%
PROFESSIONAL FEES	Actuarial - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	External Audit	25.0%	0.0%	0.0%	0.0%	0.0%	75.0%
	Legal	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Operations - Technology Consultant	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Operations Consulting	17.0%	3.2%	2.8%	0.0%	0.0%	77.0%
	Operations Consulting - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
OFFICE EXPENSE	Bank Charges & Miscellaneous Admin.	17.0%	3.2%	2.8%	0.0%	0.0%	77.0%
	Building Expenses	17.0%	3.2%	2.8%	0.0%	0.0%	77.0%
	Communications	17.0%	3.2%	2.8%	0.0%	0.0%	77.0%
	Equipment Lease & Maintenance	17.0%	3.2%	2.8%	0.0%	0.0%	77.0%
	Minor Furniture & Equipment	17.0%	3.2%	2.8%	0.0%	0.0%	77.0%
	Office Maintenance & Supplies	17.0%	3.2%	2.8%	0.0%	0.0%	77.0%
	Printing & Postage	17.0%	3.2%	2.8%	0.0%	0.0%	77.0%
INSURANCE	Insurance	17.0%	3.2%	2.8%	0.0%	0.0%	77.0%
MEMBER SERVICES	Benefit Verification	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Disability Arbitration and Transcripts	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Disability Member Medical Expense	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Health Reimbursement Account (HRA)	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	Member Training & Education	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Printing & Postage - Members	0.0%	0.0%	0.0%	50.0%	0.0%	50.0%
	Virtual Call Center	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
SYSTEMS	Computer Hardware & Software	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	County Data Processing	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Disaster Recovery	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Software Maintenance & Support	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Software Maintenance & Support-Legal	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
UNCOLLECTIBLE BENEFIT PAYMENTS	Uncollectible Benefit Payments	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
BOARD OF RETIREMENT	Compensation	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Conferences & Training	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Election Expenses	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Employer Reimbursement	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Miscellaneous Activities	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Strategic Planning / Workshop	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
DEPRECIATION	Depreciation - Other	17.0%	3.2%	2.8%	0.0%	0.0%	77.0%
	Depreciation - BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Depreciation - Hardware & Software and EDMS	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%

2020 Applied Allocation Factors							
Expense Category	Expense Line	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFF							
DEVELOPMENT	Staff Development	17.4%	3.3%	2.7%	0.0%	0.0%	76.6%
PROFESSIONAL	Actuarial - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
FEES	External Audit	25.0%	0.0%	0.0%	0.0%	0.0%	75.0%
	Legal	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Operations - Technology Consultant	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Operations Consulting	17.4%	3.3%	2.7%	0.0%	0.0%	76.6%
	Operations Consulting - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
OFFICE	Bank Charges & Miscellaneous Admin.	17.4%	3.3%	2.7%	0.0%	0.0%	76.6%
EXPENSE	Building Expenses	17.4%	3.3%	2.7%	0.0%	0.0%	76.6%
	Communications	17.4%	3.3%	2.7%	0.0%	0.0%	76.6%
	Equipment Lease & Maintenance	17.4%	3.3%	2.7%	0.0%	0.0%	76.6%
	Minor Furniture & Equipment	17.4%	3.3%	2.7%	0.0%	0.0%	76.6%
	Office Maintenance & Supplies	17.4%	3.3%	2.7%	0.0%	0.0%	76.6%
	Printing & Postage	17.4%	3.3%	2.7%	0.0%	0.0%	76.6%
INSURANCE	Insurance	17.4%	3.3%	2.7%	0.0%	0.0%	76.6%
MEMBER	Benefit Verification	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
SERVICES	Disability Arbitration and Transcripts	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Disability Member Medical Expense	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Health Reimbursement Account (HRA)	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	Member Training & Education	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Printing & Postage - Members	0.0%	0.0%	0.0%	50.0%	0.0%	50.0%
SYSTEMS	Computer Hardware & Software	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	County Data Processing	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Disaster Recovery	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Software Maintenance & Support	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Software Maintenance & Support-Legal	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
UNCOLLECTIBLE	Uncollectible Benefit Payments	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
BENEFIT PAYMENTS							
BOARD OF	Compensation	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
RETIREMENT	Conferences & Training	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Election Expenses	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Employer Reimbursement	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Miscellaneous Activities	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Strategic Planning / Workshop	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
DEPRECIATION	Depreciation - Other	17.4%	3.3%	2.7%	0.0%	0.0%	76.6%
	Depreciation - BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Depreciation - Hardware & Software and EDMS	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%

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2021 Proposed Staffing Allocation Matrix				
	INVESTMENTS	LEGAL	BCP	SRBR
ADMINISTRATION				
CEO	20%	-	2%	-
Assistant CEO	10%	-	10%	-
BENEFITS				
Assistant CEO	3%	-	1%	50%
Administrative Specialist II	-	-	2%	-
Administrative Specialist II	-	-	2%	-
Administrative Support Specialist	-	-	-	50%
Communications Manager	5%	-	-	50%
Graphic Designer	-	-	-	50%
Management Analyst	-	-	-	50%
Retirement Benefits Assistant Manager	-	-	2%	90%
Retirement Benefits Assistant Manager	-	-	2%	-
Retirement Benefits Manager	-	-	2%	-
Retirement Benefits Manager	-	-	5%	25%
Retirement Benefits Specialist	-	-	-	30%
Retirement Technician	-	-	-	30%
Retirement Technician	-	-	-	30%
Senior Retirement Technician	-	-	-	30%
Senior Retirement Technician	-	-	-	90%
Senior Retirement Technician	-	-	-	50%
FISCAL SERVICES				
Retirement Assistant Accounting Manager	5%	-	1%	-
Finance Services Specialist II	-	-	-	70%
Retirement Accountant II	90%	-	-	-
Retirement Accountant III	-	-	2%	25%
Retirement Accountant III	25%	-	1%	-
Retirement Budget Analyst	-	-	2%	-
HUMAN RESOURCES				
Human Resources Officer	-	-	2%	-
Administrative Specialist II	-	-	1%	-
Human Resources Specialist	-	-	1%	-
INVESTMENTS				
Chief Investment Officer	99%	-	1%	-
Investment Officer	99%	-	1%	-
Investment Officer	99%	-	1%	-
All Other Investment Staff	100%	-	-	-
LEGAL				
Chief Counsel	15%	80%	5%	-
Administrative Specialist II	50%	50%	-	-
Administrative Support Specialist	15%	85%	-	-
Associate Counsel	95%	5%	-	-
PRISM				
Retirement Tech Officer	-	-	10%	-
Computer Network System Analyst	5%	-	20%	-
Computer and Network System Specialist	1%	-	10%	-
Retirement Support Specialist	-	-	50%	-
Retirement System Program Analyst	2%	-	15%	-
Security Analyst	-	-	30%	-
All Other PRISM Staff	-	-	5%	-

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Section VII

Capital Assets Outlay Budget

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Section VII :

Capital Assets Outlay Budget

The Capital Assets Outlay Budget develops anticipated funding needs for items or projects that exceed a purchase cost of \$5,000.

Capital Assets Outlay 2020 - 2021

Statement of Capital Assets Outlay - 2020 Forecast and 2021 Proposed Budget							
	2020 Budget	2020 Forecast	2020 Forecast vs. 2020 Budget Over/ (Under)	2021 Proposed Budget	2021 Proposed Budget vs. 2020 Forecast Over/ (Under)	% Change	
Disaster Recovery							
Additional Server & Storage at BCP site	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ (15,000)	-100.0%	
Sub-Total	15,000	15,000	-	-	(15,000)	-100.0%	
Office Equipment							
A/V Controller Upgrade	13,000	-	(13,000)	-	-	0.0%	
Virtual Call Center	-	9,000	9,000	-	(9,000)	-100.0%	
Sub-Total	13,000	9,000	(4,000)	-	(9,000)	-100.0%	
System							
OnBase Upgrade	15,000	7,000	(8,000)	-	(7,000)	-100.0%	
Pension Gold System Upgrade ¹	3,609,000	3,432,000	(177,000)	1,694,000	(1,738,000)	-50.6%	
Sub-Total	3,624,000	3,439,000	(185,000)	1,694,000	(1,745,000)	-50.7%	
Capital Assets Outlay Total	\$ 3,652,000	\$ 3,463,000	\$ (189,000)	\$ 1,694,000	\$ (1,769,000)	-51.1%	

¹ Pension Gold Upgrade is a five-year project. Listed below are the current estimated expenses for the 2021 proposed budget:

- Anticipated implementation services with Levi, Ray and Shoup (LRS) — \$683,000
- Anticipated cost for Segal/LRWL to oversee the project — \$384,000
- Additional license fees — \$50,000
- Internal Project Manager — \$233,000
- Four Retirement Technicians — \$344,000

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Section VIII

Portfolio Management Investment Expenses

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D R A F T

Section VIII:

Portfolio Management Investment Expenses

Portfolio Management Investment Expenses include the cost of independent professionals whose contractual fees are negotiated based on the value of assets under management. Known contractual fees are listed and a 5% annual increase is assumed for all other terms.

Portfolio Management Investment Expenses			2020 Forecast			2021 Proposed	% Change
	2020 Budget	2020 Forecast	Budget Over/ (Under)	2021 Proposed Budget	2020 Forecast Over/ (Under)		
Consultant Fees	\$ 1,594,000	\$ 1,463,000	\$ (131,000)	\$ 1,537,000	\$ 74,000	5.1%	
Custodian Bank Fees	588,000	577,000	(11,000)	606,000	29,000	5.0%	
Investment Manager Fees	50,227,000	49,186,000	(1,041,000)	48,942,000	(244,000)	-0.5%	
Other Investment Expenses	287,000	192,000	(95,000)	288,000	96,000	50.0%	
Total Portfolio Management Investment Expenses	\$ 52,696,000	\$ 51,418,000	\$ (1,278,000)	\$ 51,373,000	\$ (45,000)	-0.1%	

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Appendix

2021 Budget Change Proposals (BCP)

2021 Contingency Fund

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D R A F T

Appendix

2021 BUDGET CHANGE PROPOSALS (BCP)

Department	BCP Description	Totals
Benefits/PRISM	Pension Gold System Upgrade (Capital)	\$ 1,694,000
Fiscal Services	Accounting System Upgrade	35,000
Legal	Litigation Reserve Fund	50,000
BCP Total		\$ 1,779,000

2021 CONTINGENCY FUND

Department	Description	Expense Type	Totals
Administration	Trainings/Conferences	Staff Development	\$ 25,000
Benefits	Trainings/Conferences	Staff Development	67,000
FSD	Trainings/Conferences	Staff Development	25,000
HR	Trainings/Conferences	Staff Development	4,000
IA	Trainings/Conferences	Staff Development	6,000
Investment	Trainings/Conferences	Staff Development	18,000
Legal	Trainings/Conferences	Staff Development	9,000
Legal	Litigation Reserve	Professional fees	50,000
PRISM	Trainings/Conferences	Staff Development	54,000
Contingency Fund Total			\$ 258,000

2021 Proposed Budget Contingency Fund *(p.#19)***Contingency Reserve for Conference and Training Travel-Related Expenses - \$208,000**

These reserve funds are travel-related expenses associated with attending conferences and trainings. Approximately 70% the Staff Development budget line expense is travel-related conference and training expenses. The senior leadership team has agreed to place this funding into a contingency reserve instead of including it in the Staff Development budget line expense. If travel-related conference and training attendance resumes, the Fiscal Services Officer can redirect the contingency appropriation back to the operating expense budget.

Contingency Reserve for Litigation - \$50,000

These reserve funds are for anticipated personnel litigation expenses. If there is a need for litigation defense, the Fiscal Services Officer can redirect the contingency appropriation back to the operating expense budget.

November 19, 2020
Operations Committee Minutes
For approval under December 17, 2020
Board “Consent Calendar”

October 14, 2020
Investment Committee Minutes
For approval under November 19, 2020
Board “Consent Calendar”



MINUTES OF THE OCTOBER 14, 2020 INVESTMENT COMMITTEE'S MEETING

THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO

To: Members of the Board of Retirement
From: Elizabeth Rogers - Chair
Subject: Summary of October 14, 2020 Investment Committee Meeting

The Investment Committee ("Committee") met on Wednesday, October 14, 2020 at 9:30 a.m. The Committee members present were Dale Amaral, Keith Carson, Tarrell Gamble, Jaime Godfrey, Liz Koppenhaver, Henry Levy, Elizabeth Rogers, and George Wood. Also present were Alternate Retired Member, Nancy Reilly and Alternate Safety Member Darryl Walker. Members of the Staff present were David Nelsen – Chief Executive Officer, Jeff Rieger – Chief Counsel, Vijay Jagar – Chief Technology Officer, and Harsh Jadhav – Chief of Internal Audit.

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

1. Discussion with UBS regarding the ongoing labor dispute between the Baltimore Marriott and Unite Here
 - Representatives from UBS Trumbull shared with the Committee their understanding of the current status of labor negotiations between the Baltimore Marriott and Unite Here. Although UBS is not involved directly in these labor negotiations, it has kept informed and has encouraged Marriott to resolve its labor dispute with Unite Here. Due to the Covid-19 pandemic, the Marriott was closed from the end of April 2020 to the beginning of July 2020. Negotiations, while affected by this shutdown, continue to move forward.

Action Items: Matters for discussion and possible motion by the Committee

1. Discussion and Possible Motion to Recommend that the Board to Adopt an up to \$30 million investment in EQT Infrastructure V as part of ACERA's Real Assets Portfolio – Infrastructure
 - Staff and Verus discussed the EQT Infrastructure V (the "Fund") investment, its rationale, characteristics, and place in ACERA's Real Assets Portfolio.
 - EQT representatives discussed EQT's organizational values, employee diversity, diversity initiatives, and focus on sustainability. The representatives also communicated the Fund's investment strategy, process, and expected sector focus, and described examples of previous EQT infrastructure investments.
 - After further discussion, Trustee Godfrey moved, seconded by Trustee Carson, to recommend that the Board approve an up to \$30 million Investment in EQT Infrastructure

V as part of ACERA's Real Assets Portfolio, pending completion of legal and investment due diligence and successful contract negotiations.

- The motion carried with 8 Yes (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Levy, Rogers, and Wood) 0 No, and 0 Abstention.

2. Discussion of and Possible Motion to Recommend that the Board to Adopt a Change to ACERA's International Equity Manager Structure

- Staff and Verus representatives provided the Committee with a follow-up recommendation to the recent September 2020 ICM Information Item discussion on the same subject. The recommendation sought to remove the factor-based, quantitative allocation and focus on active and/or passive investing. The Verus presentation looked at Allocation Risk and Manager Risk primarily through the lens of tracking error. The factor-based quantitative mandate was initiated in 2007; however, in 2018 ACERA adopted the passive international equity index.
- Staff and Verus recommended Alternative #2, which removes the factor-based allocation, redistributes the assets to current active and passive managers, and rebalances the ACERA International Equity Asset Class. The new manager structure will allocate 25% to the passive international equity index, 25% to the large cap growth manager, 25% to the large cap value manager, 10% to emerging equity manager, 10% to developed small cap, and 5% to the emerging investment managers international core accounts.
- After further discussion, Trustee Koppenhaver moved, seconded by Trustee Godfrey, to recommend that the Board adopt the new international equity manager structure as set forth in recommended Alternative #2.
- The motion carried with 7 Yes (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Levy, and Rogers) 0 No, and 0 Abstention.

TRUSTEE/PUBLIC INPUT

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

Wednesday, November 4, 2020 at 9:30 a.m.

ADJOURNMENT

The meeting ended at 11:20 a.m.

**November 4, 2020
Investment Committee Minutes
For approval under November 19, 2020
Board “Consent Calendar”**



MINUTES OF THE NOVEMBER 4, 2020 INVESTMENT COMMITTEE'S MEETING

THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO

To: Members of the Board of Retirement
From: Elizabeth Rogers - Chair
Subject: Summary of November 4, 2020 Investment Committee Meeting

The Investment Committee ("Committee") met on Wednesday, November 4, 2020 at 9:30 a.m. The Committee members present were Dale Amaral, Ophelia Basgal, Keith Carson, Tarrell Gamble, Jaime Godfrey, Liz Koppenhaver, Henry Levy, Elizabeth Rogers, and George Wood. Also present were Alternate Retired Member, Nancy Reilly and Alternate Safety Member Darryl Walker. Members of the Staff present were David Nelsen – Chief Executive Officer, Jeff Rieger – Chief Counsel, Vijay Jagar – Chief Technology Officer, and Harsh Jadhav – Chief of Internal Audit.

Action Items: Matters for discussion and possible motion by the Committee

1. Discussion and Possible Motion to Recommend that the Board Adopt an up to \$75 million Investment in HPS Specialty Loan Fund V as part of ACERA's Private Credit Portfolio
 - Staff and Verus provided an overview of ACERA's Private Credit Asset Class and discussed the HPS Specialty Loan Fund V investment, its rationale, characteristics, and place in ACERA's Private Credit Portfolio.
 - HPS representatives discussed the firm's investment team and platform, its specialty loan strategy and its track record. The representatives also discussed the Fund's investments and target opportunities. Finally, the manner in which ESG factors are considered in HPS' investment process, as well as diversity within the organization and HPS' diversity initiatives, were communicated.
 - After further discussion, Trustee Levy moved, seconded by Trustee Basgal, to recommend that the Board approve an up to \$75 million Investment in HPS Specialty Loan Fund V as part of ACERA's Private Credit Portfolio, pending completion of legal and investment due diligence and successful contract negotiations.
 - The motion carried with 9 Yes (Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Rogers, and Wood) 0 No, and 0 Abstention.

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

1. Discussion of an up to \$10 million Investment in Canvas Ventures 3 as part of ACERA's Private Equity Portfolio – Venture Capital

Investment Committee Meeting Minutes
November 4, 2020

- Staff and Verus discussed the Canvas Ventures 3 investment opportunity, its rationale, characteristics, and place in ACERA's Private Equity – Venture Capital Portfolio.
- Staff approved this recommendation under delegated authority, pending legal due diligence and successful contract negotiation.

2. Review of Real Assets Structure and Investment Plan

- Staff, Verus, and the Trustees discussed proposed possible changes to the Real Assets Portfolio structure, the rationale behind the proposed changes, and the impact these changes would have on the Real Assets Investment Plan. The inflationary outlook and the commodity exposure in the Real Assets Portfolio were also discussed. Staff and Verus will bring this item back as an Action Item in the future.

3. Real Estate Market Update

- Avery Robinson from Callan Associates provided the Committee with a report on how Covid-19 and the economic shutdown has affected ACERA's real estate portfolio. Prior to the shelter-in-place movement, real estate was thought to be already late in the economic cycle. Covid-19 accelerated the current trends that were already in place, e.g., the decline in brick and mortar retail (because of ecommerce) and the increase in work-from-home arrangements. The 2Q2020 core real estate returns were approximately -1.8% for the second quarter; the 3Q2020 core real estate returns were up 0.48% for the third quarter. During this period, transaction volumes declined by 80% during the 2020 compared to prior year averages.
- While the impact of the pandemic on real estate will continue to play out over time, it is clear that all property types have been and will continue to be negatively impacted by the crisis to varying degrees. Office investment performance will be dependent on factors such as worker sentiment, company policies, office floorplan changes and employee productivity which all impact office space demands. In the Retail sector, mall owners have been hit much harder than neighborhood retail centers. Multifamily: Despite the market turmoil, rent collection for most property sectors has remained relatively strong for high quality institutional funds. However, a large portion of rents have been deferred or lowered as landlords have demonstrated a willingness to work with tenants who have requested rent relief, but proof of financial hardship (i.e. financial statements) are a standard requirement. The national moratorium on evictions is due to expire at the end of the year.

TRUSTEE/PUBLIC INPUT

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

Wednesday, December 9, 2020 at 9:30 a.m.

ADJOURNMENT

The meeting ended at 11:59 a.m.

October 15, 2020
Actuarial Committee Minutes
For approval under November 19, 2020
Board “Consent Calendar”



MINUTES OF OCTOBER 15, 2020 ACTUARIAL COMMITTEE MEETING

THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO

Date: October 15, 2020
To: Members of the Actuarial Committee
From: Dale Amaral, Chair
Subject: Summary of the October 15, 2020 Actuarial Committee Meeting

Actuarial Committee Chair, Dale Amaral, called the October 15, 2020, Actuarial Committee meeting to order at 11:01 am. Committee members present were Dale Amaral, Chair; Elizabeth Rogers, Vice-Chair; Liz Koppenhaver, and Henry Levy who arrived after roll call. Other Board members present were Keith Carson, Jaime Godfrey, Alternate Nancy Reily, and Alternate Darryl Walker who arrived after roll call. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Jeffrey Rieger, Chief Counsel; Margo Allen, Fiscal Services Officer; Harsh Jadhav, Chief of Internal Audit; Jessica Huffman, Benefits Manager; and Vijay Jager, Chief Technology Officer.

ACTION ITEM

Discussion and possible motion to adopt ACERA's Actuarial Experience Study for years 2017-2019

Staff and Segal Group presented a recommendation that the Board adopt ACERA's Actuarial Experience Study for the years 2017-2019.

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver that the Actuarial Committee recommend to the Board of Retirement that the Board adopt the Actuarial Experience Study for the years 2017-2019 to be used in conducting ACERA's December 31, 2020 through December 31, 2022 annual Actuarial valuation.

The Motion carried 7 yes (*Amaral, Carson, Godfrey, Koppenhaver, Levy, Rogers, Walker*), 0 no and 0 abstentions.

INFORMATION ITEMS

None

TRUSTEE/PUBLIC INPUT

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

TBD

MEETING ADJOURNED

The meeting adjourned at 11:09 am

October 15, 2020
Audit Committee Minutes
For approval under November 19, 2020
Board “Consent Calendar”



MINUTES OF OCTOBER 15, 2020, AUDIT COMMITTEE MEETING

THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO

Date: October 15, 2020
To: Members of the Audit Committee
From: Tarrell Gamble, Chair
Subject: Summary of the October 15, 2020, Audit Committee Meeting

ACERA TRUSTEES AND STAFF PRESENT

Audit Committee Chair Tarrell Gamble called the October 15, 2020, Audit Committee meeting to order at 1:00 pm. Committee members present were Dale Amaral, Keith Carson, and Henry Levy. Other Board members present were Jaime Godfrey, Liz Koppenhaver, and Alternates Nancy Reilly and Darryl Walker. Trustee Ophelia Basgal and Alternate Darryl Walker who arrived after roll call. Members of the Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; Harsh Jadhav, Chief of Internal Audit; Jeff Reiger, Chief Counsel; and Vijay Jagar, Retirement Chief Technology Officer.

ACTION ITEMS

None

INFORMATION ITEMS

Internal Audit

1. Progress report on the Internal Audit Plan

Staff presented an update on the 2020 Internal Audit Program.

2. Review completed audits

Staff reviewed the results of the Retiree Payroll Deduction Policy Audit. This audit examined the agency's compliance with the policy to provide reasonable assurance that the assignment of ACERA's member retirement benefits were only permitted for purposes enumerated under Government Code sections 31452 and 31452.5.

Based on the results of the audit testing, it was concluded that ACERA is in compliance with the Retiree Payroll Deduction Policy.

3. Cybersecurity Review

Staff provided an update on the agency's cybersecurity response to COVID-19.

TRUSTEE INPUT AND DIRECTION TO STAFF

None.

PUBLIC INPUT

None.

FUTURE DISCUSSION ITEMS

None.

ESTABLISHMENT OF NEXT MEETING DATE

February 2021

MEETING ADJOURNED

The meeting adjourned at 1:19 pm


**Approve Staff Recommendations regarding
the County's New Pay Codes 42L and 897**



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: November 19, 2020

TO: Members of the Board of Retirement

FROM: Sandra Dueñas-Cuevas, Benefits Manager 

SUBJECT: **Approval of One New Pay Item/Code as “Compensation Earnable” and “Pensionable Compensation” – County of Alameda**

The County of Alameda (County) requested that the following new pay item/code be reviewed to determine whether it qualifies as “compensation earnable” and “pensionable compensation”.

- Direct Supervise Lead Carpenter – 42L
Pay code 42L establishes a footnote provision for additional compensation of three and one-half percent (3.50%) of the base pay for up to two (2) full-time employees in the classification of Supervisor, Carpentry, Paint and Lock Services (Job Code #9225SM) in the General Services Agency. This additional compensation is paid when the incumbent in this classification directly supervises an employee in the classification of Carpenter (Job Code #9220NM), who is receiving an additional five percent (5.00%) compensation for performing lead duties. The additional three and one-half percent (3.50%) compensation is only provided to ensure that the employee in the supervising position receives a total of five percent (5.00%) above the salary of the direct subordinate employee in the Carpenter position who receives additional compensation. This footnote providing for additional compensation of three and one-half percent (3.50%) is retroactive to October 4, 2020, and will sunset effective December 26, 2020.

Staff and Chief Counsel reviewed the required supporting documentation (attached) and made the determination that the new pay item/code qualifies as “compensation earnable” under Government Code Section 31461 (for Legacy members) and “pensionable compensation” under Government Code Section 7522.34 (for PEPRAs members). This pay item/code is a percentage increase to base salary that applies to more than one employee in a group or class, and it does not fall under any of the express exclusions either for “compensation earnable” or for “pensionable compensation.” Under the Board of Retirement’s (Board) historical practices, these kinds of pay items/codes have been included in both “compensation earnable” and “pensionable compensation.” The two relevant Government Code sections are attached for the Board’s reference.

Staff informed the County that Staff’s determination will be on the Board’s consent calendar for approval at its November 19, 2020 meeting. If this item is not pulled from the consent calendar for discussion, then the Board will approve Staff’s determination that the pay item/code is “compensation earnable” under Government Code Section 31461 (for Legacy members) and “pensionable compensation” under Government Code Section 7522.34 (for PEPRAs members).

Attachments



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

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

Employer Name:	County of Alameda
Date of Request	10/21/2020
Employer Department Submitting the Request	Auditor-Controller's Agency
Contact Person/Employer (include title/position)	Satjit Dale
Contact Person Telephone incl area code	(510) 272-6520
Contact Person Email address	satjit.dale@acgov.org
Pay Item Name (and code Number)	42L Direct Supervise Lead Carpenter
Pay Item Effective Date per authorization:	10/04/2020
State if additional documentation is attached	Yes – Board Letter

NOTE: The following information is required before ACERA can review and respond to the request. To meet ACERA's requirements, please provide substantive responses below or on a separate paper and return, with this form, all of the supporting documentation prior to issuing (paying) the pay item to any employee who is an ACERA member.

1. State the job classification of employees eligible for the pay item (i.e. Job Code 0499-Nurse Practitioners II may receive this pay item)

RESPONSE #1: 9225SM Supervisor, Carpentry, Paint and Lock Services

2. State employment status of employees eligible to receive the pay item (i.e. full time employees, part time employees)

RESPONSE #2: Full Time

3. State the number of members or employees who are eligible to receive the pay item (i.e. all members or employees in a job classification eligible to receive the pay item, or "not to exceed one employee")

RESPONSE #3: Not to exceed two employees

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

RESPONSE #4: Regular base pay

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

RESPONSE #5: Percentage, paid an additional 3.5% of base pay.

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

RESPONSE #6: No

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

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

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

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



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

7. State whether the pay item is an ad hoc payment (i.e, stipend, payment for attending a meeting during the working hours, payment for attending a meeting during non-working hours)

RESPONSE #7: No

8. State whether the pay item is a reimbursement (i.e., car allowance, housing allowance, uniform allowance, mileage payment, cell phone allowance)

RESPONSE #8: No

9. State regular working hours of the employees who will receive the pay item (i.e., 37.5 hour workweek employees, 40 hour workweek employees)

RESPONSE #9: 40 Hour Workweek

10. State whether pay item is for work performed outside of the regular workweek (i.e., payment for work or services performed outside of the employee's 37.5 hour workweek, or outside the employee's 40 hour workweek)

RESPONSE #10: No

11. State whether the pay item if for deferred compensation

RESPONSE #11: No

12. State whether the pay item is for retro payments

RESPONSE #12: No

13. State whether the pay item is for accrued unused leaves (i.e., sick leave, annual leave, floating holiday, vacation, comp time)

RESPONSE #13: No

14. State whether the payment is compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member or employee

RESPONSE #14: No

15. State whether the payment is severance or other payment in connection with or in anticipation of a separation from employment (and state if this payment is made while employee is working)

RESPONSE #15: No



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

16. State whether the pay item is paid in one lump sum or biweekly (or over some other time period-monthly, quarterly, annually)

RESPONSE #16: Biweekly

17. State the basis for eligibility for the pay item (i.e., certification of completion of training program conducted by an accredited university, or employee assigned as supervisor of badge distribution)

RESPONSE #17: Per Salary Ordinance Section 3-11.28

3-11.28 – Effective October 4, 2020, not to exceed two (2) employees in Job Code (JC) #9225 when directly supervising an employee in JC #9220 and said employee is receiving an additional five percent (5%) compensation in accordance with subsection 3-11.13 of the Salary Ordinance for performing lead duties, shall be compensated an additional three and one-half percent (3.50%) of the base pay. The additional compensation authorized herein shall only be applied to ensure employee(s) in JC #9225 receives a total of five percent (5%) above the direct subordinate employee in JC #9220 who receives additional compensation under subsection 3-11.13 of the Salary Ordinance. This footnote shall sunset effective December 26, 2020 and shall be deleted from the Salary Ordinance upon the sunset date.

Office of the Auditor-Controller
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7600 Dublin Blvd.
Dublin, CA 94568
Tel: (510) 272-6362
Fax: (510) 208-9858

SECOND READING - CONTINUED FROM 10/06/2020



AGENDA NO. 19 October 6, 2020

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

Human Resource Services

October 6, 2020

2nd reading 10/6/20

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

SUBJECT: ADOPT SALARY ORDINANCE AMENDMENTS TO 1) ADD NEW SUBSECTIONS 3-11.28 (FOOTNOTE FOR JC #9225SM) FOR GENERAL SERVICES AGENCY ("GSA") AND 3-15.22 (FOOTNOTE FOR JC #9525) FOR PUBLIC WORKS AGENCY ("PWA"); AND 2) REINSTATE SUBSECTION 3-12.88 (FOOTNOTE FOR JC #0315SM) FOR HEALTH CARE SERVICES AGENCY ("HCSA")

Dear Board Members:

RECOMMENDATION:

Adopt Salary Ordinance amendments to:

- Add Pay 42L*
- i. Add subsection 3-11.28 to Article 3, Section 3-11 (General Services Agency), to add a footnote for additional compensation of three and one-half percent (3.50%) of the base pay for up to two (2) employees in the classification of Supervisor, Carpentry, Paint and Lock Services (Job Code ("JC") #9225SM) to address salary difference with one (1) subordinate classification, Carpenter (JC #9220NM), retroactive to October 4, 2020 through December 26, 2020;
 - ii. Add subsection 3-15.22 to Article 3, Section 3-15 (Public Works), to add a footnote for additional compensation of up to five and one-quarter percent (5.25%) of the base pay for up to three (3) employees in the classification of Field Maintenance Supervisor (JC #9525SM) to address salary difference with one (1) subordinate classification, Crane Operator (JC #9360NM), retroactive to October 4, 2020 through June 25, 2022 or in the event the salary difference is addressed otherwise, whichever is earlier; and
 - iii. Reinstate and amend subsection 3-12.88 of Article 3, Section 3-12 (Health Care Services Agency), which provides additional compensation of five-percent (5%) of base pay for one (1) employee in the classification of Health Care Program Administrator II (JC #0315SM) when providing clinical expertise and oversight responsibility for public health emergency response functions in the Public Health System Preparedness and Response Unit, retroactive to August 9, 2020, through October 1, 2022.

DISCUSSION/SUMMARY:

Staff recommends establishing two (2) new footnotes for: 1) one (1) unrepresented classification, Supervisor, Carpentry, Paint and Lock Services (JC #9225SM) in the General Services Agency ("GSA"); and 2) one (1) Alameda County Management Employees Association ("ACMEA") General Government Unit-represented classification, Field Maintenance Supervisor (JC #9525SM) in the Public Works Agency ("PWA"). The new footnote for the Supervisor, Carpentry, Paint and Lock Services classification (JC #9225SM) provides an additional compensation of three and one-half percent (3.50%) of the base pay for up to two (2) employees, to address salary difference that occurs when assigned incumbents directly supervise an employee in the classification of Carpenter (JC #9220NM) when the employee receives additional compensation of five-percent (5%) for performing lead duties thus creating salary difference between the Supervisor, Carpentry, Paint and Lock Services (JC #9225SM) and the Carpenter (JC #9220NM) classifications of less than five-percent (5%). Staff also recommends that this

new subsection shall sunset effective December 26, 2020 and shall be deleted from the Salary Ordinance upon the sunset date. Further, the new footnote for the Field Maintenance Supervisor classification (JC #9525SM) provides up to five and one-quarter percent (5.25%) for up to three (3) employees when assigned incumbents directly supervise an employee in the classification of Crane Operator (JC #9360NM) and where there is salary difference of less than five-percent (5%). Staff also recommends that this new subsection shall sunset effective June 25, 2022 or in the event the salary difference is addressed otherwise, whichever is earlier, and shall be deleted from the Salary Ordinance upon the sunset date. Because not all employees in said supervisory classifications have direct supervision of the said employees in subordinate classifications that create a salary difference, staff is only recommending said two (2) new footnotes as opposed to general salary adjustments for the said supervisory classifications. The respective Agencies will apply such additional compensation (new footnotes) appropriately as outlined in the new subsections 3-11.28 and 3-15.22 of the Salary Ordinance.

Staff also recommends reinstating and amending subsection 3-12.88 of the Salary Ordinance which provides for additional compensation of five-percent (5%) of the base pay for one (1) unrepresented classification, Health Care Program Administrator II (JC #0315SM), when providing clinical expertise and oversight responsibility for public health emergency response functions in the Public Health System Preparedness and Response Unit for HCSA's Public Health Department ("PHD"). On August 8, 2020, said subsection 3-12.88 was sunset as stipulated in the original request approved by your Board on July 24, 2018. However, the current incumbent is expected to continue to perform the critical duties as outlined in said subsection 3-12.88. Because HCSA PHD is inundated with emergency services related to the COVID-19 pandemic, HCSA PHD has not been able to work with the Human Resource Services Department's Personnel Services Division on the possibility of creating a new classification that would incorporate the critical duties associated with said footnote. Therefore, staff recommends reinstating and amending said footnote, subsection 3-12.88, retroactive to August 9, 2020. This subsection shall sunset effective October 1, 2022 and shall be deleted from the Salary Ordinance upon the sunset date.

FINANCING:

Funds are available in the 2020-2021 Approved Budget and will be included in future years' requested budgets to cover the costs resulting from these actions.

VISION 2026 GOAL:

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

Very truly yours,

DocuSigned by:

2CC022F934DA404...
Joe Angelo, Director
Human Resource Services

- c: CAO
- Auditor-Controller
- County Counsel
- Director of Health Care Services
- Director of Public Works
- Director, General Services Agency

SECOND READING - CONTINUED FROM 10/06/2020

Approved as to Form
DONNA ZIEGLER, County Counsel

By 
Kristy van Herick, Asst. County Counsel

AN ORDINANCE AMENDING CERTAIN PROVISIONS OF THE 2020 – 2021 COUNTY OF ALAMEDA SALARY ORDINANCE

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

SECTION I

Article 3, Section 3-11, Subsection 3-11.28 of the County of Alameda Salary Ordinance is hereby added, to be effective on October 4, 2020.

3-11.28 – Effective October 4, 2020, not to exceed two (2) employees in Job Code (JC) #9225 when directly supervising an employee in JC #9220 and said employee is receiving an additional five percent (5%) compensation in accordance with subsection 3-11.13 of the Salary Ordinance for performing lead duties, shall be compensated an additional three and one-half percent (3.50%) of the base pay. The additional compensation authorized herein shall only be applied to ensure employee(s) in JC #9225 receives a total of five percent (5%) above the direct subordinate employee in JC #9220 who receives additional compensation under subsection 3-11.13 of the Salary Ordinance. This footnote shall sunset effective December 26, 2020 and shall be deleted from the Salary Ordinance upon the sunset date.

SECTION II

Article 3, Section 3-15, Subsection 3-15.22 of the County of Alameda Salary Ordinance is hereby added, to be effective on October 4, 2020.

3-15.22 – Effective October 4, 2020, not to exceed three (3) employees in Job Code (JC) #9525, when directly supervising employee(s) in JC #9360 and there is a difference of less than five percent (5%) between the base salary of JC #9525 and JC #9360, shall be compensated up to an additional five and one-quarter percent (5.25%) of the base pay. The additional compensation shall only be applied when employees in JC #9525 are directly supervising employees in JC #9360 and to ensure employee(s) in JC #9525 receives a total of five percent (5%) above the base pay of JC #9360. In the event the base salary of JC #9525 increases, such additional compensation authorized herein for employee(s) in JC #9525, who are supervising employees in JC #9360, shall be adjusted accordingly to maintain five percent (5%) above the base pay of JC #9360. This footnote shall sunset effective June 25, 2022 or in the event the five percent (5%) difference between the base salary of JC #9525 and JC #9360 is addressed otherwise, whichever is earlier, and shall be deleted from the Salary Ordinance upon the sunset date.

SECTION III

Article 3, Section 3-12, Subsection 3-12.88 of the County of Alameda Salary Ordinance is hereby reinstated and amended as follows:

Gov. Code Sec. 31461. (a) "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.

(b) "Compensation earnable" does not include, in any case, the following:

(1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:

(A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.

(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.

(C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned in each 12-month period during the final average salary period regardless of when reported or paid.

(2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned in each 12-month period during the final average salary period, regardless of when reported or paid.

(3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(4) Payments made at the termination of employment, except those payments that do not exceed what is earned in each 12-month period during the final average salary period, regardless of when reported or paid.

Gov. Code Sec. 7522.34. (a) "Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.

(b) Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

(c) "Pensionable compensation" does not include the following:

(1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.

(2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.

(3) Any one-time or ad hoc payments made to a member.

(4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

(5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.

(6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.

(8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.

(9) Employer contributions to deferred compensation or defined contribution plans.

(10) Any bonus paid in addition to the compensation described in subdivision (a).

(11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).


(12) Any other form of compensation a public retirement board determines should not be pensionable compensation.



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: November 19, 2020

TO: Members of the Board of Retirement

FROM: Sandra Dueñas-Cuevas, Benefits Manager 

SUBJECT: **Approval of One New Pay Item/Code as “Compensation Earnable” and “Pensionable Compensation” – County of Alameda**

The County of Alameda (County) requested that the following new pay item/code be reviewed to determine whether it qualifies as “compensation earnable” and “pensionable compensation”.

- Direct Supervise Crane Operator – 897
Pay code 897 establishes a footnote provision for additional compensation of up to five and one-quarter percent (5.25%) of the base pay for up to three (3) full-time employees in the classification of Field Maintenance Supervisor (Job Code #9525SM) in the Public Works Agency. This additional compensation is paid when the incumbent in this classification directly supervises an employee in the classification of Crane Operator (Job Code #9360NM), and where there is a salary difference of less than five percent (5.00%) between the base salaries of the two employees.

The additional compensation of up to five and one-quarter percent (5.25%) is only provided to ensure that the employee in the supervising position receives a total of five percent (5.00%) above the base pay of the direct subordinate employee in the Crane Operator position. If the supervising employee’s base salary increases, then the additional compensation will be adjusted accordingly to maintain the five percent (5.00%) difference between the supervising employee and the subordinate. This footnote providing for additional compensation of up to five and one-quarter percent (5.25%) is retroactive to October 4, 2020, and will sunset effective June 25, 2022; or in the event the five percent (5.00%) base salary difference is addressed otherwise, whichever is earlier.

Staff and Chief Counsel reviewed the required supporting documentation (attached) and made the determination that the new pay item/code qualifies as “compensation earnable” under Government Code Section 31461 (for Legacy members) and “pensionable compensation” under Government Code Section 7522.34 (for PEPRAs members). This pay item/code is a percentage increase to base salary that applies to more than one employee in a group or class, and it does not fall under any of the express exclusions either for “compensation earnable” or for “pensionable compensation.” Under the Board of Retirement’s (Board) historical practices, these kinds of pay items/codes have been included in both “compensation earnable” and “pensionable compensation. The two relevant Government Code sections are attached for the Board’s reference.

Staff informed the County that Staff’s determination will be on the Board’s consent calendar for approval at its November 19, 2020 meeting. If this item is not pulled from the consent calendar for discussion, then the Board will approve Staff’s determination that the pay item/code is “compensation earnable” under Government Code Section 31461 (for Legacy members) and “pensionable compensation” under Government Code Section 7522.34 (for PEPRAs members).

Attachments



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

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

Employer Name:	County of Alameda
Date of Request	10/21/2020
Employer Department Submitting the Request	Auditor-Controller's Agency
Contact Person/Employer (include title/position)	Satjit Dale
Contact Person Telephone incl area code	(510) 272-6520
Contact Person Email address	satjit.dale@acgov.org
Pay Item Name (and code Number)	897 Direct Supervise Crane Operator
Pay Item Effective Date per authorization:	10/04/2020
State if additional documentation is attached	Yes – Board Letter

NOTE: The following information is required before ACERA can review and respond to the request. To meet ACERA's requirements, please provide substantive responses below or on a separate paper and return, with this form, all of the supporting documentation prior to issuing (paying) the pay item to any employee who is an ACERA member.

1. State the job classification of employees eligible for the pay item (i.e. Job Code 0499-Nurse Practitioners II may receive this pay item)

RESPONSE #1: 9525SM Field Maintenance Supervisor

2. State employment status of employees eligible to receive the pay item (i.e. full time employees, part time employees)

RESPONSE #2: Full Time

3. State the number of members or employees who are eligible to receive the pay item (i.e. all members or employees in a job classification eligible to receive the pay item, or "not to exceed one employee")

RESPONSE #3: Not to exceed three employees

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

RESPONSE #4: Regular base pay

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

RESPONSE #5: Percentage, paid up to an additional 5.25% of base pay.

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

RESPONSE #6: No

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

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

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

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



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

7. State whether the pay item is an ad hoc payment (i.e, stipend, payment for attending a meeting during the working hours, payment for attending a meeting during non-working hours)

RESPONSE #7: No

8. State whether the pay item is a reimbursement (i.e., car allowance, housing allowance, uniform allowance, mileage payment, cell phone allowance)

RESPONSE #8: No

9. State regular working hours of the employees who will receive the pay item (i.e., 37.5 hour workweek employees, 40 hour workweek employees)

RESPONSE #9: 40 Hour Workweek

10. State whether pay item is for work performed outside of the regular workweek (i.e., payment for work or services performed outside of the employee's 37.5 hour workweek, or outside the employee's 40 hour workweek)

RESPONSE #10: No

11. State whether the pay item if for deferred compensation

RESPONSE #11: No

12. State whether the pay item is for retro payments

RESPONSE #12: No

13. State whether the pay item is for accrued unused leaves (i.e., sick leave, annual leave, floating holiday, vacation, comp time)

RESPONSE #13: No

14. State whether the payment is compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member or employee

RESPONSE #14: No

15. State whether the payment is severance or other payment in connection with or in anticipation of a separation from employment (and state if this payment is made while employee is working)

RESPONSE #15: No



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

16. State whether the pay item is paid in one lump sum or biweekly (or over some other time period-monthly, quarterly, annually)

RESPONSE #16: Biweekly

17. State the basis for eligibility for the pay item (i.e., certification of completion of training program conducted by an accredited university, or employee assigned as supervisor of badge distribution)

RESPONSE #17: Per Salary Ordinance Section 3-15.22

3-15.22 – Effective October 4, 2020, not to exceed three (3) employees in Job Code (JC) #9525, when directly supervising employee(s) in JC #9360 and there is a difference of less than five percent (5%) between the base salary of JC #9525 and JC #9360, shall be compensated up to an additional five and one-quarter percent (5.25%) of the base pay. The additional compensation shall only be applied when employees in JC #9525 are directly supervising employees in JC #9360 and to ensure employee(s) in JC #9525 receives a total of five percent (5%) above the base pay of JC #9360. In the event the base salary of JC #9525 increases, such additional compensation authorized herein for employee(s) in JC #9525, who are supervising employees in JC #9360, shall be adjusted accordingly to maintain five percent (5%) above the base pay of JC #9360. This footnote shall sunset effective June 25, 2022 or in the event the five percent (5%) difference between the base salary of JC #9525 and JC #9360 is addressed otherwise, whichever is earlier, and shall be deleted from the Salary Ordinance upon the sunset date.

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Dublin, CA 94568
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SECOND READING - CONTINUED FROM 10/06/2020



AGENDA NO. 19 October 6, 2020

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

Human Resource Services

October 6, 2020

2nd reading 10/20/20

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

SUBJECT: ADOPT SALARY ORDINANCE AMENDMENTS TO 1) ADD NEW SUBSECTIONS 3-11.28 (FOOTNOTE FOR JC #9225SM) FOR GENERAL SERVICES AGENCY ("GSA") AND 3-15.22 (FOOTNOTE FOR JC #9525) FOR PUBLIC WORKS AGENCY ("PWA"); AND 2) REINSTATE SUBSECTION 3-12.88 (FOOTNOTE FOR JC #0315SM) FOR HEALTH CARE SERVICES AGENCY ("HCSA")

Dear Board Members:

RECOMMENDATION:

Adopt Salary Ordinance amendments to:

- i. Add subsection 3-11.28 to Article 3, Section 3-11 (General Services Agency), to add a footnote for additional compensation of three and one-half percent (3.50%) of the base pay for up to two (2) employees in the classification of Supervisor, Carpentry, Paint and Lock Services (Job Code ("JC") #9225SM) to address salary difference with one (1) subordinate classification, Carpenter (JC #9220NM), retroactive to October 4, 2020 through December 26, 2020;
- ii. Add subsection 3-15.22 to Article 3, Section 3-15 (Public Works), to add a footnote for additional compensation of up to five and one-quarter percent (5.25%) of the base pay for up to three (3) employees in the classification of Field Maintenance Supervisor (JC #9525SM) to address salary difference with one (1) subordinate classification, Crane Operator (JC #9360NM), retroactive to October 4, 2020 through June 25, 2022 or in the event the salary difference is addressed otherwise, whichever is earlier; and
- iii. Reinstate and amend subsection 3-12.88 of Article 3, Section 3-12 (Health Care Services Agency), which provides additional compensation of five-percent (5%) of base pay for one (1) employee in the classification of Health Care Program Administrator II (JC #0315SM) when providing clinical expertise and oversight responsibility for public health emergency response functions in the Public Health System Preparedness and Response Unit, retroactive to August 9, 2020, through October 1, 2022.

*TLC
897*

DISCUSSION/SUMMARY:

Staff recommends establishing two (2) new footnotes for: 1) one (1) unrepresented classification, Supervisor, Carpentry, Paint and Lock Services (JC #9225SM) in the General Services Agency ("GSA"); and 2) one (1) Alameda County Management Employees Association ("ACMEA") General Government Unit-represented classification, Field Maintenance Supervisor (JC #9525SM) in the Public Works Agency ("PWA"). The new footnote for the Supervisor, Carpentry, Paint and Lock Services classification (JC #9225SM) provides an additional compensation of three and one-half percent (3.50%) of the base pay for up to two (2) employees, to address salary difference that occurs when assigned incumbents directly supervise an employee in the classification of Carpenter (JC #9220NM) when the employee receives additional compensation of five-percent (5%) for performing lead duties thus creating salary difference between the Supervisor, Carpentry, Paint and Lock Services (JC #9225SM) and the Carpenter (JC #9220NM) classifications of less than five-percent (5%). Staff also recommends that this

new subsection shall sunset effective December 26, 2020 and shall be deleted from the Salary Ordinance upon the sunset date. Further, the new footnote for the Field Maintenance Supervisor classification (JC #9525SM) provides up to five and one-quarter percent (5.25%) for up to three (3) employees when assigned incumbents directly supervise an employee in the classification of Crane Operator (JC #9360NM) and where there is salary difference of less than five-percent (5%). Staff also recommends that this new subsection shall sunset effective June 25, 2022 or in the event the salary difference is addressed otherwise, whichever is earlier, and shall be deleted from the Salary Ordinance upon the sunset date. Because not all employees in said supervisory classifications have direct supervision of the said employees in subordinate classifications that create a salary difference, staff is only recommending said two (2) new footnotes as opposed to general salary adjustments for the said supervisory classifications. The respective Agencies will apply such additional compensation (new footnotes) appropriately as outlined in the new subsections 3-11.28 and 3-15.22 of the Salary Ordinance.

Staff also recommends reinstating and amending subsection 3-12.88 of the Salary Ordinance which provides for additional compensation of five-percent (5%) of the base pay for one (1) unrepresented classification, Health Care Program Administrator II (JC #0315SM), when providing clinical expertise and oversight responsibility for public health emergency response functions in the Public Health System Preparedness and Response Unit for HCSA's Public Health Department ("PHD"). On August 8, 2020, said subsection 3-12.88 was sunset as stipulated in the original request approved by your Board on July 24, 2018. However, the current incumbent is expected to continue to perform the critical duties as outlined in said subsection 3-12.88. Because HCSA PHD is inundated with emergency services related to the COVID-19 pandemic, HCSA PHD has not been able to work with the Human Resource Services Department's Personnel Services Division on the possibility of creating a new classification that would incorporate the critical duties associated with said footnote. Therefore, staff recommends reinstating and amending said footnote, subsection 3-12.88, retroactive to August 9, 2020. This subsection shall sunset effective October 1, 2022 and shall be deleted from the Salary Ordinance upon the sunset date.

FINANCING:

Funds are available in the 2020-2021 Approved Budget and will be included in future years' requested budgets to cover the costs resulting from these actions.

VISION 2026 GOAL:

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

Very truly yours,

DocuSigned by:

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Joe Angelo, Director
Human Resource Services

- c: CAO
- Auditor-Controller
- County Counsel
- Director of Health Care Services
- Director of Public Works
- Director, General Services Agency

SECOND READING - CONTINUED FROM 10/06/2020

Approved as to Form
DONNA ZIEGLER, County Counsel

By 
Kristy van Herick, Asst. County Counsel

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CERTAIN PROVISIONS OF THE 2020 – 2021
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SECTION II

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(b) "Compensation earnable" does not include, in any case, the following:

(1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:

(A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.

(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.

(C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned in each 12-month period during the final average salary period regardless of when reported or paid.

(2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned in each 12-month period during the final average salary period, regardless of when reported or paid.

(3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(4) Payments made at the termination of employment, except those payments that do not exceed what is earned in each 12-month period during the final average salary period, regardless of when reported or paid.

Gov. Code Sec. 7522.34. (a) "Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.

(b) Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

(c) "Pensionable compensation" does not include the following:

(1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.

(2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.

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(6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.

(8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.

(9) Employer contributions to deferred compensation or defined contribution plans.

(10) Any bonus paid in addition to the compensation described in subdivision (a).

(11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).

(12) Any other form of compensation a public retirement board determines should not be pensionable compensation.

Operating Expenses as of September 30, 2020
For review under November 19, 2020
Board “Consent Calendar”



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: November 19, 2020
TO: Members of the Board of Retirement
FROM: Margo Allen, Fiscal Services Officer *MAA*
SUBJECT: Operating Expenses Budget Summary for the period ended September 30, 2020

ACERA's operating expenses are \$1,949K under budget for the period ended September 30, 2020.

Budget overages and surpluses worth noting are as follows:

Budget Overage

1. *Professional Fees*: Professional Fees are \$62K over budget. This amount comprises overage in legal fees of \$116K primarily due to confidential professional services related to employment advice, which are offset by surplus in actuarial fees¹ of (\$32K), operations consultant fees of (\$18K) due to delay in benchmarking project, and savings in external audit fees of (\$4K).

Budget Surpluses

2. *Staffing*: Staffing is \$1,148K under budget. This amount comprises surplus in staff vacancies of (\$318K) and fringe benefits of (\$1,119K), which are offset by overage in temporary staffing of \$289K due to vacant positions filled by temporary staff.
3. *Staff Development*: Staff Development is \$266K under budget primarily due to cancellation and delay in staff trainings and conferences caused by COVID-19.
4. *Office Expense*: Office Expense is 73K under budget. This amount comprises surpluses in printing and postage of (\$13K) and office maintenance and supplies of (\$38K) due to majority staff is working from home, building expenses of (\$15K) due to credit from CBRE related to 2019 escalation charges, bank charges and miscellaneous administration of (\$15K), equipment lease and maintenance of (\$4K) and minor equipment and furniture of (\$9K). Which are offset by overage in communication expenses of \$21K mainly due to teleconference services e.g. departmental calls, coaching, check-ins, are all being done remotely due to COVID-19.
5. *Insurance*: Insurance is \$8K under budget, which is related to Alameda County Risk Management Program.

¹ Surplus in actuarial fees of \$32K is mainly due to savings from last year accrual related to Standard of Practice #51 Pension Risk and consulting services.

6. *Member Services:* Member Services are \$153K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$53K) and disability medical expense of (\$80K) are both due to reduction in number of disability cases, health reimbursement account of (\$3K), and members printing and postage of (\$24K) partially due to timing difference, which are offset by overage in member training and education of \$2K, and virtual call center of \$5K established due to COVID-19.
7. *Systems:* Systems are \$87K under budget. This amount comprises surpluses in software maintenance and support of (\$108K) primarily due to delay in the start of projects caused by COVID-19, minor computer hardware of (\$6K), which are offset by overage in business continuity of \$25K mainly due to COVID-19 expenses e.g. laptops, amazon workspaces, IT equipment, etc. for working from home, and county data processing of \$2K.
8. *Depreciation:* Depreciation is \$4K under budget, which is mainly related to the computer software.
9. *Board of Retirement:* Board of Retirement is \$272K under budget. This amount comprises surpluses in board conferences and trainings of (\$165K) primarily due to cancelation and delay in trainings and conferences caused by COVID-19, board election expense² of (\$79K) due to savings from last year accrual, board employer reimbursement of (\$3K), board compensation of (\$8K), board miscellaneous expenses of (\$16K) and board software maintenance and support of (\$1K).

Staffing Detail

Permanent vacant positions as of September 30, 2020:

Department	Position	QTY	Comments
Benefits	Administrative Specialist II	1	Vacant - currently budgeted until 12/2020
Benefits	Retirement Technician	3	Filled by temporary staff - currently budgeted until 12/2020
Investments	Senior Investment Officer	1	Vacant - currently budgeted until 12/2020
Investments	Investment Officer	1	Vacant - currently budgeted until 12/2020
Total Positions		6	

² ACERA has savings of \$79K from 2019 board election expense accrual due to reduction in actual expense as compare to quotation from vendor.

Operating Expenses Budget Summary for the period ended September 30, 2020

Pension Administration System Project - as of 9/30/2020					
	Year-To-Date			Annual	
	Actual	Budget	Variance	2020 Budget	2019 Actual
Consultant Fees					
Levi, Ray and Shoup	629,004	1,908,000	(1,278,996)	2,544,000	224,153
LRWL / Segal	282,255	299,970	(17,715)	400,000	398,160
Leap Technologies	-	-	-	-	98,970
Total	911,259	2,207,970	(1,296,711)	2,944,000	721,283
Staffing	348,785	499,500	(150,715)	665,000	387,808
TOTAL	1,260,044	2,707,470	(1,447,426)	3,609,000	1,109,091

Attachments:

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



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

YEAR TO DATE - ACTUAL VS. BUDGET					
<u>September 30, 2020</u>					
	Actual	Budget	YTD	2020	% 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	\$ 10,595,169	\$ 11,742,870	\$ (1,147,701)	\$ 15,745,000	67.3%
Staff Development	109,526	375,585	(266,059)	482,000	22.7%
Professional Fees (Next Page)	1,091,318	1,029,320	61,998	1,215,000	89.8%
Office Expense	322,021	395,540	(73,519)	531,000	60.6%
Insurance	710,526	718,960	(8,434)	967,000	73.5%
Member Services	241,084	394,040	(152,956)	527,000	45.7%
Systems	766,292	853,120	(86,828)	1,128,000	67.9%
Depreciation	89,080	93,040	(3,960)	123,000	72.4%
Board of Retirement	231,832	503,450	(271,618)	660,000	35.1%
Uncollectable Benefit Payments	-	-	-	22,000	0.0%
Total Operating Expense	\$ 14,156,848	\$ 16,105,925	\$ (1,949,077)	\$ 21,400,000	66.2%
Investment Consultant Fees	944,479	1,062,810	(118,331)	1,418,000	66.6%
Investment Custodian Fees	413,516	441,000	(27,484)	588,000	70.3%
Investment Manager and Incentive Fees	37,778,195	37,780,040	(1,845)	50,227,000	75.2%
Other Investment Expenses	110,210	347,400	(237,190)	463,000	23.8%
Total Portfolio Management Investment Expense	\$ 39,246,400	\$ 39,631,250	\$ (384,850)	\$ 52,696,000	74.5%
Total Operating and Portfolio Management Investment Expense	\$ 53,403,248	\$ 55,737,175	\$ (2,333,927)	\$ 74,096,000	72.1%



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
PROFESSIONAL FEES
YEAR TO DATE - ACTUAL VS. BUDGET
September 30, 2020

	<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>2020</u> <u>Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
Professional Fees					
Consultant Fees - Operations and Projects ¹	\$ 266,345	\$ 284,350	\$ (18,005)	\$ 366,000	72.8%
Actuarial Fees ²	386,450	418,470	(32,020)	466,000	82.9%
External Audit ³	148,795	153,000	(4,205)	153,000	97.3%
Legal Fees ⁴	289,728	173,500	116,228	230,000	126.0%
Total Professional Fees	\$ 1,091,318	\$ 1,029,320	\$ 61,998	\$ 1,215,000	89.8%

	<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:					
Administration					
<i>Benchmarking</i>	-	20,000	(20,000)	20,000	0.0%
<i>Total Administration</i>	-	20,000	(20,000)	20,000	0.0%
Benefits					
<i>Alameda County HRS (Benefit Services)</i>	94,500	94,500	-	126,000	75.0%
<i>Segal (Benefit Consultant/Retiree Open Enrollment)</i>	94,095	92,250	1,845	123,000	76.5%
<i>Segal (Dental and Vision Consulting)</i>	20,000	20,000	-	20,000	100.0%
<i>Total Benefits</i>	208,595	206,750	1,845	269,000	77.5%
Human Resources					
<i>Lakeside Group (County Personnel)</i>	57,750	57,600	150	77,000	75.0%
<i>Total Human Resources</i>	57,750	57,600	150	77,000	75.0%
Total Consultant Fees - Operations	\$ 266,345	\$ 284,350	\$ (18,005)	\$ 366,000	72.8%
² ACTUARIAL FEES					
<i>Actuarial valuation</i>	77,000	77,000	-	77,000	100.0%
<i>GASB 67 & 68 Valuation</i>	47,500	48,000	(500)	48,000	99.0%
<i>GASB 74 & 75 Actuarial</i>	14,000	14,000	-	14,000	100.0%
<i>Actuarial Standard of Practice 51 Pension Risk</i>	10,000	60,000	(50,000)	60,000	16.7%
<i>Supplemental Consulting</i>	160,950	142,470	18,480	190,000	84.7%
<i>Triennial Experience Study</i>	36,000	36,000	-	36,000	100.0%
<i>Supplemental Retiree Benefit Reserve valuation</i>	41,000	41,000	-	41,000	100.0%
Total Actuarial Fees	\$ 386,450	\$ 418,470	\$ (32,020)	\$ 466,000	82.9%
³ EXTERNAL AUDIT					
<i>External audit</i>	128,720	129,000	(280)	129,000	99.8%
<i>GASB 67 & 68</i>	10,815	12,000	(1,185)	12,000	90.1%
<i>GASB 74 & 75-External Audit</i>	9,260	12,000	(2,740)	12,000	77.2%
Total External Audit Fees	\$ 148,795	\$ 153,000	\$ (4,205)	\$ 153,000	97.3%
⁴ LEGAL FEES					
<i>Fiduciary Counseling</i>					
<i>Nossaman</i>	31,315	99,000	(67,685)	130,000	
Subtotal	31,315	99,000	(67,685)	130,000	24.1%
<i>Tax and Benefit Issues</i>					
<i>Hanson Bridgett</i>	10,248	29,500	(19,252)	40,000	
Subtotal	10,248	29,500	(19,252)	40,000	25.6%
<i>Litigation & Miscellaneous Legal Advice</i>					
<i>Meyers Nave</i>	192,863	33,701	159,163	44,934	
<i>Nossaman</i>	32,296	5,643	26,652	7,524	
<i>Reed Smith</i>	32,367	5,656	26,711	7,541	
<i>Preferred Custody Services (class action settlement)</i>	(9,361)	-	(9,361)	-	
Subtotal	248,165	45,000	203,165	60,000	413.6%
Total Legal Fees	\$ 289,728	\$ 173,500	\$ 116,228	\$ 230,000	126.0%

**Quarterly Financial Statements
as of September 30, 2020
For review under November 19, 2020
Board “Consent Calendar”**



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: November 19, 2020
TO: Members of the Board of Retirement
FROM: Margo Allen, Fiscal Services Officer ~~MA~~
SUBJECT: September 30, 2020, Unaudited Financial Statements

Executive Summary

Attached for review and discussion is the unaudited financial statements for the period ended September 30, 2020.

The Fiduciary Net Position Held in Trust and the Change in Fiduciary Net Position compared to the same period in 2019 increased by \$347 million.

Financial Highlights

- Net Position Restricted (Held in Trust for Benefits), as reported on the Statement of Fiduciary Net Position totaled \$8.69 billion. Total Receivables increased by \$4 million, Investments at fair value increased by \$348 million, Cash decreased by \$1 million, Capital Assets increased by \$2 million and Total Liabilities without Security Lending Liability increased by \$6 million.
- The year-over-year Change in Net Position decreased by \$850 million. This is due to decrease in additions of \$830 million and increase in deductions of \$20 million as explained below:
 - Total Additions year-over-year decreased by \$830 million. This includes, increase in contributions of \$12 million, decrease in miscellaneous income of \$1 million and decrease in investments of \$841 million.
 - Total Deductions year-over-year increased by \$20 million. The amount is mainly attributable to the growth in payments of service retirement, disability benefits, and retiree health programs.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF FIDUCIARY NET POSITION
As of 9/30/2020

	Year-To-Date 2020	Year-To-Date 2019
ASSETS		
Cash (Note 1)	1,311,039	2,711,532
Securities Lending Cash Collateral (Note 2)	106,640,964	122,169,438
Receivables:		
Contributions (Note 3)	27,416,718	24,458,487
Investment Receivables (Note 4a)	20,418,108	18,780,711
Unsettled Trades - Investments Sold	8,254,418	9,313,759
Futures Contracts - Equity Index (Note 5a)	1,451,926	701,838
Equity Index Swaps (Note 6a)	334,285	0
Foreign Exchange Contracts (Note 7a)	177,710	773,704
Other Receivables (Note 8)	308,381	108,156
Total Receivables	58,361,546	54,136,655
Prepaid Expenses	541,038	681,929
Total Current Assets	166,854,587	179,699,554
Investments - at Fair Value:		
Short-Term Investments (Note 9)	170,105,819	192,272,320
Domestic Equity	444,139,449	459,963,333
Domestic Equity Commingled Funds	2,017,322,637	1,984,658,218
International Equity	1,114,433,975	1,070,723,644
International Equity Commingled Funds (Note 10)	1,210,999,536	1,078,569,767
Domestic Fixed Income	1,022,095,747	979,560,490
International Fixed Income	201,658,392	103,468,113
International Fixed Income - Commingled Funds (Note 11)	143,640,024	141,561,267
Real Estate - Separate Properties (Note 12)	72,138,410	73,660,819
Real Estate - Commingled Funds (Note 13)	531,612,286	503,171,916
Real Assets	409,459,337	404,338,545
Absolute Return (Note 14a)	628,892,615	741,066,059
Private Equity (Note 14b)	651,598,706	582,928,864
Private Credit	46,318,279	0
Total Investments	8,664,415,213	8,315,943,354
Capital Assets at Cost (Net of Accumulated Depreciation or Amortization) (Note 15)	3,741,867	2,097,848
Intangible right-to-use Leased Assets (Net of - Accumulated Amortization)	137,291	0
Total Assets	8,835,148,958	8,497,740,755
LIABILITIES		
Securities Lending Liability (Note 2)	106,640,964	122,169,438
Unsettled Trades - Investments Purchased	18,821,852	17,430,193
Investment-Related Payables (Note 4b)	11,089,074	8,648,236
Futures Contracts - Equity Index (Note 5b)	709,183	148,040
Equity Index Swaps (Note 6b)	0	121,908
Foreign Exchange Contracts (Note 7b)	3,423,319	2,258,341
Accrued Administration Expenses (Note 16)	2,479,152	2,274,908
Members Benefits & Refunds Payable (Note 17a)	4,749,688	4,605,061
Retirement Payroll Deductions Payable (Note 17b)	14,662	16,406
Lease Liability	154,052	0
Total Liabilities	148,081,944	157,672,530
Net Position		
Restricted - Held in Trust for Benefits	8,687,067,014	8,340,068,225
Total Net Position	8,687,067,014	8,340,068,225

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Nine Months Ending 9/30/2020

	Year-To-Date 2020	Year-To-Date 2019
ADDITIONS		
Contributions: (Note 18)		
Members	80,457,488	77,180,228
Employers	232,490,444	223,946,969
Total Contributions	312,947,932	301,127,197
From Investment Activities:		
Net Appreciation/(Depreciation) in Fair Value of Investments (Note 19a)	12,853,781	830,128,521
Interest	30,693,636	33,738,356
Dividends	27,266,132	47,105,088
Real Estate - Net	16,773,038	18,223,852
Private Equity and Alternatives	(20,324,223)	(27,922,279)
Brokers Commissions - Directed Brokerage	24,574	38,312
Sub-Total of Dividends, Interest, Other Investment Income (Note 19b)	54,433,156	71,183,329
Total Income from Investment Activities	67,286,937	901,311,849
Total Investment Expenses (Note 20)	(41,171,726)	(35,277,646)
Net Income from Investment Activities (Note 21)	26,115,212	866,034,203
From Securities Lending Activities:		
Securities Lending Income	989,349	4,665,653
Securities Lending Expenses	(532,221)	(3,733,287)
Net Income from Securities Lending Activities (Note 22)	457,129	932,366
Total Net Investment Income	26,572,340	866,966,569
Miscellaneous Income (Note 23)	127,441	1,119,204
Total Additions	339,647,713	1,169,212,970
DEDUCTIONS		
Benefits:		
Service Retirement and Disability Benefits (Note 24)	385,447,306	365,390,056
Death Benefits (Note 25)	2,429,014	2,143,828
Supplemental Cost of Living Allowance	849,778	889,063
Retiree Healthcare Program	34,374,010	32,550,439
Total Benefit Payments	423,100,108	400,973,386
Member Refunds	6,516,063	8,262,299
Administration: (Note 26)		
Administrative Expenses	8,953,565	8,948,485
Actuarial Expenses	345,450	315,869
Business Continuity Expenses	465,353	415,114
Legal Expenses	781,323	1,154,522
Technology Expenses	614,080	670,888
401(h) Expenses	1,071,750	990,750
Total Administration	12,231,521	12,495,628
Total Deductions	441,847,692	421,731,313
Net Increase(Decrease)	(102,199,979)	747,481,657
Net Position Held in Trust for Benefits:		
Net Position - January 1	8,789,266,993	7,592,586,569
Net Position - September 30	8,687,067,014	8,340,068,225

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of September 30, 2020

Basis of Accounting

ACERA follows the accounting principles and reporting guidelines set forth by the Government Accounting Standards Board (GASB). ACERA's financial statements are prepared on the accrual basis of accounting.

(Note 1)

Cash - \$1.31 million

Cash balance is the sum of the funds in the Wells Fargo Bank operating accounts. The decrease of \$1.40 million from \$2.71 million in September 30, 2019, is primarily due to timing difference and the amount of receipt of contributions and the transfer of funds for retiree payroll and investments.

(Note 2)

Securities Lending Cash Collateral - \$106.64 million

Cash collateral of \$106.64 million and \$122.17 million was held by ACERA related to securities on loan as of September 30, 2020, and September 30, 2019, respectively. This amount is reported as an asset with a corresponding liability for the same amount in compliance with the GASB Statement No. 28. The decrease in securities lending collateral is due to decrease in the balances of traditional active manager accounts into passive index funds.

(Note 3)

Contributions Receivables - \$27.42 million

The receivable balances of September 30, 2020, increased approximately \$2.96 million from \$24.46 million in September 30, 2019. This is primarily due to increase in the member and employer contribution rates.

(Note 4a)

Investment Receivables - \$20.42 million

The investment receivables balance as of September 30, 2020, increased by \$1.64 million from \$18.78 million for September 30, 2019. The increase is mainly attributed to interest and stock dividend receivables.

(Note 4b)

Investment Related Payables - \$11.09 million

The increase of \$2.44 million in investment related payables balance as of September 30, 2020, from \$8.65 million for September 30, 2019 is primarily due to investment managers'/consultants' fees payable.

(Note 5)

Future Contracts Equity Index Receivables - \$1.45 million and Payables - \$0.71 million

5a. The receivables represent unrealized gains on open future contracts. The balances for unrealized gains as of September 30, 2020, and September 30, 2019, were \$1.45 million and \$0.70 million, respectively.

5b. The payables represent unrealized losses on open future contracts. The balances for unrealized losses as of September 30, 2020, and September 30, 2019, were \$0.71 million and \$0.15 million, respectively.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of September 30, 2020

(Note 6)

Equity Index Swaps Receivables - \$0.33 million and Payables - none

6a. The receivables represent the amount to be received from the counterparties of the equity index swaps. The total receivables as of September 30, 2020, were \$0.33 million and September 30, 2019, were none.

6b. The payables represent the amount owed, but not yet paid, to the counterparties of equity index swaps. The total payables as of September 30, 2020, were none and September 30, 2019, were \$0.12 million.

(Note 7)

Foreign Exchange Contracts Receivables - \$0.18 million and Payables - \$3.42 million

Foreign exchange (FX) contracts include currency forward contracts and spot contracts.

7a. The receivables represent unrealized gains on foreign exchange contracts. As of September 30, 2020, and September 30, 2019, unrealized gains on FX contracts were \$0.18 million and \$0.77 million, respectively. The decrease of \$0.59 million is due to change in number and valuation of contracts and market volatility.

7b. The payables represent unrealized losses on foreign exchange contracts. As of September 30, 2020, and September 30, 2019, unrealized losses on FX contracts were \$3.42 million and \$2.26 million, respectively. The increase in unrealized losses of \$1.16 million is due to change in number and valuation of contracts and market volatility.

(Note 8)

Other Receivables - \$0.30 million

Other receivables as of September 30, 2020, are comprised primarily of funds due from deceased retirees' estates for overpayment of benefits; and from insurance for ACERA legal claims.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of September 30, 2020

(Note 9)

Short-Term Investments - \$170.11 million

Short-term investments are temporarily kept in a pooled account with State Street Bank. These pooled assets are primarily invested in short-term investment funds and deposits, including U.S. Treasury and agency obligations, corporate bonds, commercial paper, repurchase agreements, certificates of deposit, bankers' acceptances, time deposits, and floating-rate notes.

(Dollars in Millions)

<i>Fund Name</i>	<i>9/30/2020</i>
Unallocated Cash	\$ 65.71
AQR Capital Management, LLC	33.65
Baird Investors	26.06
Brandywine	14.94
Capital Guardian	9.74
Loomis	5.87
TCW	2.76
Kennedy	2.70
William Blair Small Cap Growth	2.51
Mondrian	2.43
Pzena	1.23
Bivium - Dundas Partners	0.77
Bivium - Arga Investment Management	0.45
Bivium RVX Asset Management LLC	0.38
Bivium - Applied Research Management	0.30
Bivium - Radin Capital Partners	0.19
Bivium - Global Alpha Capital Mgmt	0.18
Bivium - Denali Advisors	0.15
Transition	0.05
Next Century Investors Ultra	0.03
Next Century Growth Small Cap	0.01
Total	\$ 170.11

(Note 10)

International Equity Commingled Funds - \$1,211.00 million

As of September 30, 2020, and September 30, 2019, the International Equity Commingled Funds were \$1,211.00 million and \$1,078.57 million, respectively. The increase of \$132.43 million is mainly due to market appreciation.

(Note 11)

International Fixed Income Commingled Funds - \$143.64 million

The increase of \$2.08 million from the prior year is mainly due to market appreciation. Disclosure of credit ratings on mutual fund holdings of fixed income portfolio is not required per GASB Statement No. 40.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of September 30, 2020

(Note 12)

Real Estate Separate Properties - \$72.14 million

The following is a summary of Real Estate – Separate Property investments as of September 30, 2020, and September 30, 2019. The year-over-year decrease of \$1.52 million is due to the market depreciation of the Oakland 14th Street property.

(Dollars in Millions)

<i>Investment Manager</i>	<i>Net Mkt. Value 9-30-2020</i>	<i>Net Mkt. Value 9-30-2019</i>	<i>No. of Properties 2020</i>	<i>No. of Properties 2019</i>
RREEF	\$ 72.14	\$ 73.66	1	1

(Note 13)

Real Estate Commingled Funds - \$531.61 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under the California Government Code Section 6254.26. The increase of \$28.44 million in 2020 as compared to 2019 is mainly due to market appreciation and additional investments, net of distributions.

(Note 14a)

Absolute Return - \$628.89 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The decrease of \$112.17 million in 2020 as compared to 2019 is mainly due to distributions, net of additional investments and market depreciation.

(Note 14b)

Private Equity - \$651.60 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$68.67 million in 2020 as compared to 2019 is mainly due to additional investments, net of distributions; and market appreciation.

(Note 15)

Capital Assets at Cost (Net of Accumulated Depreciation and Amortization) - \$3.74 million

(Dollars in Millions)

<i>Net Capital Assets</i>	<i>9/30/2020</i>	<i>9/30/2019</i>
Retirement Information System and EDMS - Construction-In-Process	\$ 2.40	\$ 0.66
Equipment, Furniture & Information Systems	13.55	13.54
Electronic Document Management System	4.16	4.16
Less: Accumulated Depreciation	(17.66)	(17.64)
Net Book Value	2.45	0.72
Leasehold Improvements	2.59	2.59
Less: Accumulated Depreciation	(1.30)	(1.21)
Net Book Value	1.29	1.38
Total Capital Assets, Net	\$ 3.74	\$ 2.10

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of September 30, 2020

Depreciation is computed using the straight-line method over the following estimated useful lives or over the term of the lease on leasehold improvements:

☐ Computer Hardware	5 years
☐ Computer Software	3 years
☐ Equipment	5 years
☐ Furniture	7 years
☐ Information System – Retirement	7 years
☐ Information System – Accounting	3 years
☐ Electronic Document Management System	5 years
☐ Disaster Recovery	5 years
☐ Leasehold Improvements	27.5 years

(Note 16)

Accrued Administration Expenses - \$2.48 million

Accrued administration expenses consist of accounts payable, payroll expense, actuarial services payable and other operating expenses.

(Note 17)

17a. Members' Benefits & Refunds Payable - \$4.75 million

The detail of Members Benefits and Refund Payables are as follows:

(Dollars in Millions)

<i>Accrued Benefits and Refunds</i>	<i>9/30/2020</i>	<i>9/30/2019</i>
Basic Active Death Benefits	\$ 0.77	\$ 0.65
Active Death Contribution Refunds	1.95	1.86
Retired Death Benefits	2.03	1.79
Members' Contribution Refunds	-	0.31
Total Members' Benefit & Refunds Payable	\$ 4.75	\$ 4.61

17b. Retirement Payroll Deductions Payables - \$0.01 million

The balance for September 30, 2020, includes health premium prepayments for 9 retirees. The corresponding balance for September 30, 2019, included health premium prepayments for 11 retirees.

(Note 18)

Contributions - \$312.95 million

The increase in contributions of \$11.82 million in 2020 as compared to 2019 is primarily due to increases in employer and member contribution rates.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of September 30, 2020

(Note 19)

(Note 19a) Net Appreciation/ (Depreciation) in Fair Value of Investments – \$12.85 million
(Dollars in Millions)

	<i>For the Period Ended</i>	
	<i>9/30/2020</i>	<i>9/30/2019</i>
<u><i>Actual / Realized Gains/(Losses)</i></u>		
Domestic Equities	\$ 40.09	\$ 74.28
International Equities	(18.91)	127.81
Domestic Bonds	27.14	2.21
International Bonds	8.87	7.87
Real Estate Commingled Funds	0.14	3.67
Real Estate Sep. Props.	0.00	(0.01)
Private Equity & Alternative	(1.16)	51.50
Real Assets	(3.73)	(0.42)
Private Credit	0.57	0.00
Swaps and Others	2.99	(1.64)
Futures	0.01	1.41
Currency	(7.53)	(13.34)
<i>Total Realized Gains/(Losses)</i>	48.48	253.34
<u><i>Paper / Unrealized Gains/(Losses)</i></u>		
Domestic Equities	58.91	352.80
International Equities	(44.73)	103.76
Domestic Bonds	23.00	57.03
International Bonds	0.59	12.05
Real Estate Commingled Funds	(4.70)	2.69
Real Estate Sep. Props.	(2.32)	3.97
Private Equity & Alternative	(14.69)	21.39
Real Assets	(43.32)	19.57
Private Credit	(3.70)	0.00
Swaps and Others	2.84	0.12
Futures	0.57	1.54
Currency	(8.08)	1.86
<i>Total Unrealized Gains/(Losses)</i>	(35.63)	576.78
<i>Total Net Realized & Unrealized Gains/(Losses)</i>	\$ 12.85	\$ 830.12

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of September 30, 2020

(Note 19b) Dividend, Interest, and Other Investment Income - \$54.43 million

(Dollars in Millions)

<i>Dividend, Interest, and Other Investment Income</i>	<i>For the Period Ended</i>	
	<i>9/30/2020</i>	<i>9/30/2019</i>
Interest Income	\$ 30.69	\$ 33.74
Dividend Income	27.27	47.10
Real Estate Income	16.77	18.22
Private Equity, Absolute Return, Private Credit and Real Asset Income/(Losses) ⁽¹⁾	(20.32)	(27.92)
Directed Brokerage Commission Recapture	0.02	0.04
Total Net Income⁽²⁾	\$ 54.43	\$ 71.18

⁽¹⁾ Losses in 2020 are mainly related to Absolute Return, Real Asset and Private Equity investments and losses in 2019 are mainly related to Real Asset investments.

⁽²⁾ The decrease in Net Income of \$16.75 million in current year as compared to 2019 is majorly due to decrease in dividend income.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of September 30, 2020

(Note 20)

Investment Expenses - \$41.17 million

(Dollars in Millions)

<i>Investment Expenses</i>	<i>For the Period Ended</i>			
	<i>Basis Points</i>	<i>9/30/2020</i>	<i>Basis Points</i>	<i>9/30/2019</i>
Investment Manager and Incentive Fees	43.60	\$ 37.78	38.59	\$ 32.09
Investment Custodian	0.48	0.41	0.49	0.41
Investment Consultants & Other Expenses(*)	1.23	1.05	0.82	0.70
Subtotal	45.31	39.24	39.90	33.20
Investment Allocated Cost	2.22	1.93	2.50	2.08
Total Investment Expenses(**)	47.53	\$ 41.17	42.40	\$ 35.28

(*) *Investment Consultants and Other Expenses*

(Dollars in Millions)

	<i>For the Period Ended</i>			
	<i>Basis Points</i>	<i>9/30/2020</i>	<i>Basis Points</i>	<i>9/30/2019</i>
Investment Advising & Performance (Pearls, Alternative Investment)	0.81	\$ 0.70	0.81	\$ 0.68
Consultant - Portfolio Rebalancing	0.05	0.04	0.04	0.04
Consultant - Legal (Alternative Investment)	0.24	0.20	0.19	0.16
Subtotal – Consultants Expenses	1.10	0.94	1.04	0.88
Proxy Services	0.05	0.04	0.04	0.04
Transaction Cost Analysis	0.04	0.03	0.04	0.03
Other Investment Expenses/(Income) ***	0.04	0.04	(0.30)	(0.25)
Subtotal – Other Investment Expenses	0.13	0.11	(0.22)	(0.18)
Total Investment Consultants and Other Expenses	1.23	\$ 1.05	0.82	\$ 0.70

(**) The increase in total investment expenses of \$5.89 million in 2020 as compared to 2019 is primarily due to investment management and incentive fees of Private Equity, Real Assets and Absolute Return.

(***) The increase in other investment expenses of \$0.29 million in 2020 as compared to 2019 is primarily due to foreign tax expense correction in 2019 resulted in the reduction of 2019 expenses.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of September 30, 2020

(Note 21)

Net Investment Income/ (Losses) - \$26.12 million

(Dollars in Millions)

	<i>For the Period Ended</i>		<i>Inc./ (Dec.)</i>
	<i>9/30/2020</i>	<i>9/30/2019</i>	<i>from prior period</i>
Paper / Unrealized Gains/(Losses)	\$ (35.63)	\$ 576.79	\$ (612.42)
Actual / Realized Gains/(Losses)	48.49	253.33	(204.84)
Investment Income (Interest/Dividend/RE/Other) - Net of Expenses	13.26	35.91	(22.65)
Total Net Income/ (Losses)	\$ 26.12	\$ 866.03	\$ (839.91)

(Note 22)

Securities Lending Net Income - \$0.46 million

The securities lending net income balances as of September 30, 2020, and September 30, 2019, were \$0.46 million and \$0.93 million, respectively. The decrease in securities lending income is due to decrease in the balances of traditional active manager accounts into passive index funds and market depreciation.

(Note 23)

Miscellaneous Income - \$0.13 million

The miscellaneous income of \$0.13 million is mainly from prior-year investment income and recovery.

(Note 24)

Service Retirement and Disability Benefits - \$385.45 million

The increase of \$20.06 million was mainly due to the higher average benefits paid to the newly added retirees as compared to that of deceased retirees with lower average benefits, as well as a modest increase of 217 in the total number of retirees and beneficiaries receiving benefits, from 10,024 on September 30, 2019 to 10,241 on September 30, 2020.

(Note 25)

Death Benefits - \$2.43 million

The death benefits paid out during the nine months ended September 30, 2020, comprised \$0.18 million of Retired Death Benefits, \$0.63 million of Active Death Benefits, and \$1.62 million of Survivorship Benefits.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
As of September 30, 2020

(Note 26)

Total Administration - \$12.23 million

ACERA's Board of Retirement adopted Section 31580.2 of the 1937 Act. This Section allows ACERA to exclude investment expenses (all investment expenses are included in Note 20 above), actuarial, legal, business continuity-related expenses, and technology costs from administrative expenses subject to the statutory limits. Under Section 31618.5 ACERA excludes the SRBR administrative expenses from its total administrative expenses. ACERA's SRBR administrative expenses are the amount that exceeds the employers' 401(h) contributions allocated to estimated administrative costs of Postemployment Medical Benefits.

The detail of total Administration Expenses are as follows:

(Dollars in Millions)

	<i>9/30/2020</i>	<i>9/30/2019</i>	<i>Inc./ (Dec.) from previous period</i>
Administrative Expenses	\$ 8.95	\$ 8.95	\$ -
Actuarial Expenses	0.35	0.32	0.03
Business Continuity Expenses	0.47	0.42	0.05
Legal Expenses	0.78	1.15	(0.37)
Technology Expenses	0.61	0.67	(0.06)
401(h) Administrative Expenses	1.07	0.99	0.08
Total	\$ 12.23	\$ 12.50	\$ (0.27)

**Quarterly Cash Forecast Report
as of September 30, 2020
For review under November 19, 2020
Board “Consent Calendar”**



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: November 19, 2020
TO: Members of the Board of Retirement
FROM: Margo Allen, Fiscal Services Officer
SUBJECT: Actual Cash and Forecast as of September 30, 2020

Executive Summary

ACERA liquidates cash from the plan's invested assets on a monthly basis to meet its increasing financial obligations. To better manage assets, best practices recommend a robust cash forecast and analysis to understand, communicate, and manage the invested assets that fund ever-increasing pension liabilities and administrative expense obligations.

- Table 1 is the annual cash forecast from October 2020 to September 2021, which will roll forward monthly as the year progresses; and,
Tables 2 through 4 is the annualized, 5-year actual cash management information. Please note that the current year 2020 comprises nine months of actual and three months of forecast information.

Table 1 Cash Forecast: Table 1 provides the current forecasted negative cash position for the period spanning October 2020 to September 2021. The average monthly negative cash position for the referenced period is \$19,027,918. Excluding the two three-pay-period months i.e., October 2020 and April 2021, annotated by an *. The year-over-year increase in average monthly forecasted negative cash position compared to the same period in 2019-2020 is \$1,625,246.

Table 1 Annual Cash Forecast from October 2020 to September 2021. Table with 4 columns: Month-Year, Total Receipts, Total Disbursements, Negative Cash Position. Rows include monthly data from Oct-20* to Sep-21, and Total and Average rows.

Table 1 notes: *These are three-pay-period months which are excluded from the average because they cause inaccuracy with extreme fluctuation.

Tables 2 through 4, below, provide a 5-year, annualized analysis of ACERA's cash management.

Year	Total Contributions, Misc. Cash Receipts, etc.	Cash Draw from SSB*	Total Cash Inflow
2020	\$ 415,820,371	\$ 245,000,000	\$ 660,820,371
2019	401,756,315	232,000,000	633,756,315
2018	361,633,074	224,000,000	585,633,074
2017	335,099,875	217,350,000	552,449,875
2016	325,836,998	196,400,000	522,236,998

Table 2. Annualized inflow of total cash receipts. The Cash Draw from SSB, in the second column is the actual net cash drawn from ACERA's investment portfolio.

Year	Retiree Payroll, Accounts Payable, ACERA Payroll, etc.	Cash Return to SSB*	Total Cash Outflow
2020	\$ 600,067,420	\$ 63,013,096	\$ 663,080,516
2019	570,574,725	60,500,000	631,074,725
2018	534,704,781	66,503,646	601,208,427
2017	502,857,234	33,750,000	536,607,234
2016	475,743,162	45,900,000	521,643,162

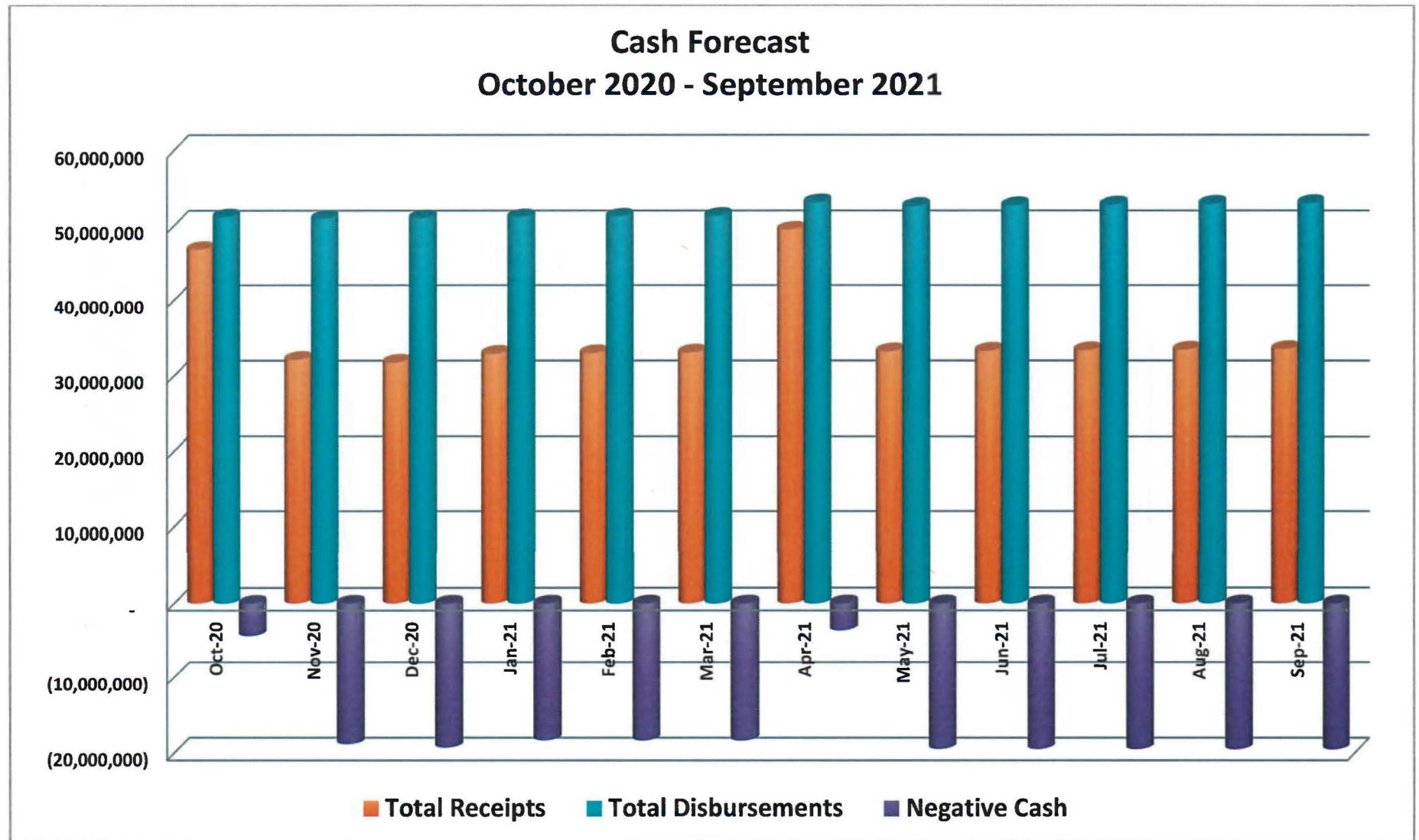
Table 3. Annualized outflow of retirement and benefit payments, accounts payable, and ACERA payroll. Excess cash (Cash Return to SSB column) is wired to the SSB HI1A account.

Year	Negative Cash	Net Cash Draw from SSB	Variance
2020	\$ (184,247,049)	\$ 181,986,904	\$ (2,260,145)
2019	(168,818,410)	171,500,000	2,681,590
2018	(173,071,707)	157,496,354	(15,575,353)
2017	(167,757,359)	183,600,000	15,842,641
2016	(149,906,164)	150,500,000	593,836

Table 4. Annualized Negative Cash position and the SSB Net Cash Draw. Due to timing differences and end-of-year balance differences, the net cash draw can fluctuate several hundred-thousand dollars in a year-over-year comparison.

* State Street Bank (SSB)

Conclusion: This information is not meant to be statistically inferential in nature; but rather, it presents facts about ACERA's negative cash position on a 5-year annualized basis. Future analysis of this information can be undertaken to evaluate specific tendency; however, the current presentation is intended to provide a factual assessment of the actual cash draw down of ACERA's investment portfolio.




**Board Member Conference Expense
Report as of September 30, 2020
For review under November 19, 2020
Board “Consent Calendar”**



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: November 19, 2020

TO: Members of the Board of Retirement

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Board Conference Expense Report

Attached for your review is the Board Conference and Training Expense Report. As of September 30, 2020, reported expenses were \$ 18,287.

**ACERA Trustees
Board Conference Expense Report
January 1, 2020 to September 30, 2020**

From	To	Attendee	Conference	Location	Total
02/10/20	02/11/20	Darryl Walker	Super Return US West	Century City, CA	\$ 1,488
03/04/20	03/05/20	Darryl Walker	SEO Conference & AICON (Alternative Investments Conference)	New York, NY	\$ 967
Darryl Walker Total					\$ 2,456
02/10/20	02/11/20	Elizabeth Rogers	Pension Bridge ESG Summit	San Diego, CA	\$ 891
07/29/20	07/29/20	Elizabeth Rogers	UC Berkeley Education-Sustainable Capitalism &	Online	\$ 1,250
Elizabeth Rogers Total					\$ 2,141
02/10/20	02/11/20	Henry Levy	Pension Bridge ESG Summit	San Diego, CA	\$ 977
03/09/20	03/09/20	Henry Levy	CII - 2020 Spring Master Class	Washington, DC	\$ 295
03/11/20	03/11/20	Henry Levy	CII - 2020 Spring Trustee Training	Washington, DC	\$ 2,740
06/24/20	06/24/20	Henry Levy	Sustainable Capitalism & ESG	Online	\$ 1,250
07/21/20	07/21/20	Henry Levy	Preparing for Your First Board Seat	Webinar	\$ 340
07/16/20	07/16/20	Henry Levy	Corporate Director Forum - Evolution in the Board Romm - Building a Data-Driven Culture	Virtual	\$ 25
07/21/20	07/21/20	Henry Levy	SACRS UC Berkeley Program	Virtual	\$ 500
09/23/20	09/23/20	Henry Levy	CII Bootcamp	Virtual	\$ 945
10/23/20	10/23/20	Henry Levy	(*) CALAPRS Trustees Round Table	Virtual	\$ 50
Henry Levy Total					\$ 7,122
02/10/20	02/11/20	Jaime Godfrey	Pension Bridge ESG Summit	San Diego, CA	\$ 1,071
03/04/20	03/05/20	Jaime Godfrey	SEO Conference	New York, NY	\$ 1,364
10/23/20	10/23/20	Jaime Godfrey	(*) CALAPRS Trustees Round Table	Virtual	\$ 50
Jaime Godfrey Total					\$ 2,485
10/23/20	10/23/20	Liz Koppenhaver	(*) CALAPRS Trustees Round Table	Virtual	\$ 50
Liz Koppenhaver Total					\$ 50
06/10/20	06/11/20	Ophelia Basgal	Investor Forum	Webinar	\$ 100
Ophelia Basgal Total					\$ 100
01/16/20	01/16/20	Tarrell Gamble	NASP - Diverse and Emerging Manager Forum	Chicago, IL	\$ 1,427
03/03/20	03/04/20	Tarrell Gamble	SEO Conference	New York, NY	\$ 1,247
03/17/20	03/17/20	Tarrell Gamble	Corporate Directors Forum - Essentials of Corporate Directorship	San Diego, CA	\$ 1,010
07/28/20	07/28/20	Tarrell Gamble	Corporate Director Forum - Board Bio Workshop	Virtual	\$ 199
10/23/20	10/23/20	Tarrell Gamble	(*) CALAPRS Trustees Round Table	Virtual	\$ 50
Tarrell Gamble Total					\$ 3,933
Grand Total					\$ 18,287

(*) Expenses prepaid before the end of September 2020


**Senior Manager Conference and Training
Expense Report as of September 20, 2020
For review under November 19, 2020
Board “Consent Calendar”**



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: November 19, 2020

TO: Members of the Board of Retirement

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Senior Managers' Conference and Training Expense Report

Attached is the year-to-date senior managers' conference and training expense report. As of September 30, 2020, reported expenses totaled \$12,327.

**ACERA Sr. Managers
SM Conference and Training Expense Report
January 1, 2020 to September 30, 2020**

From	To	Senior Manager	Training or Conference	Name	Amount
Trainings					
01/09/20	01/10/20	Betty Tse	Training	Pacific Center for Asset Management	\$ 979
Betty Tse Total					\$ 979
Conferences					
03/07/20	03/10/20	Dave Nelsen	Conference	CALAPRS General Assembly	\$ 1,381
08/03/20	08/12/20	Dave Nelsen	Conference	NASRA Virtual	\$ 395
09/30/20	09/30/20	Dave Nelsen	Conference	CALAPRS Virtual Administrators Institu	\$ 500
Trainings					
02/06/20	02/07/20	Dave Nelsen	Training	CALAPRS Roundtable	\$ 758
01/17/20	01/17/20	Dave Nelsen	Training	SACRS Legislative Committee Meeting	\$ 48
Dave Nelsen Total					\$ 3,082
Trainings					
06/01/20	06/01/20	Harsh Jadhav	Training	Cyber Vista/Kaplan	\$ 49
11/05/20	11/05/20	Harsh Jadhav	Training	GFOA GAAP Annual Update	\$ 125
Conferences					
01/24/20	01/28/20	Harsh Jadhav	Conference	Cybersecurity Conference	\$ 2,879
Harsh Jadhav Total					\$ 3,053
Conferences					
03/07/20	03/10/20	Kathy Foster	Conference	CALAPRS General Assembly	\$ 1,438
Trainings					
02/28/20	03/02/20	Kathy Foster	Training	Towers Watson Forum	\$ 1,386
Kathy Foster Total					\$ 2,824
Conferences					
09/30/20	09/30/20	Margo Allen	Conference	CALAPRS Virtual Administrators Institu	\$ 500
Trainings					
01/22/20	01/22/20	Margo Allen	Training	Communicating with Tact and Finesse	\$ 149
03/04/20	03/05/20	Margo Allen	Training	Enterprise Risk Management	\$ 1,445
02/21/20	02/21/20	Margo Allen	Training	HR Metrics: A Critical Measurement of the impact of Human Resources	\$ 195
Margo Allen Total					\$ 2,289
Trainings					
09/16/20	09/16/20	Jeff Rieger	Training	CALAPRS Virtual Attorneys Round Table	\$ 50
Jeff Rieger Total					\$ 50
Trainings					
09/16/20	09/16/20	Vijay Jagar	Training	CALAPRS Virtual Information Technology Round Table	\$ 50
Vijay Jagar Total					\$ 50
Grand Total					\$ 12,327


**Quarterly Report on Member
Under/Overpayments
For review under November 19, 2020
Board “Consent Calendar”**



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: November 19, 2020

TO: Members of the Board of Retirement

FROM: Jessica Huffman, Retirement Benefits Manager 

SUBJECT: **Quarterly Report on Member Underpayments and Overpayments**

Attached are the quarterly reports regarding member contributions and overpayments of retirement allowance due to death for the most current six-month period. The report regarding Staff errors contains the cases initially presented that have not yet been resolved, along with recently discovered errors. The information below provides more specifics in each of these categories.

Overpayments of Retirement Allowance Due to Death

This report provides any payments (including HRA (Health Reimbursement Arrangements) payments) made after the death of a retiree. In instances where a death is not reported timely, an overpayment occurs. For the six-month reporting period December 29, 2019 through June 27, 2020, 161 deaths occurred. There are 3 overpayments due to unreported deaths to report at this time. Staff is actively attempting to collect on these overpayments.

Staff Errors

There are no overpayments due to staff errors to report.

Overpayments and Underpayments of Member Contributions

This report, which is for the period December 29, 2019 through June 27, 2020, shows discrepancies in member contribution amounts resulting in an underpayment or overpayment above the \$50 threshold, average time to resolve, and an explanation of the error type. For this reporting period, staff identified 10 members who underpaid their mandatory employee contributions and 1 member who overpaid their mandatory employee contributions. Staff reviewed and resolved each of the 11 cases of incorrect payment. There were a total of 2,251 exceptions from all Participating Employers. The most common exception type was underpayments due to the Employers withholding retirement contributions based on the incorrect salary.

Attachments

**Overpayments of Retirement Allowance Due to Unreported Death
December 29, 2019 to June 27, 2020**

Benefit Type	Date of Death	Date ACERA was notified of Death	Last Check Issued	Net Receivable Owed	Staff's Comment
Service Retirement	4/26/2020	5/14/2020	4/30/2020	\$ 1,902.42	Staff initiated ACH reversal request with Well Fargo but was unsuccessful at collecting. Two unsuccessful attempts have been made to collect the overpayment from the family. Staff will continue to attempt collection of overpayment.
Survivorship	6/24/2020	7/9/2020	6/30/2020	\$3,087.03	Staff initiated ACH reversal request with Well Fargo but was unsuccessful at collecting. Two unsuccessful attempts have been made to collect the overpayment from the family. Staff will continue to attempt collection of overpayment.
Service Retirement	6/17/2020	7/16/2020	6/30/2020	\$1,186.76	Staff initiated ACH reversal request with Well Fargo but was unsuccessful at collecting. Two unsuccessful attempts have been made to collect the overpayment from the family. Staff will continue to attempt collection of overpayment.
Total Receivable				\$6,176.21	

**Active Members - Overpayments and Underpayments of Member Contributions
December 29, 2019 to June 27, 2020**

Alameda County					
	Amount	Date Discovered/Received	Date Completed	# of days to complete	Cause
Overpayments: 1	\$319.02	01/21/20	1/25/20	4	Employer Withheld Contribution Based on Incorrect Age
Underpayments: 1	\$507.50	6/14/20	6/17/20	3	Age Adjustment Due to Reciprocity
2	\$30.04	6/22/20	6/22/20	1	Employer Withheld Contribution Based on Incorrect Salary
Summary	<p align="center">Most Common Exception Type: Employer Withheld Contributions Based on Incorrect Salary Total Exceptions: 1098 % Above Exceptions of Total Exceptions: 0.27%</p>				

Alameda County Housing Authority					
	Amount	Date Discovered/Received	Date Completed	# of days to complete	Cause
Overpayments:	No Overpayments to Report				
Underpayments: 1	\$32.80	2/14/20	2/20/20	6	Employer Withheld Contribution Based on Incorrect Salary
Summary	<p align="center">Most Common Exception Type: Employer Withheld Contribution Based on Incorrect Salary Total Exceptions: 9 % Above Exceptions of Total Exceptions: 11.11%</p>				

Overpayments and Underpayments of Member Contributions – Continued

Alameda Health Systems					
	Amount	Date Discovered/ Received	Date Completed	# of days to complete	Cause
Overpayments:	No Overpayments to Report				
Underpayment: 1	\$62.16	2/14/20	2/21/20	7	Employer Withheld Contribution Based on Incorrect Salary
Summary	Most Common Exception Type: Employer Withheld Contribution Based on Incorrect Salary Total Exceptions: 635 % Above Exceptions of Total Exceptions: 0.16%				

First 5 Alameda County					
	Amount	Date Discovered/ Received	Date Completed	# of days to complete	Cause
Overpayments	No Overpayments to Report				
Underpayments	No Underpayments to Report				
Summary	Most Common Exception Type: N/A Total Exceptions: 10 % Above Exceptions of Total Exceptions: 0.00%				

Overpayments and Underpayments of Member Contributions – Continued

Alameda County Superior Courts					
	Amount	Date Discovered/ Received	Date Completed	# of days to complete	Cause
Overpayments:	No Overpayments to Report				
Underpayments: 1	\$152.96	12/26/19	1/5/20	8	Employer Withheld Contribution Based on Incorrect Salary
2	\$174.97	6/22/20	6/25/20	3	Employer Withheld Contribution Based on Incorrect Salary
3	\$171.98	6/24/20	6/29/20	5	Employer Withheld Contribution Based on Incorrect Salary
4	\$174.97	6/26/20	6/26/20	1	Employer Withheld Contribution Based on Incorrect Salary
5	\$245.55	6/26/20	6/26/20	1	Employer Withheld Contribution Based on Incorrect Salary
6	\$697.97	6/26/20	6/26/20	1	Employer Withheld Contribution Based on Incorrect Salary
Summary	Most Common Exception Type: Employer Withheld Contribution Based on Incorrect Salary Total Exceptions: 494 % Above Exceptions of Total Exceptions: 1.21%				

Overpayments and Underpayments of Member Contributions – Continued

Livermore Area Recreation and Park District					
	Amount	Date Discovered/ Received	Date Completed	# of days to complete	Cause
Overpayments	No Overpayments to Report				
Underpayments	No Underpayments to Report				
Summary	Most Common Exception Type: N/A Total Exceptions: 5 % Above Exceptions of Total Exceptions: 0.00%				

**3rd Quarter 2020 Call Center Report
For review under November 19, 2020
Board “Consent Calendar”**



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: November 19, 2020
TO: Members of the Operations Committee
FROM: Ismael Piña, Assistant Benefits Manager
SUBJECT: **3rd Quarter 2020 Call Center Report**

Attached is the Service Level Report for the third quarter of 2020. Our service levels continue to exceed our benchmark. The team handled a total of 2,917 incoming calls this past quarter, 94.3% of which were answered within 60 seconds. The team also responded to a total of 626 member voicemails within 1 business day or less.

The matrix below provides the five highest call volume categories for the 2nd and 3rd quarters of 2020.

Q2 2020 Highest Volume	Categories of Calls		Q3 2020 Highest Volume	Categories of Calls
35%	Retirement/Counseling /Job Status Change Related Q's		34%	Retirement/Counseling/ Job Status Change Related Q's
28%	Retiree Payroll Change Requests		23%	Retiree Payroll Change Requests
20%	Health/Dental/ Vision related Q's		21%	Health/Dental/ Vision related Q's
9%	Award Letter/EFT Statement/1099R Requests		13%	Award Letter/EFT Statement/1099R Requests
8%	Death Benefits		9%	Web Member Services Related Q's

Attachment

ACERA

YTD 2020 Member Services and Reception Service Level Report

Performance Indicators	Jan 2020		Feb 2020		Mar 2020		Apr 2020		May 2020		Jun 2020	
	Member	Reception	Member	Reception	Member	Reception	Member	Reception	Member	Reception	Member	Reception
KPI - Service Level	96.41%		97.57%		96.79%		95.28%		94.91%		93.60%	
Total Number of Call Offered	1544	366	1585	471	1438	472	608	143	606	167	581	156
ACD Agent Handled Calls	1450	360	1508	431	1369	439	537	141	552	155	544	143
Number of Abandoned Calls	27	8	22	11	21	35	21	2	13	11	9	9
Average Hold Time Before Abandon (minutes:seconds)	1:15	0:53	1:24	0:43	1:11	0:39	1:15	1:13	0:54	1:06	0:58	1:26
Abandon Call Rate (Goal: 3% or less)	1.60%	1.60%	1.30%	1.40%	0.00%	5.90%	3.50%	1.40%	2.10%	4.80%	1.00%	4.50%
Number of Interflow Calls	70	0	57	0	52	5	50	0	41	4	31	6
Interflow Rate (Goal: 3% or less)	4.53%	0.00%	3.60%	0.00%	3.62%	1.06%	8.22%	0.00%	6.77%	2.40%	5.34%	3.85%
Average Talk Time (minutes:seconds)	5:41	0:53	5:36	0:41	5:32	0:43	5:29	0:44	5:30	0:49	5:30	0:53

Performance Indicators	Jul 2020		Aug 2020		Sep 2020		Oct 2020		Nov 2020		Dec 2020	
	Member	Reception	Member	Reception	Member	Reception	Member	Reception	Member	Reception	Member	Reception
KPI - Service Level	90.89%		93.53%		96.80%							
Total Number of Call Offered	799	228	737	159	1211							
ACD Agent Handled Calls	705	217	657	152	1186							
Number of Abandoned Calls	17	6	14	6	25							
Average Hold Time Before Abandon (minutes:seconds)	0:54	1:00	1:00	1:21	1:07							
Abandon Call Rate (Goal: 3% or less)	1.95%	2.20%	1.90%	3.10%	2.06%							
Number of Interflow Calls	79	6	48	2	0							
Interflow Rate (Goal: 3% or less)	9.89%	2.63%	6.51%	1.26%	0.00%							
Average Talk Time (minutes:seconds)	5:53	1:06	6:32	1:22	4:55							

	2020
Total Member Calls	8508
Total Reception Calls	2038
TOTAL - Both	10546

ACERA transitioned over from our prior Call Center operations system to our new 8x8 platform on 8/24/2020. ACERA is now able to service our members while working on-site as well as remotely.

NEW BUSINESS

- 7.A. Virtual SACRS Fall Conference Business Meeting:**
- 1. Report on Proxy Vote on Business Meeting
Action Items at the Virtual SACRS Fall Conference.**

NEW BUSINESS

- 7.A. Virtual SACRS Fall Conference Business Meeting:**
- 2. Receive input from the Board on the LACERA legislative proposal to add COVID-19 to the list of presumptive illnesses for Disability Retirement.**



*Office of the Chief Executive Officer
Office of Administration*

DATE: November 19, 2020
TO: Members of the Board of Retirement
FROM: Dave Nelsen, Chief Executive Officer *DN*
SUBJECT: Request for Input on a Possible Legislative Proposal

The attached documents were included in the SACRS Business Meeting Packet. SACRS has requested that the systems provide input on the proposal from LACERA, before the SACRS Board considers bringing this to the full membership for a vote on sponsoring the proposal.

Please review the attached documents and provide any feedback to me regarding this proposal. I will forward that feedback on to the SACRS Board.

Enclosure: 1) LACERA Proposal

ENCLOSURE 1



5. SACRS Legislative Committee Update – No Action

Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA – SACRS Legislative Committee Co-Chairs

- A. 2020 Legislative Report – No Action
- B. Los Angeles CERA Proposal – No Action



October 21, 2020

To: SACRS Systems
Fr: SACRS Board of Directors
Re: COVID-19 Presumption for Disability Retirement Legislative Proposal

Attached please find a proposal brought forward by LACERA that was presented to the Legislative Committee at their September 18th meeting.

The proposal would establish an additional presumption for certain members who apply for disability retirement due to COVID-19.

After discussion and consideration by the Legislative Committee, the Committee ultimately recommended that SACRS not sponsor the legislation this upcoming session. There was concern among the committee members that creating a new COVID-19 presumption is considered a benefit enhancement. Historically, SACRS has taken the view that such issues should be decided by the plan sponsors and their employees.

The Legislative Committee's decision was discussed at the following SACRS Board meeting on October 12. The Board decided that at the November Business Meeting, the SACRS membership would discuss this proposal as a body once it has been reviewed by the member systems. The purpose of this packet is to inform the SACRS systems of the proposal on the table as well as the discussions held by the Legislative Committee and Board on the subject.

In the meantime, the proposal will be vetted further to determine language and the proposal's impact on plan sponsors and systems. After the systems have vetted the proposal and more of the specifics have been developed by LACERA, SACRS will consider the proposal further next year.



TO: SACRS ADMINISTRATORS AND RETIREMENT BOARD CHAIRS
FROM: Mike Robson and Trent Smith on behalf of SACRS Legislative Committee
SUBJECT: **SACRS 2021 LEGISLATIVE TIMELINES**

If you intend to propose legislation to be sponsored by SACRS, please return your request, EXPLAINED ON THE ATTACHED WORKSHEET, before August 30, 2020 to:

Mike Robson & Trent Smith
Edelstein, Gilbert, Robson & Smith LLC
1127 11th Street, Suite 1030
Sacramento, CA 95814

Email to both:

Mike@EGRSlobby.com

Trent@EGRSlobby.com

SACRS also encourages the use of the Legislative Proposal survey found on the SACRS website. <https://www.surveymonkey.com/r/sacrslegislativeproposals>

Below is the SACRS Legislative Committee calendar for soliciting legislative proposals from SACRS retirement associations for consideration in the 2021 Legislative Session:

July 3, 2020

Emailing of Committee request that retirement associations submit proposals for inclusion in the SACRS 2021 Legislative Platform.

August 30, 2020

Deadline for requests to be received by Edelstein, Gilbert, Robson & Smith LLC.

September 18, 2020

Date of Legislative Committee meeting at which requests will be discussed.

October 16, 2020

Legislative Committee will submit proposals, (both those that the Legislative Committee recommends by inclusion in SACRS Legislative Platform, and other proposals received) to all retirement associations for consideration.

November 13, 2020

Those legislative proposals recommended by the Legislative Committee, as well as other proposals, will be discussed at the SACRS Fall Conference.

2021 SACRS LEGISLATIVE PLATFORM WORKSHEET
PLEASE COMPLETE AND RETURN BY AUGUST 30, 2020

Title of Issue: COVID-19 Disability Retirement Presumption

Association: LACERA

Contact Person: Barry Lew

Phone #: 626-564-2370

Fax #: N/A

Please answer the following questions as fully as possible:

1. Description of issue.

A member who applies for service-connected disability retirement generally has the burden of proving that his or her permanent incapacity was the result of injury or disease arising out of and in the course of employment and that the employment contributed substantially to the incapacity.

However, for certain diseases and injuries, presumptions exist under the rationale that those diseases and injuries appear to be service-connected but would be difficult for a member to prove as being service-connected.

Given the challenges of contact tracing¹ due to the increasingly widespread nature² of the COVID-19 pandemic, there may be cases where members contracted COVID-19 and became permanently incapacitated but have difficulty proving that the disease arose out of and in the course of employment.

2. Recommended solution.

A rebuttable presumption related to a service-connected permanent incapacity due to COVID-19 would provide that members are presumed to have contracted COVID-19 arising out of and in the course of employment, unless the presumption is controverted by other evidence.

¹ Steinhauer, J., & Goodnough, A. (2020, July 31). Contact Tracing Is Failing in Many States. Here's Why. *New York Times*. <https://www.nytimes.com/2020/07/31/health/covid-contact-tracing-tests.html>; Petersen, M. (2020, July 31). L.A. County's Tracing Team Repeatedly Failed to Detect Coronavirus Outbreaks at Workplaces. *Los Angeles Times*. <https://www.latimes.com/california/story/2020-07-31/la-contact-tracers-struggle-to-keep-up-with-coronavirus-cases>

² The Johns Hopkins Center for Health Security. (2020, July 29). *Resetting Our Response: Changes Needed in the US Approach to COVID-19*. https://www.centerforhealthsecurity.org/our-work/pubs_archive/pubs-pdfs/2020/200729-resetting-our-response.pdf

Although an award of workers' compensation benefits does not necessarily mean that a member also qualifies for disability retirement benefits under CERL, courts have found that the two types of benefits are related in subject matter and harmonious in purpose.

There are currently three workers' compensation bills (AB 196, AB 664, and SB 1159) in the California Legislature that provide a disputable presumption for COVID-19-related injuries that can assist us in the formulation of a new disability retirement presumption. Each bill uses different approaches as noted in the staff memo dated August 4, 2020 to the IBLC. However, SB 1159 appears to be the most comprehensive of the three bills in that it codifies Governor Newsom's Executive Order N-62-20, which provided a COVID-19 presumption for workers' compensation benefits for a specified period of time that has since expired for essential workers, and provides a presumption after that period for employees who are safety members and health care workers whose jobs cannot be done remotely and require contact with members of the public and who may be at higher risk of contracting COVID-19.

Therefore, the proposed COVID-19 presumption for disability retirement in CERL is modeled after the provisions of SB 1159 and CERL's existing disability retirement presumption that deals with other infectious diseases. The proposed presumption would apply to members in county service during the period of March 19, 2020—July 5, 2020 who are considered essential workers and were unable to shelter in place by working remotely.

Beginning July 6, 2020, the workers' compensation presumption expired. However, SB 1159 extends the presumption on and after this date for safety members and certain health care workers whose jobs require contact with members of the public potentially infected with the coronavirus. The proposed disability retirement presumption follows this rationale by designating county workers whose jobs cannot be done remotely but require contact with the public and who may be at higher risk of contracting COVID-19.

If this proposal is enacted in the 2021 legislative year, it will be effective January 1, 2022. However, there may be disability retirement applications for COVID-19-related illnesses that are filed before the effective date of the presumption. The proposal would provide that the presumption applies to new and pending applications as of the effective date and that the board may reconsider COVID-19-related applications that were denied before the effective date.

3. Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers.

Add a new Section 31720.10:

(a) If a member becomes ill or dies due to a COVID-19-related illness, the illness so developing or manifesting itself in those cases shall be presumed to arise out of, and in the course of, employment. The illness so developing or manifesting itself in those cases shall in no case be attributed to any illness

existing prior to that development or manifestation.

(b) Any member described in subdivision (a) permanently incapacitated for the performance of duty as a result of a COVID-19-related illness shall receive a service-connected disability retirement.

(c) The presumption described in subdivision (a) is rebuttable by other evidence. Unless so rebutted, the board is bound to find in accordance with the presumption. The presumption shall be extended to a member following termination of service for a period of 14 days.

(d) “COVID-19” means the coronavirus disease 2019 caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

(e) “Member” means a person—

(1) (A) in county service on or after March 19, 2020, and on or before July 5, 2020, who was designated by the State Public Health Officer in a list of essential critical infrastructure workers in accordance with the Governor’s Executive Order of March 19, 2020 (Executive Order N-33-20); and

(B) who is diagnosed with COVID-19 within 14 days after a day on or after March 19, 2020, and on or before July 5, 2020 that the person performed labor or services at the person’s place of employment at the employer’s direction. For the purpose of this subdivision, “person’s place of employment” does not include a person’s home or residence.

(2) (A) in county service on or after July 6, 2020, who is a safety member, firefighter, member active in law enforcement, county probation officer, nurse or physician who provides direct patient care at a health facility, or a custodial employee in contact with COVID-19 patients at a health facility; and

(B) who is diagnosed with COVID-19 within 14 days on or after July 6, 2020 that the person performed labor or services at the person’s place of employment at the employer’s direction. For the purpose of this subdivision, “person’s place of employment” does not include a person’s home or residence.

(f) This section applies to new and pending applications for disability retirement. This section also applies to applications for disability retirement due to COVID-19 that the board denied prior to the effective date of this section but in its discretion may reconsider after the effective date of this section.

4. Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association?

The current disability retirement presumptions apply to all SACRS systems and not just to any individual retirement system. The proposed presumption would also apply to all SACRS systems.

5. Do you anticipate that the proposed legislation would create any major problems such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations?

The proposed legislation should not cause any conflicts with Proposition 162 or any administrative issues with the other SACRS retirement associations.

6. Who will support or oppose this proposed change in the law?

Support: labor organizations. Opposition: plan sponsors and plan sponsor organizations such as the California State Association of Counties, Urban Counties of California, and Rural County Representatives of California.

7. Who will be available from your association to testify before the Legislature?

Barry Lew and Joe Ackler.

Email or mail your legislative proposals to:

Mike Robson and Trent Smith
Edelstein, Gilbert, Robson, & Smith LLC
1127 11th Street, Suite 1030
Sacramento, CA 95814

Email to both:

Mike@EGRSlobby.com

Trent@EGRSlobby.com

COVID-19 Presumption for Disability Retirement Fact Sheet

Summary

The County Employees Retirement Law of 1937 currently has four presumptions that certain injuries and diseases arise out of and in the course of employment for purposes of determining a service-connected disability retirement for certain members: heart trouble, cancer, blood-borne infectious diseases, and exposure to biochemical substances.

This proposal would establish an additional presumption for certain members who apply for disability retirement due to COVID-19 that the disease arose out of and in the course of employment.

Background

Members who apply for service-connected disability retirement generally have the burden of proving that their permanent incapacity was the result of injury or disease arising out of and in the course of employment and that the employment contributed substantially to the incapacity.

Presumption of Service Connection

For certain injuries and diseases, presumptions exist under the rationale that those injuries and diseases appear to be service-connected but would be difficult for members to prove as being service-connected. Although the presumption relates to the service connection of the injury or disease, members are never presumed to be permanently incapacitated and have the burden of proving permanent incapacity.

Disability Retirement Benefits

A disability retirement provides benefits to members whose careers are cut short by permanent incapacity and who may not qualify for a service retirement. However, for those disabled members who are eligible for a service retirement, their disability retirement benefit may be equal to a service retirement benefit.

Service-connected disability retirement: the benefit is the greater of 50 percent of final compensation or a service retirement benefit. The benefit is tax excludable, and survivors receive 100 percent of the benefit.

Nonservice-connected disability retirement: the benefit is the greater of a service retirement

benefit or, depending on the member's age and service, a benefit that is up to 1/3 of final compensation. The benefit is not tax excludable, and survivors receive 60 percent of the benefit.

Issue

Members who contract COVID-19 on the job and become permanently incapacitated may be granted a service-connected disability retirement.

Given the challenges of contact tracing due to the increasingly widespread nature of the COVID-19 pandemic, there may be cases where certain members in high-risk jobs contracted COVID-19 at work and became permanently incapacitated but have difficulty proving that the disease arose out of and in the course of employment.

Solution

A rebuttable presumption related to COVID-19 would provide that certain members who contracted COVID-19 are presumed to have contracted the disease arising out of and in the course of employment, unless the presumption is controverted by other evidence.

The presumption would apply to members who were essential workers during the time period defined in Governor Newsom's Executive Order N-62-20 (March 19, 2020 – July 5, 2020), which provided a presumption for COVID-19 for workers' compensation claims. Beginning July 6, 2020, it would apply to safety members and certain health care workers who may be at higher risk of contracting COVID-19 because their jobs cannot be performed remotely and require frequent contact with members of the public.

The proposal would apply to new and pending disability retirement applications as of its effective date of enactment into law and would provide that a retirement board may reconsider COVID-19-related applications that were denied prior to the effective date.

Contact

Barry Lew, LACERA
blew@lacera.com

NEW BUSINESS

7.B. Chief Executive Officer's Report.



*Office of the Chief Executive Officer
Office of Administration*

DATE: November 19, 2020
TO: Members of the Board of Retirement
FROM: Dave Nelsen, Chief Executive Officer *DN*
SUBJECT: **Chief Executive Officer's Report**

Senior Manager Recruitment

None.

Committee/Board Action Items

ASSIGNED FOLLOW-UP ITEMS

Follow-Up Board Item	Assigned Senior Leader	Estimated Completion Date	Completion Date	Notes
Schedule Joint Board of Supervisors and Board of Retirement meeting.	Dave Nelsen	Spring of 2020		The meeting was scheduled for 3/24/2020. It was canceled due to the COVID-19 crisis. This will be rescheduled to a later date.
Develop ACERA Re-Opening Plan.	Dave Nelsen	July 2020		The general guidelines of the plan have been developed and implemented. We are responding to changes as necessary based on new information.
Develop Financial Conflict of Interest Training	Jeff Rieger	December 2020		This is to provide an update to the guidelines regarding financial conflict of interest issues. Given the lack of SACRS training at the conferences and a recent high profile incident at CalPERS, it is a good time to retrain on our responsibilities in this area.

Conference/Event Schedule

None.

Other Items

COVID-19 Responses

Given the increasing case count of COVID-19 locally and nationally, the current Shelter-in-Place Order remains in place, and will likely remain in place well into 2021. Our protocols and infrastructure to accommodate protection and safety guidelines for employees and customers remain in place. These protocols include but are not limited to the following:

- *Implementing a **daily employee health self-assessment certification** protocol at the worksite, which must be completed by each employee upon entering the worksite.*
- *Requiring **face coverings** to be worn by all individuals within the workspace.*
- *Implementing **physical distancing** requirements at each worksite.*
- *Implementing **cleaning and sanitization** practices for all high-traffic and high-touch areas.*
- *Modifying the reception desk area, break rooms and conference rooms to accommodate physical distancing requirements.*
- *Ensuring PPE is available as needed.*
- *Installing a secure document reception box outside the reception area on the 10th floor to limit customer interaction for routine business.*
- *Installing an electronic sign-in process for customers upon their return to building access.*
- *Installing plexi-glass shields at the front desk area.*

At this point, the majority of team members are working from home. Our on-site presence is limited to mail handling and imaging, IT support, occasional benefits team members, and management. The County continues to support and promote as much work from home activity as your business allows. As always, we are taking into account the safety of our team members and our customers, while still providing value added services.

Pension Administration System Update

The project is continuing to work through design phase. We met a significant number of design milestones at the end of July, and LRS has begun programming those designs into the software. We have met with the Participating Employers on our Pension Administration System Replacement Project. This new system will require some changes for our employers, but will also give them great new tools to better manage the quality of the data transmitted to ACERA. We are working with the County to participate in a pilot effort to work through some of these design changes. The bulk of this work will be early next year, and won't be operational until the entire system is up and running in 2023.

Personnel Items and Budget

We are moving forward with filling certain vacancies within the organization. We interviewed for Retirement Technicians, and have hired a Staff Development Specialist. This person was hired as a project employee and will develop standardized training plans for our employees, starting with retirement technicians. Betty will be returning December 1st.

Customer Service Updates

We continue to refine our virtual capabilities to meet our customers' needs. Call Center team members have trained on new software to allow live Call Center management from home. We have implemented expanded live Call Center hours effective August 31st. We are now answering live calls Monday through Friday, from 9 a.m. to 3 p.m., and folks are able to do this work from home, lessening our at-work risk. During times where calls are not answered live, we continue to provide same day turnaround on the vast majority of voicemails and emails. The Customer Service team members have rolled out Zoom counseling sessions, as well as a large number of on-line options for document management, completion, and transmission.

We have not opened the building to on-site customer interactions; however, customers can come on-site to drop off documents if they cannot do so electronically. We have a secure document drop box outside the reception area on the 10th floor to minimize unnecessary contact or interactions. We have focused on refining our virtual processes and will look at a physical re-opening as need increases and circumstances improve.

CLOSED SESSION

12. A. Government Code Section 54957(b)(1): Public Employee Evaluation (Chief Executive Officer).

IF THERE ARE ANY MATERIALS TO BE DISTRIBUTED FOR THE ABOVE-REFERENCED MATTER, IT WILL BE DISTRIBUTED UNDER SEPARATE COVER.