



Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

OPERATIONS COMMITTEE/BOARD MEETING
NOTICE and 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 5, 2019
9:30 a.m.

LOCATION	COMMITTEE MEMBERS	
ACERA C.G. "BUD" QUIST BOARD ROOM 475 14 TH STREET, 10 TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574	OPHELIA BASGAL, CHAIR	APPOINTED
	DALE AMARAL, VICE CHAIR	ELECTED SAFETY
	TARRELL GAMBLE	APPOINTED
	JAIME GODFREY	APPOINTED
	HENRY LEVY	TREASURER

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 5, 2019

Call to Order: 9:30 a.m.

Public Input

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

None

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, 2019

Report on the status of ACERA's budget vs. actual as of April 30, 2019

- Margo Allen

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

Staff will provide an update on the status of current disability retirement cases and performance of MMRO.

- Kathy Foster

3. 2019 Board of Retirement Elections

Staff will provide an update on the 2019 Board of Retirement elections

- Margo Allen

Future Discussion Items

Trustee Remarks

Establishment of Next Meeting Date

August 7, 2019, at 9:30 a.m.


Adjournment



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: June 5, 2019

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Operating Expense Budget Summary for the period ended April 30, 2019

ACERA's operating expenses are \$379K under budget for the period ended April 30, 2019. Budget overages and surpluses worth noting are as follows:

Budget Overages

1. *Professional Fees*: Professional Fees are \$38K over budget. This amount comprises overages in legal fees¹ of \$62K and external audit fees of \$29K due to timing difference, which are offset by surplus in operations consultant fees of (\$29K) due to timing difference and actuarial fees² of (\$24K) primarily due to saving from last year accrual.

Budget Surpluses

2. *Staffing*: Staffing is \$171K under budget. This amount comprises surplus in staff vacancies of (\$233K) and fringe benefits of (\$128K), which are offset by overage in temporary staffing of \$190K due to vacant positions filled by temporary staff.
3. *Staff Development*: Staff Development is \$51K under budget. The is due to savings from unattended staff trainings and vacant permanent positions.
4. *Office Expense*: Office Expense is \$24K under budget. This amount comprises surpluses in building expense³ of (\$15K) primarily due to credit from CBRE for the 2018 escalation reconciliation, bank charges and miscellaneous administrative expenses of (\$8K), office maintenance and supplies of (\$6K), communication expense of (\$3K), printing and postage of (\$1K) and minor equipment and furniture of (\$4K). Which are offset by overage in equipment lease and maintenance of \$13K.

¹ The overage in legal fees of \$62K is primarily due to an unanticipated payment of \$34K to Shaw Law for professional services and overage in fiduciary counseling of \$59K due to Alameda Health System vs ACERA legal case. Which are offset by surplus in litigation expense of \$22K, tax and benefits expense of \$2K and investigation services expense of \$7K.

² The surplus in actuarial fees of (\$24K) is primarily due to saving from last year accrual of \$23K for the actuarial services provided by Segal (supplemental consulting).

³ The surpluses in building expense of (\$15K) is primarily due to credit of \$11K from CBRE for 2018 escalation reconciliation.

5. *Member Services*: Member Services are \$53K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$12K), disability medical expense of (\$33K) due to reduction in number of monthly cases as compared to budget, and members printing and postage⁴ of (\$9K) is mainly due to saving from newsletter accrual of last year.
6. *Systems*: Systems are \$27K under budget. This amount comprises surpluses in business continuity expense of (\$20K) due to timing difference, software maintenance and support of (\$4K) due to timing difference, computer maintenance of (\$1K) and minor computer hardware of (\$6K), which are offset by overages in county data processing of \$4K.
7. *Depreciation*: Depreciation is \$2K under budget. This is related to office equipment primarily due to timing difference.
8. *Board of Retirement*: Board of Retirement is \$88K under budget. This amount comprises surpluses in board election expense⁵ of (\$13K), board miscellaneous expense of (\$5K), board compensation of (\$3K), board software maintenance and support of (\$1K) and board conferences & training of (\$77K) due to savings from unattended board conferences and trainings, which are offset by overage in board employer reimbursement of \$10K.

Staffing Detail

As of April 30, 2019, ACERA had the following permanent vacant positions:

Department	Position	QTY	Comments
Benefits	Retirement Technician	4	Filled by temporary staff - currently budgeted until 12/2019
Benefits	Retirement Support Specialist	1	Filled by temporary staff - currently budgeted until 12/2019
Investments	Administrative Support Specialist	1	Filled by temporary staff - currently budgeted until 12/2019
Investments	Investment Analyst	2	Vacant - currently budgeted until 12/2019
Investments	Investment Officer	1	Retired in March - currently budgeted until 12/2019
Total Positions		9	

⁴ The surplus in members printing and postage of \$9K is primarily due to savings of \$8K from last year accrual related to the newsletters that were not published in 2018.

⁵ The surplus in board election expense of (\$13K) is due to saving from last year accrual.



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

YEAR TO DATE - ACTUAL VS. BUDGET					
<i>April 30, 2019</i>					
	<u>Actual</u>	<u>Budget</u>	<u>YTD</u>	<u>2019</u>	<u>% Actual to</u>
	<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	\$ 4,735,261	\$ 4,906,400	\$ (171,139)	\$ 15,122,000	31.3%
Staff Development	103,243	154,420	(51,177)	510,000	20.2%
Professional Fees (Next Page)	500,033	462,380	37,653	1,187,000	42.1%
Office Expense	180,100	203,920	(23,820)	554,000	32.5%
Insurance	427,958	427,940	18	1,305,000	32.8%
Member Services	98,205	151,280	(53,075)	527,000	18.6%
Systems	342,873	370,160	(27,287)	1,152,000	29.8%
Depreciation	40,180	42,260	(2,080)	126,000	31.9%
Board of Retirement	167,466	255,740	(88,274)	711,000	23.6%
Uncollectable Benefit Payments	-	-	-	39,000	0.0%
Total Operating Expense	\$ 6,595,319	\$ 6,974,500	\$ (379,181)	\$ 21,233,000	31.1%



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
 PROFESSIONAL FEES
 YEAR TO DATE - ACTUAL VS. BUDGET
 April 30, 2019

	<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</u> <u>Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
Professional Fees					
Consultant Fees - Operations and Projects ¹	\$ 116,667	\$ 146,040	\$ (29,373)	\$ 388,000	30.1%
Actuarial Fees ²	123,824	147,500	(23,676)	415,000	29.8%
External Audit ³	127,828	99,200	28,628	149,000	85.8%
Legal Fees ⁴	131,714	69,640	62,074	235,000	56.0%
Total Professional Fees	\$ 500,033	\$ 462,380	\$ 37,653	\$ 1,187,000	42.1%

	<u>Actual</u> <u>Year-To-Date</u>	<u>Budget</u> <u>Year-To-Date</u>	<u>YTD Variance</u> <u>(Under)/Over</u>	<u>2019 Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
¹ CONSULTANT FEES - OPERATIONS AND PROJECTS:					
Benefits					
Admin Consultant (Process Excellence & Benchmarking)	4,000	40,000	(36,000)	70,000	5.7%
Alameda County HRS (Benefit Services)	42,000	42,000	-	126,000	33.3%
Segal (Benefit Consultant/Retiree Open Enrollment)	45,000	38,400	6,600	115,000	39.1%
Total Benefits	91,000	120,400	(29,400)	311,000	29.3%
Human Resources					
Lakeside Group (County Personnel)	25,667	25,640	27	77,000	33.3%
Total Human Resources	25,667	25,640	27	77,000	33.3%
Total Consultant Fees - Operations	\$ 116,667	\$ 146,040	\$ (29,373)	\$ 388,000	30.1%
² ACTUARIAL FEES					
Actuarial fees (562-00-005)	103,824	127,500	(23,676)	315,000	33.0%
GASB 67 & 68 Valuation (562-00-005)	-	-	-	46,000	0.0%
GASB 74 & 75-Actuarial (562-00-005)	-	-	-	14,000	0.0%
Actuarial fees-SRBR (562-00-007)	20,000	20,000	-	40,000	50.0%
Total Actuarial Fees	\$ 123,824	\$ 147,500	\$ (23,676)	\$ 415,000	29.8%
³ EXTERNAL AUDIT					
External audit (562-00-004)	119,802	84,000	35,802	126,000	95.1%
GASB 67 & 68 (562-00-004)	5,439	8,000	(2,561)	12,000	45.3%
GASB 74 & 75-External Audit (562-00-004)	2,588	7,200	(4,613)	11,000	23.5%
Total External Audit Fees	\$ 127,828	\$ 99,200	\$ 28,628	\$ 149,000	85.8%
⁴ LEGAL FEES					
Fiduciary Counseling					
Nossaman, LLP	84,177	30,000	54,177	110,000	
Baker Hostetler	3,101	-	3,101	-	
Shaw Law Group	34,136	-	34,136	-	
Reed Smith (ACD Sheriff's)	1,746	-	1,746	-	
Subtotal	123,160	30,000	93,160	110,000	112.0%
Tax and Benefit Issues					
Hanson, Bridgett, LLP	8,554	11,000	(2,446)	39,000	
Subtotal	8,554	11,000	(2,446)	39,000	21.9%
Litigation					
Byers/Richardson	-	22,000	(22,000)	66,000	
Subtotal	-	22,000	(22,000)	66,000	0.0%
Investigation Services					
Law offices of Amy Oppenheimer	-	6,640	(6,640)	20,000	
Subtotal	-	6,640	(6,640)	20,000	0.0%
Total Legal Fees	\$ 131,714	\$ 69,640	\$ 62,074	\$ 235,000	56.0%

Status Report on Managed Medical Review Organization (MMRO)

Operations Committee Meeting
June 5, 2019
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 54 days
Duration of time from completion of comment period to production and receipt of medical recommendation report	Average 40 days

- Duration periods were calculated based on cases completed from July 1, 2018 to present
- Total days reduced from a total of 97 to 94 days when compared to the report previously provided to the Operations Committee in September 2018
- 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	38
Cases in Progress	20
Cases Requiring Annual Examination	42

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	6
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	3

Year Over Year Performance

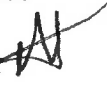
	ACERA/ Dr. Wagner 2016 – 2017 Average	MMRO 2017 – 2018 Average	MMRO 2018 – 2019 Average
Phase 1 Exhibiting	263	69	54
Phase 2 Medical Advisor Report	45	28	40
<i>Total Days</i>	308	97	94



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: June 5, 2019

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: **ACERA 2019 Board of Retirement Election**

Executive Summary

ACERA's 2019 election will be conducted for the following seats on the Board of Retirement:

- Third member to represent the general membership
- Seventh member to represent the safety membership
- Seventh member Alternate to represent the safety membership
- Eighth member to represent the retired membership
- Eighth member Alternate to represent the retired membership

The Alameda County Registrar of Voters (ROV) will manage the vote-by-mail portion of the election. The ROV's scope of services include ballot programming services, ballot printing and assembly, ballot mailing, reissuing lost or damaged ballots, crediting of returned ballots from voters, maintaining ballot statistics, counting of the ballots, and certifying election results. As with all elections conducted by the ROV, ballots will be mailed to the home address on file with the employer.

2019 Board of Retirement Election Calendar

- **Notice of Election** begins on July 15 and ends on August 9 (4 weeks);
- **Nomination Period** begins on August 12 and ends on September 9 (4 weeks);
- **Review Period of the Candidate Statements** begins on September 10 and ends on September 19 (10 calendar days);
- **What's Up Newsletter (Election Edition)** will be mailed to the active and deferred general, safety, and retired members on October 29;
- **Ballot Mailing** will be on November 14 to the active and deferred general members, safety members and retired members;
- **Election Period** is between November 14 and December 18 (35 calendar days);
- **End of the Election and Deadline** for ballots to be returned to the ROV is on December 18 at 5:00 pm;
- **Ballot Counting** will be on December 19 beginning at 9:00 am at the ROV's office; and,
- **Election Results** will be announced on December 19 at the Board meeting.

Staff will provide a report on the certified candidates at the October 2, 2019, Operations Committee meeting. Questions regarding the election can be directed to Margo Allen (510) 628-3127 or mallen@acera.org.