



Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

OPERATIONS COMMITTEE/BOARD MEETING
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.

Wednesday, June 3, 2020
9:30 a.m.



HOW TO PARTICIPATE	COMMITTEE MEMBERS	
The public can view the Teleconference and comment via audio during the meeting. To join this Teleconference, please click on the link below: https://zoom.us/join Meeting ID: 881 6796 3345 Password: 846239 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	OPHELIA BASGAL, CHAIR	APPOINTED
	LIZ KOPPENHAVER, VICE CHAIR	ELECTED RETIRED
	DALE AMARAL	ELECTED SAFETY
	JAIME GODFREY	APPOINTED
	ELIZABETH ROGERS	ELECTED GENERAL

Should a quorum of the Board attend this meeting, this meeting shall be deemed a joint meeting of the Board and Committee.

The order of agenda items is subject to change without notice. Board and Committee agendas and minutes are available online at www.acera.org.

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

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

OPERATIONS COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 2 of 2 – Wednesday, June 3, 2020

Call to Order: 9:30 a.m.

Public Input

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

1. Discussion and Possible Motion to approve Service Provider Policy Deferment Request for Commercial Banking

- Margo Allen

Recommendation

Staff recommends that the Operations Committee recommend to the Board of Retirement to approve Service Provider Policy deferment request for ACERA's commercial banking institution.

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

1. Operating Expenses as of April 30, 2020

- Margo Allen

2. Update on Disability Cases Provided by Managed Medical Review Organization (MMRO)

- Kathy Foster

3. Technology Update

- Vijay Jagar

Future Discussion Items

Trustee Remarks

Establishment of Next Meeting Date

August 5, 2020, at 9:30 a.m.

Adjournment

**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



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: June 3, 2020

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer

SUBJECT: **Service Provider Policy Deferment Request for Commercial Banking**

Executive Summary

On June 3, 2020, staff will request the operations committee consider a policy deferment for ACERA's commercial banking institution from the 5-year Request for Proposal (RFP) mandate set forth in the Board of Retirement's Service Provider Policy (November, 9, 2017). The justification centers on the fact that ACERA has made significant investment in resources to achieve its current level of banking efficiency; therefore, switching the commercial banking provider at this point in time does not seem prudent given how it would jeopardize the gains in economies of scale¹ staff has managed to achieve over the past four. Additionally, staff throughout the organization are not well positioned to absorb the additional work required to switch commercial banking institutions, claims supported within the accompanying analyses (see Exhibits 1 – 3, pages 3 - 9).

Exhibits 1 -3 provide the results of thoughtful analyses provided by staff. For review and context, this request is framed in the aforementioned exhibits as follows:

- Exhibit 1: A qualitative cost benefit analysis outlining lost costs and learning curve assumptions (see pages 3 - 4)
- Exhibit 2: A risk analysis and assessment outlining operational risk assumptions (see pages 5 - 6); and
- Exhibit 3: A six-year quantitative banking analysis to provide justification for deferment request to the Board of Retirement's (BOR) service provider policy, as well as, a high-level but comprehensive view of ACERA's commercial banking transaction structure to provide more in-depth understanding of the scope of work involved in switching a commercial banking institution and to guide the rationale and justification for this deferment request (see pages 7 – 9)

Wells Fargo Bank (WFB) is currently ACERA's commercial banking institution. The BOR service provider policy states that "ACERA will not contract with the same Board Approved Service Provider or General Service Provider for more than five (5) consecutive years without Board Approval" (November, 9, 2017).

Notwithstanding, for the past 4 years, staff and the WFB commercial services team have been actively engaged in advancing and improving ACERA's commercial banking service and

¹ ACERA has achieved **economies of scale** by increasing production and lowering costs due to technology solutions and automation. .

experience. That is, WFB commercial services has worked collaboratively to upgrade banking interfaces, to expand and improve product offerings, to flatten and in some cases eliminate, monthly banking and transactional costs. Notable service areas where WFB has really performed outstandingly include:

- Relationship Management
- CEO Portal Services
- Treasury Management
- Commercial Credit Card Services
- Vendor Electronic Payment Services, and
- Consulting

In addition to analysis, staff completed due diligence in the following two areas:

- A SACRS Survey (Commercial Banking RFP and Service Cost Comparison)
- A Banking Treasury Management Search Services Proposal (Segal-Marco Advisors)

Two separate SACRS surveys were conducted among other 37' Act plans to assess a). How ACERA's commercial banking costs compared against similarly situated plans; and b). Inquiry as to whether other plans had recently conducted a commercial banking RFP. The results of the two surveys' are as follows:

Commercial Banking RFP. The commercial banking RFP survey's lead question asked if an RFP for a commercial bank had recently been conducted (in the last 12 to 24 months). If affirmative, the respondent was directed to the next series of questions. The response rate for this survey was 80% or 15/19. The results were unanimous—no other 1937 Act plan had recently conducted a commercial banking RFP. The results make it difficult to gather information, references and/or conduct a comparative analysis.

Commercial Banking Costs. The commercial banking cost survey was limited in scope in that it only included San Mateo, Sacramento, and Contra Costa counties, since these plans are the most similarly situated to ACERA in relative size. The results of this survey revealed that ACERA is an outlier, in that, of the four plans, ACERA is the only plan with commercial banking services wholly independent of the respective county treasurer's office. The results make it difficult to conduct a comparative analysis.

Banking Treasury Management Search Services Proposal (Segal-Marco Advisors): Staff obtained a written proposal from Segal-Marco Advisors for conducting a banking treasury management RFP. The total search project cost is estimated in to be in \$40,000 - \$65,000 range (plus travel expenses).

Recommendation

Staff recommends the Operations Committee recommend that the Board of Retirement approve staff's request for a three-year policy deferment for the 5-year Request for Proposal (RFP) mandate set forth in the Board of Retirement's Service Provider Policy to conduct an RFP for ACERA's commercial banking institution.

EXHIBIT 1 Qualitative Cost Benefit Analysis

A qualitative cost benefit analysis² is used to assist in explaining staff's position that ACERA *should not* conduct a commercial banking RFP in 2020. Broadly stated--*The benefit of switching ACERA's commercial banking institution at this time does not outweigh the cost, the risk, and the overall expenditure of resources required to achieve a successfully outcome.* For most business decisions, it is beneficial to determine the financial feasibility (quantitative analysis) of a decision; however, oftentimes it is equally beneficial to consider the qualitative factors that impact a decision. Therefore, staff has chosen to lead this discussion with a qualitative cost-benefit analysis to factor all opportunity costs (gains or losses) into the decision-making process and to raise point about alternative implications that should be realized when choosing one alternative over another. In this case, staff believes there are opportunity gains in foregoing the RFP as a result of choice or decision. Factoring in lost costs and learning curve risks allows the board to weigh the benefits of an alternative course of action and not merely pursue a standard path as a matter of policy.

Sunk Cost Rationale: ACERA has expended significant fixed/sunk costs into achieving the current level of technology integration and automation it experiences with its commercial banking services and internal workflows. It could be viewed as fiscally irresponsible to again levy those expenditures on stakeholders just to satisfy a policy term limit. Here are four reasons:

First: Staff time aside, switching costs (see below) would be compounded by outside sources, for example, the general ledger and pension administration system vendors (Great Plains and Levy, Ray & Shoup [LRS], respectively) would need to "retool" there services to meet the requirements of a new banking platform.

Second: Any economies of scale gained by transferring vendor accounts to electronic payment would be lost and require significant effort to reestablish.

Third: Accounting workflows in the OnBase ERP³ system would need to be revised.

Foremost: The compendium of efficiencies staff has collectively and successfully developed over the last four years would have to replicated and rebuilt at a significantly higher cost.

Switching Costs [differentiated only by timing, become sunk costs at the termination of a project] for this analysis include staff and service providers' time to decommission the operations and processes of the current banking services platforms, but also comprise staff and service providers' time to operationalize

² Qualitative cost benefit analysis is a widely accepted methodology used for evaluating complex and *emergent* opportunities. It is best used when conventional quantitative methodologies present challenges due to ill-defined boundaries making counter-factual approaches to attribution inadequate and the use of standardized outcome measures problematic (Rogers, 2009)

³ OnBase Enterprise Resource Planning (ERP) system is ACERA's business process management software that allows staff to use a system of integrated applications to manage the business and automate many back office functions related to technology, operations, services, and human resources.

EXHIBIT 1
Qualitative Cost Benefit Analysis (Continued)

the new banking services platforms, which include, but are not limited to activities and procedures that duplicate testing and production environments for all of ACERA's major business and administrative support systems which could require 6 to 12 months to complete given the business and financial cycles.

Learning Curve Rationale: In addition to cost, there is a steep learning curve associated with changing commercial banking services, platforms, and relationships. The learning curve also referred to as the experience curve, the cost curve, the efficiency curve, or the productivity curve provides additional insight and rationale as to why the board should consider a deferment.

The learning curve exacerbates cumulative opportunity losses associated with sunk and switching costs. The learning curve is an important consideration for understanding *cumulative experience in the production of services, as over time production of services increases efficiency in the use of inputs such as staff time, familiarity with business and banking process set ups, banking file formats and reconciliation reports, understanding the look and feel of banking portals and computer screen environments, and familiarization with well-defined and established procedure, etc.; thereby lowering the cost per banking transaction.* Corollary, the learning curve presents significant challenges and poses “high” risk and “high” probability of unforeseen delays, expenses, and interruptions to member services due to inexperience with new services, platforms, and relationships. These identified risks are inherently associated with switching commercial banking services at any point in time; however, they are compounded by the fact that normally *available* resources, which are “one and the same” resources needed and committed to testing and evaluating the Pension Administration System (PAS) upgrade project will be diverted away from the PAS project to complete the commercial banking institution switch.

EXHIBIT 2 Risk Assessment

As stated previously, a risk assessment is intended to provide the board with additional rationale and insight into why it should consider granting an RFP deferment. As commonly understood, a risk assessment provides a systematic examination of a process, project, or *decision* and is carried out for the purpose of identifying the hazards associated with action or with inaction. In this case, staff is requesting the board consider deferment action to reduce the extreme inherent risk associated with attempting to complete two competing and extremely resource laden projects at the same time to an acceptable level of risk. It is staff's opinion that attempting to simultaneously complete the PAS upgrade and the commercial bank switch is not practical; moreover, it is risky.

Risk Ranking: Applying the well-known risk ranking assessment (i.e., Impact and Likelihood ranking criteria, using a five-point scale). Staff has ranked the inherent risk associated with the simultaneous multitasking of the many complex activities required for these two projects as a (5, 5). That is, **high risk impact (5)**, meaning there is significant risk which could cause catastrophic failures and may force staff to terminate or sacrifice other essential PAS project activities; and, **high risk likelihood (5)**, meaning there is significant risk of resource shortages, business and operational errors, and/or member service disruption and delays. Staff is careworn, but carefully trying to control the risk involved with the PAS upgrade and its associated business changes, challenges, and controls, adding additional risk to an already highly complex and involved project would not be practical or sensible and could expose staff, the board, and stakeholders to significant risk (See Illustration, Risk Factors Associated with Overly Complex Multitasking).

Risk Factors Associated with Overly Complex Multitasking		
Staff	Board	Stakeholders
Multitask Burnout	Reputational Risk	Mistakes in Processing
Work Errors	Expense/Mistakes/Exposure	Delays and Disruptions
Stress Claims/Workers' Comp	Cost Overruns	Confidence and Trust Breaches
Absenteeism	Stakeholder Complaints	Retirement/ Benefit Payment Errors

Operational Excess: A far-reaching risk consideration for the board to recognize is operational excess. That is, the redundancy and complexity involved with setting up and running **simultaneous** testing and production environments for the financial and administrative systems, as well as the excess toll on productivity involved with having to **monitor** and **evaluate** testing and production environments is especially noteworthy. To better understand the complexity involved with operational excess, the table below illustrates the computer server redundancy environment needed to test new banking services (See Illustration, Computer Server Redundancy Environment).

EXHIBIT 2
Risk Assessment (Continued)

Operational Excess Risk (Computer Server Redundancy Environment)			
New Bank	New Bank	New Bank	New Bank
Test Server	Production Server	File Layout & Setup	Portal Services
Pension Gold V2	Pension Gold V2	Pension Gold V2	Pension Gold V2
Pension Gold V3	Pension Gold V3	Pension Gold V3	Pension Gold V3
Great Plains	Great Plains	Great Plains	Great Plains
<u>Wells Fargo Operations</u> OnBase System (Workflows)			

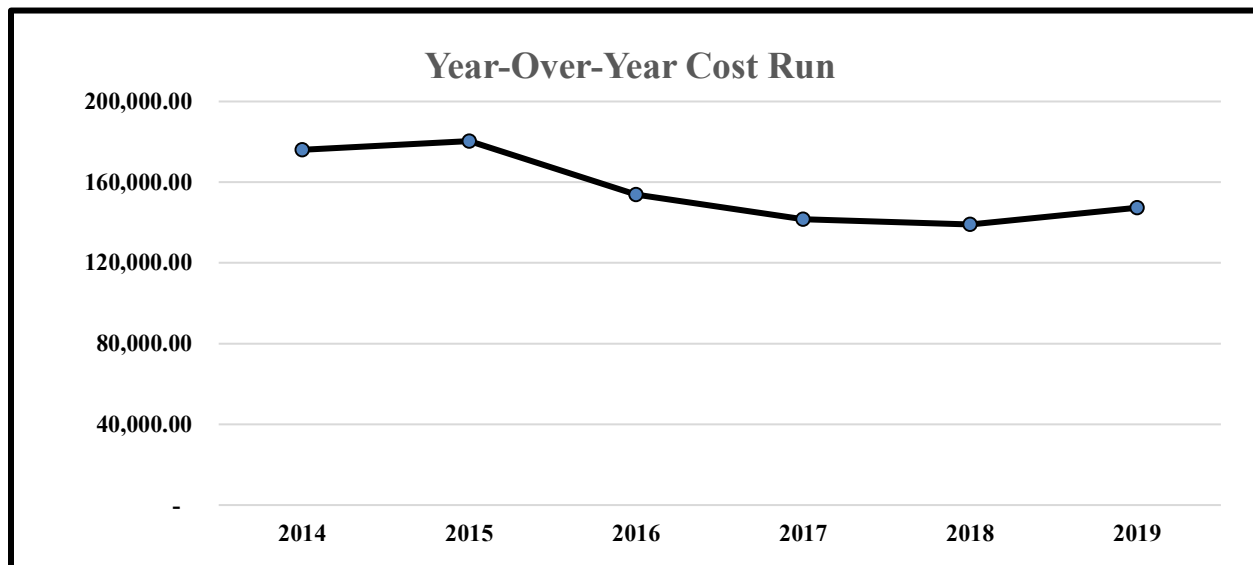
In addition to the aforementioned information, another overarching concern for senior management is the burden placed on the organization's technology and operational resources. As already stated, one of the greatest operational threats is costly delays to the PAS project. A conservative estimate is a 3 to 4 month delay, but a 6 month delay is more likely. Factoring the known variables and given all the unknown variables involved with completing a commercial banking conversion, a banking RFP at this point in time seems to be very risky endeavor.

EXHIBIT 3 Quantitative Banking Analysis

The section offers a six-year analysis of ACERA's commercial banking costs to provide a more thorough understanding of how staff has leveraged current technology integration and automation to gain efficiencies and cost reductions in its banking services.

ACERA's commercial banking costs have two primary cost component structures, that is, fixed and variable service costs⁴. Fixed costs comprise flat fees ACERA pays every month for banking services for five separate and different types of banking accounts. These costs are independent of the variable costs that ACERA pays every month for banking operations and transactional costs between and among the five different banking accounts. Table I, below, provides a six-year breakdown of ACERA's annual fixed, variable, and combined banking costs from 2014 to 2019.

Table 1						
ACERA Six-Year Banking Cost Run						
	2014	2015	2016	2017	2018	2019
Fixed Costs	\$45,481	\$47,141	\$25,519	\$19,714	\$20,622	\$21,915
Variable Costs	\$130,507	\$133,229	\$128,400	\$121,907	\$118,426	\$125,510
Bank Costs	\$175,988	\$180,370	\$153,919	\$141,621	\$139,048	\$147,425
Y-O-Y Change	---	3%	-15%	-8%	-2%	6%



It is relatively easy to see the point when the fiscal services department aggressively pursued a banking fee cost-cutting strategy. In 2016, the fiscal services staff embarked on a series of banking changes involving technology and automation to reduce ACERA's fixed and variable costs. Since

⁴ Fixed costs are the same regardless of transactional output; whereas, variable costs vary based on the amount of transactional output.

Service Provider Policy Deferment Request for Commercial Banking

2017, ACERA's fixed costs have remained relatively flat. The fluctuations in variable costs are composed of transactions that are required to support business operations, which include, but are not limited to the following transactions:

- Stop payment or cancel check
- ACH reversal or ACH delete items
- ACH payment batch release or ACH transmission
- ACH investigation
- Image view in CEO

Table 2					
ACERA Commercial Banking Transactions and Account Structure					
Concentration/Treasury Account ⁵	Fiscal	PRISM	Benefits	LRS	Armanino
▪ CEO ACH Fraud Filter – Stop	✓	✓			
▪ Payment Authorization	✓	✓			
▪ CEO Wires	✓	✓			
▪ Voice Wires	✓	✓			
▪ Commercial Card Services	✓	✓			
▪ AP Control	✓	✓			
▪ CCER	✓	✓			
▪ CEO Alerts	✓	✓			
▪ CEO Statements and Notices	✓	✓			
▪ CEO Transaction Search	✓	✓			
▪ CEO Treasury Information Reporting	✓	✓			
▪ Previous Day Composite	✓	✓			
▪ Sweep Account Position Report	✓	✓			
Deposits ⁶	Fiscal	PRISM	Benefits	LRS	Armanino
▪ CEO ACH Fraud Filter – Stop	✓	✓			
▪ Payment Authorization	✓	✓			
▪ Desktop Deposit	✓	✓			
▪ CEO Wires	✓	✓			
▪ CEO Statements and Notices	✓	✓			
▪ CEO Transaction Search	✓	✓			
▪ CEO Treasury Information Reporting	✓	✓			
▪ Intraday Composite	✓	✓			
▪ Previous Day Composite	✓	✓			
Disbursement ⁷	Fiscal	PRISM	Benefits	LRS	Armanino
▪ CEO ACH Fraud Filter – Review	✓	✓			
▪ Full – ARP with Image Positive Pay	✓	✓			
▪ Payee Validation	✓	✓			
▪ Via SAFE Transmission	✓	✓			✓
▪ ACH Payments	✓	✓			✓

⁵ Concentration/Treasury Account - This account is a sweeping and interest earning account. It captures all the banking activities for the fund, that is, transfers between the deposit and three disbursement accounts, as well as the treasury account. Bank fees are also taken out of this account. It controls all the funding, that is, funds are transferred out of it to cover the disbursement accounts, and funds are transfer in each day from the deposit account.

⁶ Deposit Account – All checks and incoming wires are deposit to this account.

⁷ Disbursement, Retiree Payroll, and Other Benefit Payment Accounts – These accounts disburse different types of payments, that is, AP, retiree payroll, and vendor payroll, taxes, and terminations.

Service Provider Policy Deferment Request for Commercial Banking


▪ ACH Vendor Payments	✓	✓			✓
▪ Payment Manager	✓	✓			
▪ CEO Wires	✓	✓			
▪ Voice Wires	✓	✓			
▪ Previous Day BAI	✓	✓			
▪ CEO Transaction Search	✓	✓			
▪ CEO Treasury Information Reporting	✓	✓			
▪ ARP Statements and Reports	✓	✓			✓
▪ Previous Day Composite	✓	✓			
Payroll ⁷	Fiscal	PRISM	Benefits	LRS	Armanino
▪ CEO ACH Fraud Filter – Review	✓	✓			
▪ Full-ARP with Image Positive Pay	✓	✓			
▪ Payee Validation	✓	✓			
▪ Via SAFE Transmission	✓	✓		✓	
▪ ACH Direct Origination	✓	✓			
▪ ACH Payments	✓	✓		✓	
▪ Payment Manager ⁸	✓	✓	✓	✓	✓
▪ WellsTAX	✓	✓			
▪ CEO Wires	✓	✓			
▪ Voice Wires	✓	✓			
▪ AACEO Transaction Search	✓	✓			
▪ CEO Treasury Information Reporting	✓	✓			
▪ ARP Statements and Reports	✓	✓		✓	
▪ Previous Day Composite	✓	✓			
Other Benefit Payments ⁷	Fiscal	PRISM	Benefits	LRS	Armanino
▪ CEO ACH Fraud Filter – Review	✓	✓			
▪ Full-ARP with Image Positive Pay	✓	✓			
▪ Payee Validation	✓	✓			
▪ Via SAFE Transmission	✓	✓		✓	
▪ Payment Manager	✓	✓		✓	
▪ CEO Wires	✓	✓			
▪ Voice Wires	✓	✓			
▪ CEO Transaction Search	✓	✓	✓		
▪ CEO Treasury Information Reporting	✓	✓			
▪ ARP Statements and Reports	✓	✓		✓	
▪ Previous Day Composite	✓	✓			

⁸ Payment Manager encompasses five mission critical payment files, that is, 1).Payroll Check File; 2).Payroll Advice (EFT) File; 3). Vendor Check File; 4). Accounts Payable Check File; and, 5) Direct Deposit (ACH)

MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: June 3, 2020

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Operating Expenses Budget Summary for the period ended April 30, 2020

ACERA's operating expenses are \$704K under budget for the period ended April 30, 2020. Budget overages and surpluses worth noting are as follows:

Budget Overage

1. *Professional Fees*: Professional Fees are \$5K over budget. This amount comprises overage in external audit of \$23K due to timing difference and legal fees of \$27K due to confidential professional services related to employment advice, which are offset by surplus in actuarial fees¹ of (\$36K) due to savings from last year accrual and operations consultant fees of (\$9K).

Budget Surpluses

2. *Staffing*: Staffing is \$419K under budget. This amount comprises surplus in staff vacancies of (\$132K) and fringe benefits of (\$395K), which are offset by overage in temporary staffing of \$108K due to vacant positions filled by temporary staff.
3. *Staff Development*: Staff Development is \$62K under budget due to savings from unattended staff trainings and conferences and delay in trainings and conferences caused by COVID-19.
4. *Office Expense*: Office Expense is 11K under budget. This amount comprises surpluses in office maintenance and supplies of (\$13K), printing and postage of (\$5K), bank charges and miscellaneous administration of (\$3K), equipment lease and maintenance of (\$1K) and minor equipment and furniture of (\$4K). Which are offset by overage in communication expenses of \$10K and building expenses of \$5K.
5. *Member Services*: Member Services are \$54K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$21K) and disability medical expense of (\$27K) due to reduction in number of disability cases, health reimbursement account of (\$1K), and members printing and postage of (\$6K), which are offset by overage in member training and education of \$1K.
6. *Systems*: Systems are \$46K under budget. This amount comprises surpluses in software maintenance and support of (\$41K) primarily due to timing difference caused by delay in the start of projects, business continuity expense of (\$4K) and minor computer hardware of (\$1K).
7. *Depreciation*: Depreciation is \$2K under budget, which is mainly related to the computer software.

8. *Board of Retirement:* Board of Retirement is \$115K under budget. This amount comprises surpluses in board conferences and trainings of (\$100K) primarily due to timing difference caused by delay in conferences due to COVID-19, board employer reimbursement of (\$3K), board compensation of (\$5K), board miscellaneous expenses of (\$6K) and board software maintenance and support of (\$1K).

Staffing Detail

Permanent vacant positions as of April 30, 2020:

Department	Position	QTY	Comments
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		5	

Attachments:

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



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

YEAR TO DATE - ACTUAL VS. BUDGET					
<u>April 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>% Actual to</u>
			<u>(Under)/Over</u>	<u>Budget</u>	<u>Annual Budget</u>
Staffing	\$ 4,716,303	\$ 5,134,820	\$ (418,517)	\$ 15,691,000	30.1%
Staff Development	63,838	125,435	(61,597)	482,000	13.2%
Professional Fees (Next Page)	473,261	467,920	5,341	1,215,000	39.0%
Office Expense	159,197	170,640	(11,443)	531,000	30.0%
Insurance	313,802	313,800	2	967,000	32.5%
Member Services	97,929	152,240	(54,311)	527,000	18.6%
Systems	341,235	387,400	(46,165)	1,128,000	30.3%
Depreciation	40,186	42,580	(2,394)	123,000	32.7%
Board of Retirement	140,611	255,300	(114,689)	660,000	21.3%
Uncollectable Benefit Payments	-	-	-	22,000	0.0%
Total Operating Expense	\$ 6,346,362	\$ 7,050,135	\$ (703,773)	\$ 21,346,000	29.7%



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
 PROFESSIONAL FEES
 YEAR TO DATE - ACTUAL VS. BUDGET
 April 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>
<u>Professional Fees</u>					
Consultant Fees - Operations and Projects ¹	\$ 109,487	\$ 118,600	\$ (9,113)	\$ 366,000	29.9%
Actuarial Fees ²	133,870	170,320	(36,450)	466,000	28.7%
External Audit ³	126,862	103,000	23,862	153,000	82.9%
Legal Fees ⁴	103,042	76,000	27,042	230,000	44.8%
Total Professional Fees	\$ 473,261	\$ 467,920	\$ 5,341	\$ 1,215,000	39.0%


	<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>
<u>1 CONSULTANT FEES - OPERATIONS AND PROJECTS:</u>					
Administration					
Benchmarking	-	10,000	(10,000)	20,000	0.0%
Total Administration	-	10,000	(10,000)	20,000	0.0%
Benefits					
Alameda County HRS (Benefit Services)	42,000	42,000	-	126,000	33.3%
Segal (Benefit Consultant/Retiree Open Enrollment)	41,820	41,000	820	123,000	34.0%
Dental and Vision Consulting	-	-	-	20,000	0.0%
Total Benefits	83,820	83,000	820	269,000	31.2%
Human Resources					
Lakeside Group (County Personnel)	25,667	25,600	67	77,000	33.3%
Total Human Resources	25,667	25,600	67	77,000	33.3%
Total Consultant Fees - Operations	\$ 109,487	\$ 118,600	\$ (9,113)	\$ 366,000	29.9%
<u>2 ACTUARIAL FEES</u>					
Actuarial valuation	38,500	38,500	-	77,000	50.0%
GASB 67 & 68 Valuation	-	-	-	48,000	0.0%
GASB 74 & 75 Actuarial	-	-	-	14,000	0.0%
Actuarial Standard of Practice 51 Pension Risk	-	30,000	(30,000)	60,000	0.0%
Supplemental Consulting	56,870	63,320	(6,450)	190,000	29.9%
Triennial Experience Study	18,000	18,000	-	36,000	50.0%
Supplemental Retiree Benefit Reserve valuation	20,500	20,500	-	41,000	50.0%
Total Actuarial Fees	\$ 133,870	\$ 170,320	\$ (36,450)	\$ 466,000	28.7%
<u>3 EXTERNAL AUDIT</u>					
External audit	119,279	87,000	32,279	129,000	92.5%
GASB 67 & 68	5,082	8,000	(2,918)	12,000	42.4%
GASB 74 & 75-External Audit	2,501	8,000	(5,499)	12,000	20.8%
Total External Audit Fees	\$ 126,862	\$ 103,000	\$ 23,862	\$ 153,000	82.9%
<u>4 LEGAL FEES</u>					
<u>Fiduciary Counseling</u>					
Nossaman	27,556	44,000	(16,445)	130,000	
Subtotal	27,556	44,000	(16,445)	130,000	21.2%
<u>Tax and Benefit Issues</u>					
Hanson Bridgett	6,093	12,000	(5,907)	40,000	
Subtotal	6,093	12,000	(5,907)	40,000	15.2%
<u>Litigation & Miscellaneous Legal Advice</u>					
Meyers Nave	55,542	16,008	39,534	48,023	
Nossaman	12,721	3,666	9,055	10,999	
Reed Smith	1,131	326	805	977	
Subtotal	69,393	20,000	49,393	60,000	115.7%
Total Legal Fees	\$ 103,042	\$ 76,000	\$ 27,042	\$ 230,000	44.8%



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: June 3, 2020

TO: Members of the Operations Committee

FROM: Kathy Foster, Assistant Chief Executive Officer 

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

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

Attachment

Status Report on Managed Medical Review Organization (MMRO)

Operations Committee Meeting
June 3, 2020
Kathy Foster – Assistant CEO



MMRO Performance - Standard Cases

Duration of time to review, exhibit, conduct member outreach before disability packet is distributed to applicant and employer for comment review period	Average 52 days
Duration of time from completion of comment period to production and receipt of medical recommendation report	Average 34 days

- Duration periods were calculated based on cases completed from June 1, 2019 to present
- Total days reduced from a total of 94 to 86 days when compared to the report previously provided to the Operations Committee in June 2019
- Cases included in average numbers did not need an Independent Medical Examination (IME), Peer Review, or submit additional records after the initial file was deemed complete

MMRO Performance (continued)

Completed Cases	33
Cases in Progress	15
Cases Requiring Annual Examination	16

Non-Standard Cases

Type of Cases	Number
Cases in need of IME, IPE or Peer Review ➤ These cases will take longer to process due to scheduling of examinations, receipt of report, review time of parties and final completion of medical recommendations	2
Employer Filed Applications ➤ These cases will take longer to process due to additional information needed to make a determination	1
Contested Cases ➤ The recommendation for these cases are being contested by the employer or the applicant and anticipated to be scheduled for hearing	1

Year-Over-Year Performance

	ACERA/ Dr. Wagner 2016 – 2017 Average	MMRO 2017 – 2018 Average	MMRO 2018 – 2019 Average	MMRO 2019 – 2020 Average
Phase 1 Exhibiting	263	69	54	52
Phase 2 Medical Advisor Report	45	28	40	34
<i>Total Days</i>	308	97	94	86

Technology Update

June 3, 2020
Vijay Jagar



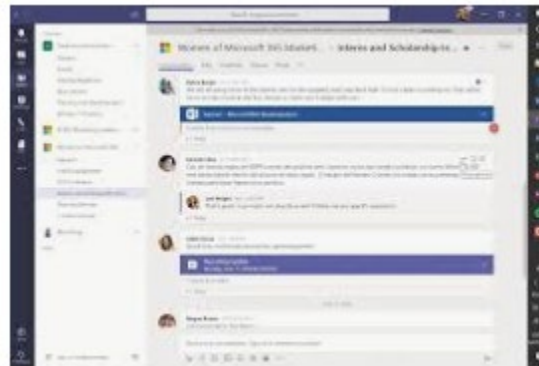
PRISM Updates

1. Work From Home
 1. Equipment
 2. Support
 3. Call Center
 4. Security
2. PAS
3. OnBase



Work From Home

- Equipment
- Support





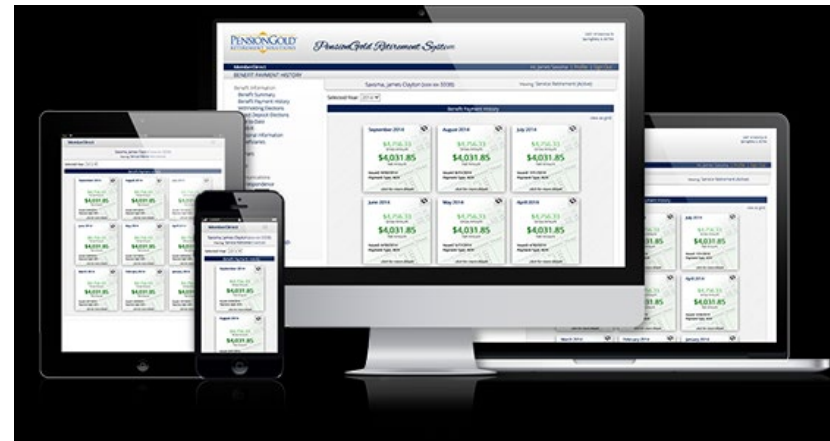
Work From Home (cont.)

- Call Center
 - Moving to the cloud
- Security
 - Restricting the flow of data



PAS

- Project workflow while working from home
 - Subject Matter Expert (SME) review of designs
 - Communication





OnBase

- Integration with PAS
- Bar Code Project
- Future enhancements



Questions?

