



**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, March 5, 2025  
9:30 a.m.**

<b>LOCATION AND TELECONFERENCE</b>	<b>COMMITTEE MEMBERS</b>	
<b>ACERA C.G. "BUD" QUIST BOARD ROOM 475 14TH STREET, 10TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574</b>  <b>The public can observe the meeting and offer public comment by using the below Webinar ID and Passcode after clicking on the below link or calling the below call-in number.</b>  <a href="https://zoom.us/join">https://zoom.us/join</a> <b>Call-In Number: 1 699 900 6833</b> <b>Meeting ID: 879 6337 8479</b> <b>Password: 699406</b> <b>For help joining a Zoom meeting, see:</b> <a href="https://support.zoom.us/hc/en-us/articles/201362193">https://support.zoom.us/hc/en-us/articles/201362193</a>	<b>ROSS CLIPPINGER, CHAIR</b>	<b>ELECTED SAFETY</b>
	<b>OPHELIA BASGAL, VICE CHAIR</b>	<b>APPOINTED</b>
	<b>KEITH CARSON</b>	<b>APPOINTED</b>
	<b>TARRELL GAMBLE</b>	<b>APPOINTED</b>
	<b>GEORGE WOOD</b>	<b>ELECTED GENERAL</b>

The 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 Safety Member and an Elected General member, are absent.

The Alternate Safety Member votes in the absence of the Elected Safety, either of the two Elected General Members, or both the Retired and Alternate Retired members.

This is a meeting of the Operations Committee if a quorum of the Operations Committee attends, and it is a meeting of the Board if a quorum of the Board attends. This is a joint meeting of the Operations Committee and the Board if a quorum of each attends.

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 posted online at [www.acera.org](http://www.acera.org) and also may be inspected at 475 14<sup>th</sup> Street, 10<sup>th</sup> Floor, Oakland, CA 94612-1900.

Public comments are limited to four (4) minutes per person in total. The order of the items on the agenda is subject to change without notice.

*Note regarding accommodations:* If you require a reasonable modification or accommodation for a disability, please contact ACERA between 9:00 a.m. and 5:00 p.m. at least 72 hours prior to the meeting at [accommodation@acera.org](mailto:accommodation@acera.org) or at 510-628-3000.

# **OPERATIONS COMMITTEE/BOARD MEETING**

NOTICE and AGENDA, Page 2 of 3 – March 5, 2025

**Call to Order:** 9:30 a.m.

**Roll Call**

**Public Input (Time Limit: 4 minutes per speaker)**

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

- 1. Discussion and possible motion to renew the Employer Reimbursement Policy with or without revision.**

-Lisa Johnson

Recommendation

Staff recommends that the Operations Committee make a recommendation to the Board of Retirement to approve the Employer Reimbursement Policy, without revision.

- 2. Discussion and possible motion to revise the Error Correction Policy.**

-Jeff Rieger

Recommendation

Staff makes no recommendation. This item is before the Committee based on Trustee comments at a recent Board meeting and because recent guidance from the IRS may inform the Board's exercise of discretion on some aspects of the Error Correction Policy.

- 3. Board Travel and Board Education Policy review, discussion, and possible motion.**

-Lisa Johnson

Recommendations

**Board Travel Policy (International):**

Staff recommends consideration of a modification to section III. F. of the Board Travel Policy to incorporate an option that allows for a single travel abroad for a training opportunity per year without seeking Board pre-approval. The option instead only requires Board pre-approval upon consideration of more than one travel abroad for training in a single year.

**Board Education Policy:**

Staff recommends modification to the Board Education Policy to refine the process of allocating attendance or discounts.

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

NOTICE and AGENDA, Page 3 of 3 – March 5, 2025

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

1. Operating Expenses as of 01/31/25

-Erica Haywood

2. Technology Report: Update on Software Upgrades

-Vijay Jagar

## **Trustee Remarks**

### **Future Discussion Items**

- Operating Expenses as of 04/30/25
- MMRO Annual Report

### **Establishment of Next Meeting Date**

June 18, 2025, at 9:30 am

### **Adjournment**



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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: March 5, 2025

TO: Members of the Operations Committee

FROM: Lisa Johnson, Assistant Chief Executive Officer

SUBJECT: **Employer Reimbursement Policy Review**

A handwritten signature in blue ink that reads "Lisa Johnson".

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### Executive Summary

The Employer Reimbursement Policy (Policy) is set for review by the Operations Committee to ensure that it remains relevant and appropriate. The policy was last reviewed by the Operations Committee on May 1, 2024.

Staff recommends that, due to conflict of interest concerns, Trustees Ms. Kellie Simon, Mr. George Wood, Mr. Ross Clippinger, and Mr. Kevin Bryant recuse themselves from participating in any discussion or Committee and Board actions associated with the Employer Reimbursement Policy.

Staff's review of the Policy resulted in the following findings:

- The policy continues to address the Board's intent to reimburse Departments employing ACERA Board Trustees.
- The issues addressed by this Policy continue to be within the Board's responsibilities of managing the Plan's budgetary requirements, and are legally permissible as an administrative expense of the Plan.
- The Policy continues to be appropriate and does not overlap with other Board policies.
- The Policy content continues to be appropriate in meeting the needs of ACERA.

### Background

In April 2000, the Board adopted the Policy to reimburse employers of Elected Trustees for the time that these Trustees spend away from their traditional employment responsibilities. In 2008 and 2009, the Board comprehensively reviewed the Policy, examining: the Policy's financial impacts; any potential conflicts of interest concerns; whether the Policy is permissible as an administrative expense; and whether the Policy presents fiduciary concerns for the Board. The Board was advised to implement a methodology to quantify the reimbursement to ensure that it is reasonable and based upon an objective standard. Outside counsel provided a legal opinion confirming that the cost was permissible as an administrative expense. In February 2010, the Board voted to continue the Policy, with an amendment to require Elected Trustees to certify that annually they have devoted a minimum of 520 hours towards ACERA related activities. That process has been successfully implemented to date.

**Recommendation**

Staff recommends that the Operations Committee make a recommendation to the Board of Retirement to approve the Employer Reimbursement Policy, without revision.

**Attachment:**

Employer Reimbursement Policy



# *Employer Reimbursement Policy*

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## I. Purpose

The Board of Retirement believes that the interests of the members and retirees of the Association are best served by attracting and retaining highly competent Board members who embrace the fiduciary responsibilities of ACERA Trustees and who are selected through a process that supports the statutory configuration of the Board.

## II. Objectives

The objectives of this policy are as follows:

- A. To assist employers of active employee elected Board members (hereinafter “elected Board members”);
- B. To promote free and open participation of members in the democratic Board electoral process; and
- C. To maximize the opportunities for elected Board members to fulfill their fiduciary responsibilities to ACERA.

However, elected member employer reimbursement is not a statutorily mandated benefit to employers. Further, its authorization is subject to annual renewal at the discretion of the Board. Reimbursement is dependent upon ACERA budgetary considerations and Board approval.

## III. Assumptions

In preparing this policy, the following assumptions were made:

- A. The 1937 County Employees Retirement Law specifies that the Board of Retirement of the Alameda County Employees’ Retirement Association shall consist of nine members, and up to two (2) alternate members.

While all qualified members of ACERA have the constitutional right to seek election to the Board of Retirement, the members' employer does not enjoy a statutory right to reimbursement.

- B. The Board recognizes that, in order to fulfill their fiduciary duties to ACERA, Board members will be required to expend a significant amount of time on ACERA business to the possible detriment of their other professional and personal activities. This may create conflicts with respect to the non-ACERA duties of these members and may, in the case of elected Board members, inhibit or deter Association members from seeking election to the Board of Retirement or satisfactorily discharging the duties of an elected Board member.
- C. The Board further recognizes that the precise amount of time an individual Board member may spend on ACERA activities will differ with the member's interests, committee assignments and general Association activity level. Elected Board members will, generally, incur additional responsibilities in conjunction with their duty to serve as an intermediary between their constituency and the Association.
- D. The Board acknowledges that it is not practical or useful to precisely quantify the amount of time spent on ACERA activities by each elected Board member over any given period of time and it is reasonable to limit reimbursement to 25% of the elected member's full time employment requirements which equates to 520 hours per year.

#### IV. Guidelines

In order to assist the employers of ACERA elected Board members, to promote free and open participation of ACERA active members in the democratic Board electoral process and to maximize the opportunities for elected Board members to fulfill their fiduciary responsibilities to ACERA, the Board hereby approves:

- A. Reimbursement to the employers of ACERA elected Board members;
- B. Not to Exceed 25% of the cost of the salary (excluding overtime and any lump-sum sell back) and benefits of such members, however under no circumstance will the total paid to the employers exceed \$300,000 for the calendar year with an annual cost of living adjustment based upon the consumer price index. The \$300,000 is calculated based upon a pro rata share of each trustee's salary;

- C. The promulgation of guidelines to help illustrate how an elected Board member may reasonably spend at least 520 hours per year on ACERA business (See Appendix A);
- D. A process by which, at the end of the calendar year, each elected Board member will review Appendix A and certify in writing that he/she spent at least 520 hours that year on ACERA business;
- E. A proportional adjustment of the reimbursement if the elected Board member determines that he/she has spent less than 520 hours that year on ACERA business;
- F. Reimbursement of the elected Board member's employer in the appropriate amount at the end of the calendar year.

V. **Policy Modifications**

This document shall be reviewed by the Operations Committee annually during the budgetary process. The Committee shall make recommendations to the Board concerning any improvements or modifications it deems necessary.

VI. **Policy History**

- A. The Board adopted this policy on April 20, 2000.
- B. The Board reviewed and affirmed this policy, with no revisions, on May 16, 2024<sup>1</sup>.

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<sup>1</sup> The Board adopted the Policy on April 20, 2000. It was reviewed and affirmed with revisions November 9, 2006; February 18, 2010; November 21, 2013; and October 19, 2017. It was reviewed and affirmed without revisions December 15, 2011; November 8, 2012; December 18, 2014; December 17, 2015; November 17, 2016; January 19, 2017; December 15, 2022; August 17, 2023; and May 16, 2024.





## *Detailed Breakdown of Elected Trustee ACERA Activities*

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### **Meetings – Attendance:**

12 Board Meetings (2 hours each)	24 hours total
12 Operations Committee Meetings (1½ hours each)	18 hours total
12 Retirees Meetings (2 hours each)	24 hours total
12 Investment Committee Meetings (3 hours each)	36 hours total
3 Governance Committee Meetings (1½ hours each)	4.5 hours total
3 Audit Committee Meetings (1½ hours each)	4.5 hours total
4 Actuarial Committee Meetings (2 hours each)	8 hours total
3 Budget Committee Meeting (1½ hours each)	4.5 hours total
1 Board Offsite/Retreat (8 hours)	8 hours total
1 Joint BOS and ACERA Board Meeting (2 hours)	2 hours total

### **Meetings – Preparation Time:**

12 Board Meetings (2 hours each)	24 hours total
12 Operations Committee Meetings (1½ hours each)	18 hours total
12 Retirees Meetings (2 hours each)	24 hours total
12 Investment Committee Meetings (2 hours each)	24 hours total
3 Governance Committee Meetings (1½ hours each)	4.5 hours total
3 Audit Committee Meetings (1½ hours each)	4.5 hours total
4 Actuarial Committee Meetings (2 hours each)	8 hours total
3 Budget Committee Meeting (1½ hours each)	4.5 hours total
1 Board Offsite/Retreat (6 hours)	6 hours total
1 Joint BOS/BOR Joint Meeting (2 hours)	2 hours total

**Travel Time:**

60 Board and Committee Meetings (1 hour travel to and from meeting)	60 hours total
Board Offsite and BOS/BOR Joint Meeting (1 hour travel to and from meeting)	2 hours total
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<b>Meetings Subtotal</b>	315 hours

**SACRS – 2 Conferences per year**

Attendance (3½ days at 8 hours per whole day)	56 hours total
Travel (½-day to and from each conference)	16 hours total

**Out of Town Seminars/Education and Training – 2 per year**

Attendance (3 days at 8 hours per day)	48 hours total
Travel (½-day to and from each conference)	16 hours total

**Luncheons**

Attendance (10 hours)	10 hours total
Travel (4 hours)	4 hours total

**Constituent Representation – Liaison Activities**

1½ hours per week	78 hours total
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**Miscellaneous Activities**

2 hours per month	24 hours total
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<b>SACRS, Seminars, Luncheons, Liaison Activities Subtotal</b>	252 hours

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<b>Total for all Activities</b>	567 hours



To: Operations Committee  
From: Jeff Rieger, Chief Counsel  
Meeting: March 5, 2025  
Subject: **Review of Error Correction Policy**

A handwritten signature in black ink, appearing to be "J. Rieger".

The Board revised its Error Correction Policy to account for Gov't Code § 31541.2, at its January 16, 2025 meeting. At that meeting, there was some discussion about possibly reviewing other aspects of the Error Correction Policy. Thus, the Policy is now brought to the Committee with information about the most recent IRS guidance (Notice 2024-77) regarding correction of errors issued under Section 301 of the SECURE 2.0 Act (recoupment of inadvertent benefit overpayments from a tax qualified plan).

The Board's current Error Correction Policy complies with Staff's current understanding of applicable law.<sup>1</sup> It is noteworthy, though, that both Section 31541.2 and IRS Notice 2024-77 have required (Section 31541.2) or allowed (IRS Notice 2024-77) forgiveness of benefit overpayments to members and beneficiaries who are not at fault for the overpayments.

**Section 31541.2:** In cases where compensation was improperly included in the calculation of a member's retirement allowance, effective January 1, 2025, Section 31541.2 requires ACERA to collect overpayments of benefits from the employer, rather than from the member or beneficiary. Further, the employer will have to pay a member or beneficiary who is retired when the compensation is disallowed 20 percent of the actuarially projected value of the prospective reduction in benefit payments. The Board revised its Error Correction Policy to account for these changes, but there are other types of overpayments (not disallowed compensation) that are no fault of the member or beneficiary for which ACERA would still collect overpayments from the member or beneficiary under the current Policy.

**IRS Notice 2024-77:** Until recent years, ACERA's Error Correction Policy was based on a member-friendly reading of IRS guidance. For example, when a benefit overpayment was no fault of the member, ACERA's Policy stated that no interest would apply to the overpayments, except during a repayment period. Also, the Policy delegated the CEO authority to compromise and settle with members and beneficiaries. In recent years, Congress has moved in the direction of ACERA's Policy, and recently enacted a new section 206(h) of the Employee Retirement Income Security Act of 1974 (ERISA) and a new section 414(aa) of the Internal Revenue Code (IRC) (pursuant to which IRS Notice 2024-77 was issued) which go even further:

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<sup>1</sup> The IRS was supposed to issue a final Revenue Procedure with its new Employee Plans Compliance Resolution System (EPCRS) corrections methods and procedures, incorporating the new overpayment correction rules under Section 301 of SECURE 2.0 by the end of 2024. We anticipate that the new Revenue Procedure will be issued in 2025. Some revisions to the Error Correction Policy may be required once the IRS issues its EPCRS Revenue Procedure.

- Notice 2024-77 (interpreting IRC § 414(aa)): Subject to certain exceptions (e.g., overpayments attributable to the plan's failure to observe a limitation under IRC §§ 401(a)(17) or 415), a plan will not lose its tax qualified status merely because the plan fails to obtain payment from a member, beneficiary (or some other third party such as a plan sponsor or insurance carrier) on account of inadvertent benefit overpayments.
- ERISA § 206(h): Unless the overpayment recipient was responsible for the overpayment (such as through misrepresentations or omissions that led to the overpayment), an ERISA plan is prohibited from seeking interest or collection costs or fees, prohibited from seeking recoupment if the first overpayment occurred more than 3 years prior to the recipient receiving written notice of the error, and limited in the amount it can recoup through reducing future benefit payments.<sup>2</sup>

### **Recommendation**

Staff believes the current Error Correction Policy complies with applicable law. Whether to revise the Error Correction Policy is within the sound discretion of the Board. Thus, Staff does not recommend any particular revisions to the Policy. Rather, Staff brings this matter to the Committee for discussion and possible action to recommend to the Board any changes the Committee believes are prudent in light of the IRS Notice 2024-77 and the Board's recent changes to comply with Section 31541.2. Such revisions may include: (a) limiting recovery of past overpayments that were no fault of the member or beneficiary; (b) not collecting overpayments at all, if they were no fault of the member or beneficiary; and/or (c) using a lower interest rate during a repayment period when a member or beneficiary must repay amounts they received through no fault of their own (the Policy uses ACERA's assumed rate of return).

Staff recommends that any revisions the Committee may recommend to the Board be limited to overpayments that are made through no fault of the member or beneficiary, as those are the types of overpayments addressed by Section 31541.2 and IRS Notice 2024-77. Staff is not aware of any reason to revisit the Board's Error Correction Policy with respect to other types of benefit overpayments (e.g., fraud, dishonest conduct, or when the member provides inaccurate information to ACERA or the employer).

If the Committee makes any recommendations to the Board, the Legal Office will prepare a redline of the Error Correction Policy with the proposed revisions and have outside tax counsel review that redline before the March 20, 2025 Board meeting.

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<sup>2</sup> These limitations do not apply to ACERA, but they confirm movement in a member-friendly direction regarding overpayment of benefits that were no fault of the member or beneficiary. Some may be included in the next iteration of the EPCRS, expected in 2025.



# Error Correction Policy

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## I. Purpose

This Policy establishes standards and procedures for resolution of overpayments or underpayments of benefits or member contributions.

## II. Objectives

- A. To meet the Board's fiduciary obligation to conserve fund assets and protect the integrity of the fund for the benefit of the members and beneficiaries.
- B. To make reasonable efforts to restore the Plan to the position it would have been in had no error occurred.
- C. To maintain the tax-qualified status of the pension plan and avoid making any gift of public funds.

## III. Assumptions

- A. These procedures are intended to comply with applicable requirements of the Internal Revenue Code (IRC) and Internal Revenue Service (IRS) regulations. If there is a conflict between applicable law and this policy, the law shall govern.
- B. This policy applies when an error affects an individual member's or beneficiary's benefits or contributions. In the event of a system-wide error that affects multiple members'/beneficiaries' benefits or contributions, the Board may implement a system-wide correction process that it determines appropriate under the circumstances.

## IV. Guidelines & Procedures

- A. Investigation and Reporting.
  - 1. Investigation: When an error is identified, Staff shall promptly notify the CEO (or designee), who shall ensure that an appropriate and timely investigation is undertaken into the facts and circumstances surrounding the error and that all necessary corrective actions are taken.
  - 2. Reporting: The CEO shall make periodic reports to the Board on errors and corrections results at least annually.

3. Overpayment based upon fraud:
  - a. Staff shall be vigilant for any indications of fraud as a cause for overpayment, whether by the payee or a third party.
  - b. If fraud is suspected, Staff shall immediately notify the Legal Department and the CEO who will investigate whether evidence of fraud exists.
  - c. Further investigation may include retention of a private investigator or other outside resources as may be deemed appropriate under the circumstances.
  - d. Based on the evidence uncovered, Staff and the Legal Department may notify law enforcement and pursue criminal action.
  - e. If justified and reasonable, Staff and the Legal Department may undertake civil action to recover fraudulently obtained ACERA funds.
- B. Overpaid Benefits and Underpaid Contributions: Correction and Recovery
  1. As soon as possible after an error is discovered, ACERA staff shall determine:
    - a. The appropriate date of correction;
    - b. The correct benefit or contribution starting from the date of correction;
    - c. The amount of the error starting from the beginning of the erroneous payment to the date of correction;
    - d. The “appropriate interest” related to the error as defined below.
    - e. Whether Gov’t Code § 31541.2 applies to any benefit overpayments and, if so, the impact such application has on the member/beneficiary and employer.
  2. ACERA shall promptly notify the member/beneficiary in writing of the following:
    - a. The amount and starting date of any prospective adjustment to benefits or contributions. The starting date must be no less than 30 days after ACERA sends the notice to the member/beneficiary, unless ACERA’s Chief Counsel determines that there is good cause to make the correction sooner.
    - b. The circumstances of the error and the means used to calculate the corrected amount.
    - c. The amount of any overpaid benefits or underpaid contributions plus the amount of appropriate interest. If Gov’t Code § 31541.2 applies, ACERA shall explain how such application impacts the member/beneficiary and employer.

- d. Repayment options, which may include a lump sum payment, installment payments or an offset against future benefits; and
  - e. The right of the member/beneficiary to appeal the staff determination. Staff will make the necessary adjustments on a prospective basis regardless of whether an appeal is filed. If the staff determination is overturned, any amounts withheld during the appeal process will be paid to the member/beneficiary.
3. Appropriate Interest
- a. If the evidence shows that the benefit overpayment or contribution underpayment resulted from fraud or dishonest conduct by the member/beneficiary or because the member/beneficiary provided, or caused to be provided, inaccurate information to ACERA or the member's employer, then "appropriate interest" will be as follows:
    - 1) ACERA's smoothed, semi-annual interest returns on its investments from the time of the error until the last period of smoothed semi-annual interest returns before discovery of the error (investment losses will not result in any reduction to the principal amount the member owes ACERA).
    - 2) ACERA's assumed annual effective rate of return, compounded based on the payment frequency (e.g., monthly interest of 0.56541% when the assumed rate of return is 7% annually), from the last period of smoothed semi-annual interest returns (per No. 1 immediately above) until such amounts are fully repaid.
  - b. If the benefit overpayment or contribution underpayment was solely the result of an error by ACERA or the member's employer and the member/beneficiary is not relieved of a repayment obligation under Gov't Code § 31541.2, then "appropriate interest" will be as follows:
    - 1) No interest shall be charged from the time of the error until ACERA notifies the member/beneficiary of the error. Any liability created by this action shall be part of ACERA's unfunded liability.
    - 2) ACERA's assumed annual effective rate of return, compounded based on the payment frequency (e.g., monthly interest of 0.56541% when

the assumed rate of return is 7% annually), from the time the member is notified of the error until such amounts are fully repaid.

4. In structuring a repayment methodology, ACERA staff shall take into consideration the financial circumstances of the member/beneficiary affecting their ability to make payments. The repayment schedule will not exceed 10 years except in cases of extreme hardship as defined below.
5. If the member/beneficiary dies before full repayment has been made, ACERA shall use all reasonable efforts to recover the unpaid amount from the member/beneficiary's estate or trust, survivors, heirs and/or beneficiaries.
6. If no agreement can be reached with the member/beneficiary for repayment, or if the member/beneficiary fails to respond to communications from ACERA staff, ACERA may take action to recover the unpaid amount, including through reductions to future benefit payments, subject to Board review if the member appeals to the Board.
7. Overpaid benefits that are not recovered from the member per Gov't Code § 31541.2 will be paid through recognition in the actuarial accrued liability if doing so will impact only the employer of the overpaid member. Otherwise, the employer must pay ACERA the overpaid amounts, plus interest at ACERA's assumed annual effective rate of return, compounded monthly (e.g., monthly interest of 0.56541% when the assumed rate of return is 7% annually) from the time of each overpayment until such amounts are fully repaid.
8. ACERA interprets "time of retirement" and "date of retirement" in Gov't Code § 31541.2 (b)(3)(A), as the date that ACERA issues the first allowance payment based on disallowed compensation. ACERA will not apply Section 31541.2(b)(3)(B) (which requires the employer to pay the member/beneficiary 20% of the projected value of the reduction in benefits) to an error that is corrected before such an allowance payment is made.
9. When applying Gov't Code § 31541.2, ACERA will determine interest on overpaid employer contributions using ACERA's assumed annual effective rate of return, compounded based on the overpayment frequency (e.g., monthly interest of 0.56541% when the assumed rate of return is 7% annually) from the time of each overpayment until such amounts are fully repaid.



C. Compromise & Settlement.

1. In some circumstances, ACERA may agree to receive less than the full amount in repayment. The recovery options may include:
  - a. Using a discounted interest rate;
  - b. Waiving interest altogether; or
  - c. Accepting less than full repayment of the principal.
2. Factors to be considered in compromising any recovery shall include, but not limited to:
  - a. The likelihood of collection;
  - b. The cost of collection;
  - c. The amount of possible recovery;
  - d. The relative fault of the member/beneficiary, ACERA and employer; and
  - e. Extreme hardship to the member/beneficiary or to his/her estate or heirs.
3. For purposes of this policy, “extreme hardship” will be determined as follows:
  - a. The member bears the burden of establishing any claimed “extreme hardship.”
  - b. “Extreme hardship” is not a bright line test, and a finding of “extreme hardship” depends on the facts and circumstances presented by the member.
  - c. ACERA will consider the following factors in determining whether the member has established an “extreme hardship” justifying compromise of the amount owed by the member:
    - 1) Net worth of member and spouse.
    - 2) Amounts and sources of all income to the member and spouse. In general, ACERA will consider that an “extreme hardship” is established if the member’s gross income is no more than 400% of the current federal poverty level based on the member’s household composition of single, married or family.
    - 3) Monthly expenses.
    - 4) Existence and value of real estate and personal assets.
    - 5) Divorce or legal separation.

- 6) Current or pending catastrophic financial events.
  - 7) Other factors presented by the member.
4. If the member's gross income is no more than 400% of the federal poverty level as defined above, ACERA will not collect more than 15% of the member's gross income.
  5. In consultation with the Chief Counsel the CEO is authorized to compromise recovery of error amounts of \$15,000.00 or less, excluding interest. The CEO shall apply the standards for compromise set forth in this Section. The CEO is also authorized to waive recovery of claims of \$500.00 or less. All other compromises must be approved by the Board.
  6. ACERA shall maintain a record of all error corrections, payments, collection efforts and compromises and releases related to those errors.

#### D. Underpaid Benefits

1. When ACERA has underpaid benefits to the member/beneficiary, the member/beneficiary shall be entitled to a prospective adjustment to his or her retirement benefits necessary to correct the error, as well as a lump sum payment for all past amounts owed as a result of the error.
2. If the underpayment was due to an ACERA error, as determined by the CEO in consultation with the Chief Counsel, ACERA will pay interest at ACERA's assumed annual effective rate of return, compounded monthly (e.g., monthly interest of 0.56541% when the assumed rate of return is 7% annually) from the time of underpayment to the time the member/beneficiary is made whole for the underpayment.
3. If the member/beneficiary who was underpaid dies before payment of the lump sum amount due, the payment will be made in accordance with ACERA's process for paying residual amounts following the death of the member.

#### E. Underpaid Member Contributions:

For underpaid member contributions (which includes completely missed contributions), ACERA will follow the procedures outlined in the Membership Policy for members who are currently employed with a participating employer and will follow the procedure outlined in Sections IV(B) and (C) above for members who are no longer employed by a participating employer.

F. Overpaid Member Contributions

1. For active members, ACERA will calculate the total overpaid member contributions, plus any related interest that was credited to the member's account. That total amount will be applied to the employer's future contributions to ACERA and the employer must pay the total amount to the member.
2. For deferred and retired members, ACERA will return directly to the member all overpaid member contributions plus any related interest that was credited to the member's account.

G. Appeals/Due Process.

The member/beneficiary may appeal any staff decision regarding corrective actions consistent with the Administrative Hearing Policy.

V. Policy Review

The Operations Committee shall review this policy at least every three years to ensure that it remains relevant and appropriate.

VI. Policy History

- A. The Board adopted this policy on September 17, 2015.
- B. The Board reviewed and affirmed this policy, with revisions on June 21, 2018<sup>1</sup>
- C. The Board reviewed and affirmed this policy, with revisions on January 16, 2025.

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<sup>1</sup> The Board adopted the Recovery of Overpayment of Member Benefits & Underpayment of Member Contributions Policy on September 17, 2015. The Board reviewed and affirmed, with revisions, May 19, 2016, June 21, 2018, September 17, 2020 and April 20, 2023.



*Office of the Chief Executive Officer  
Office of Administration*

DATE: March 5, 2025

TO: Members of the Operations Committee

FROM: Dave Nelsen, Chief Executive Officer

DN

**SUBJECT: International Travel by Trustees**

**Background:**

Last year, the Board approved a Trustee request to attend two conferences outside the United States. During the discussion about this request, there was consensus to revisit the issue of foreign travel and bring the policy back to the Board for discussion and possible revision.

**Today's Discussion:**

The question is whether the Board would like to modify its current requirements regarding foreign travel. Under the current policy, foreign travel is allowed, but it must be pre-approved by the Board, and the costs of such travel must be within the Business and Education Travel Allotment, unless also pre-approved by the Board. There is currently no limit to the number of times a trustee can travel abroad.

**Analysis:**

Foreign travel by trustees can be a controversial topic. Many public entities, including pension systems, have had news articles published regarding the travel of public officials. Questions are typically raised about the necessity of the travel and the additional cost usually associated with such travel. It is often argued that there are sufficient educational opportunities located domestically that foreign travel is an unnecessary extravagance. Negative publicity like this can undermine the credibility of a system with its membership and the public.

However, ACERA is increasingly a global investor, and investment partners and educational conferences are often located abroad. Since each trustee is limited to an annual allotment, one could argue that if a trustee manages their travel expenses within that allotment, the location of the travel shouldn't be an issue. Additionally, it isn't always easy to obtain information about a conference or opportunity with sufficient time to obtain pre-approval from the Board.

Recently, a question regarding foreign travel was asked of the twenty county retirement systems in California. Of the fifteen respondents, three allowed foreign travel without Board approval (one system limited it to once per year), six allowed foreign travel but only if pre-approved by the Board (no specified limit on how often), and six did not allow foreign travel by trustees.

For ACERA, there have been three instances where foreign travel was authorized for a trustee, and only one time did a trustee travel abroad more than once in a calendar year.

**Options:**

The Board could choose to maintain the current policy requiring prior board approval of any foreign travel, with no limit on how many times this may occur. Conversely, the Board could choose to eliminate or limit the number of times a trustee may travel abroad in a specified time period, with or without Board approval.

There is an option that recognizes the value of foreign travel in certain circumstances, allows for less administrative roadblocks, but also recognizes the possible problems with public perception of this practice. This policy would allow each trustee to travel abroad once per calendar year without preapproval by the Board, but any additional foreign travel would require Board pre-approval. You could also require that this additional travel only be pre-approved in exceptional circumstances.



# *Board Travel Policy*

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## I. Purpose

- A. To encourage ACERA Trustees (“Trustees”) to pursue educational and business-related initiatives that will assist the Trustees in meeting their fiduciary duties to administer the pension plan;
- B. To facilitate Trustees’ participation in such activities;
- C. To ensure that expenditures incurred from travel or business-related activities are prudent and cost-effective, and to mitigate the risk of improprieties arising from these activities.

## II. Assumptions

The Travel Policy rests on the following important assumptions:

- A. Prudent oversight of a public sector pension plan requires that Trustees travel to business meetings and educational conferences or seminars held in or outside of the State of California. Travel and related costs incurred in doing so not only represent legitimate expenses of the plan, but are a sound investment in the ongoing success of the organization in meeting the needs of the membership.
- B. Any expenditures relating to travel by ACERA Trustees and reimbursement of travel-related expenses by the plan must comply with the Board’s fiduciary obligations to plan members and beneficiaries.
- C. Trustees shall disclose all expenditures and expenses for which they seek reimbursement on claim reimbursement form.

### III. Policy Guidelines

- A. ACERA Trustees are authorized to incur reasonable expenses necessary to fulfill their fiduciary or operational duties pursuant to the Board Education Policy, subject to the guidelines contained herein and consistent with ACERA's Conflict of Interest Policy. ACERA shall reimburse Trustees for business and travel-related expenses consistent with this Travel Policy.
- B. Trustees shall ensure that all business and travel-related expenses are reasonable using ACERA specific business-related expense guidelines attached as Exhibit A.
- C. Each Trustee is allotted \$17,750 for the calendar year effective January 1, 2024. The allotment for each Trustee shall automatically increase by the Consumer Price Index (CPI) for the greater San Francisco area effective January 1 of each year, subject to budgetary constraints. Staff will automatically update the Policy to reflect the new allotment and will notify the Committee of the new amount each year.
- D. Excluded from the allotted annual amount are the following educational opportunities which provide unique, high-level learning opportunities for Trustees which are more expensive than typical training opportunities and in which Trustees are unlikely to participate every year:
  - 1. Half of the total expenditures of the Milken Global Institute conference. The total expenditures include conference fee, airfare, accommodation and other travel costs.
  - 2. For first time Trustees, the Wharton Portfolio Concepts and Management and CALAPRS Principles of Pension Management or comparable Wharton and CALAPRS Programs.
  - 3. The advanced Wharton and CALAPRS pension management trainings may be taken by each Trustee once every three years.
- E. Should a Trustee desire to incur business and travel-related expenses which exceed the annual allotment, the Trustee must receive approval from the Board before incurring the expense. Special consideration will be given to requests by New Trustees, who are encouraged to attend educational seminars to obtain sufficient knowledge to better prepare them to execute their fiduciary responsibilities and govern the system.

- F. In light of ACERA's asset allocation to international investments, the Board may authorize travel outside the U.S. if such a travel request is deemed to be consistent with all of the provisions in this Policy and the Conflict of Interest Policy. The Trustee shall seek approval for travel outside the U.S. from the Board.
- G. Trustees agree to make every attempt to attend any programs for which they have signed up to avoid the loss of travel and related expenses incurred by ACERA.
- H. Reservations for airline tickets and hotel accommodations may be made through the office of the CEO.
- I. When traveling by air Trustees may extend their trip if it will result in no additional cost or if it will result in a net savings to ACERA.
- J. Staff will provide each Trustee with a monthly statement listing the individual Trustee's travel and business related expenditures to date.
- K. Staff will provide the Operations Committee with a quarterly report identifying expenditures and the educational conferences that each Trustee has attended to date.

#### IV. Policy Review

The Operations Committee will review this policy every three years to ensure that it remains relevant and appropriate. The Committee shall make recommendations to the Board concerning any improvements or modifications it deems necessary.

#### V. Policy History

The Board reviewed and affirmed this policy, with revisions, on January 18, 2024.<sup>1</sup>

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<sup>1</sup> The Board adopted the Board Travel Policy on September 16, 1999. The Board reviewed and affirmed, with revisions, on September 20, 2001; May 19, 2005; May 18, 2006; November 9, 2006; October 18, 2007; November 19, 2009; March 18, 2010; January 20, 2011; November 8, 2012; September 19, 2013; October 16, 2014; November 12, 2015; June 22, 2017; February 15, 2018 and November 21, 2019. The Board reviewed and affirmed, without revisions, on November 9, 2011. The Policy is automatically updated from time to time to reflect the CPI adjusted travel allotment.





# *Board Travel Policy, Exhibit A Specific Travel Guidelines for Trustees*

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## I. Purpose

These guidelines summarize the procedures for authorization and reimbursement of business and travel-related expenses for Trustees.

- A. The governing principle for business and travel-related expense reimbursement is that Trustees should neither profit nor suffer monetarily as a result of acquiring education and/or conducting ACERA business.
- B. Business and travel-related expenses include costs directly paid by ACERA to either an outside vendor for transportation, lodging, and related expenses, or to Trustees for reimbursement of incidental travel costs such as meals, tips, and baggage costs, incurred during the course of acquiring Trustee education or conducting ACERA business.
- C. ACERA will neither pay for nor reimburse a Trustee for business or travel-related expenses that have been or will be paid for or reimbursed from any outside sources.
- D. Trustees are expected to follow this Board Travel Policy in a manner that minimizes expenses and fairly assigns the costs of business-related activities to ACERA.

## II. Reimbursement Request Responsibility And Requirements

- A. Trustees are required to comply with the Board Travel Policy. The Trustee requesting reimbursement or incurring the expense is responsible for ensuring all the following:
  - 1. The travel and other expenses are directly related to an approved education or business matter;
  - 2. Mileage and other reimbursement calculations are accurate; and
  - 3. Proper business justification and supporting documentation have been provided to ACERA for processing the expense.

- B. Trustees must account for all business and travel-related expenses.
  - 1. Substantiation of the expense requires the original receipts (a digital or photo copy of the original receipt is acceptable), printed confirmation of itinerary or order confirmation if purchased on the internet, and an adequate record of each expense indicating the provider of service or product, amount, date, and location of expense.
  - 2. Submit reimbursement within 45 days of completion of travel or the date the expense was incurred. Exceptions to the 45-day timeframe will be made for extenuating circumstance (e.g., illness, emergency, or unforeseen absence).
- C. The CEO or designee is responsible for approving a Trustee's request for reimbursement by verifying the following:
  - 1. Expenses were related to an approved business matter;
  - 2. Expenses are documented as required and the Board Travel Policy has been applied;
  - 3. Expense reports or other requests for reimbursement are both mathematically accurate and reasonable in amount in light of the business purpose; and
  - 4. The applicability of any exceptions.

### III. General Expense Provisions

- A. ACERA will reimburse tips or gratuities for travel and business services such as meals, baggage handling and storage, ground transportation and hotel services. Reasonable and customary tips for meals are 15-25% of the bill. Tips for other services will be in amounts that are reasonable and customary for the service rendered.
- B. ACERA will not provide, pay for, or make reimbursements for the travel-related expenses of companions or spouses who accompany a Trustee on ACERA business.
- C. ACERA will not reimburse or pay for personal items or services unrelated to a valid business or educational purpose.
- D. At no time, and under no circumstances, stated or unstated in this Board Travel Policy, will ACERA reimburse or pay for alcoholic beverages.

IV. Automobile, Shuttle, Taxi and Alternative Transportation

A. Generally,

1. Trustees will select a reasonable and cost effective means of transportation such as personally owned vehicles, rental cars, taxis, shared economy options (e.g., Uber or Lyft), Bay Area Regional Transit (BART), Alameda County (AC) Transit and other forms of public transportation.
2. Trustees shall maintain receipts to obtain reimbursements. Fees for transportation, parking and tolls are all reimbursable.
3. ACERA will not reimburse for parking tickets, fines for moving violations, vehicle towing charges, or auto repairs and maintenance.

B. Personally Owned Vehicles (POV)

1. Trustees may only use their POV for ACERA business if they are in possession of both a valid driver's license and maintain current comprehensive auto insurance, including liability limits that match those carried by ACERA's vehicle insurance policy. If not, the Trustee is not authorized to drive for ACERA business travel.
2. Trustees may use their POV instead of flying if they provide documentation that the cost of using a POV is comparable to flying and, if needed, airport transportation and rental car charges at the final location.
3. Reimbursement for mileage is based on the Internal Revenue Service's (IRS) business standard mileage rate. ACERA will only reimburse mileage for the most reasonably direct route (given traffic and other constraints) driven solely for business purposes.

C. Mileage Expenses

1. To receive reimbursement for mileage, Trustees must complete an expense report specifying the purpose of the trip, point of origin, destination and date of trip. Trustees shall submit a documented route through a mapping service to verify the mileage.

2. Mileage shall ordinarily be computed one of the following two ways, depending upon the circumstance: (a) Between the Trustee's office and the common carrier or destination (if Trustee left for travel from the workplace); or (b) Between the Trustee's residence and the common carrier or destination (if Trustee left from his or her residence).

D. Rental Car Travel (Domestic and Foreign)

1. Rental cars are authorized only when another form of ground transportation is either unavailable or would create an unreasonable hardship for the Trustee. Trustees shall rent cars that are economical and reasonable.
2. Rental vehicles for ACERA business purposes are subject to the following conditions:
  - a. All drivers of rental vehicles must be over the age of 25 unless pre-approved by the CEO or designee.
  - b. ACERA's automobile insurance provides liability coverage, but does not provide coverage for any physical damage to the automobile. Collision insurance coverage provided by the rental agency is required for all vehicles.
  - c. If a rental vehicle is required for travel outside the United States, the Trustee is required to contact ACERA's Legal Department or Administration Department to ensure the agency's automobile insurance policy coverage is in force at the foreign destination.
  - d. Any accident involving a rental vehicle must be reported in writing within 24 hours to both the car rental agency and the CEO or designee except in cases of injury rendering the ACERA Trustee unable to report within 24 hours.
3. Trustees are required to cooperate in the investigation of any accident involving their rental car.

V. Airline Travel

A. Airline Fares

Airfares should be the most economical that are reasonable under the circumstances regardless of whether ACERA purchases the tickets or Trustees purchase their own airline tickets.

B. Baggage and Lost Luggage/Items

The airline charge for one checked bag is a reimbursable business expense. Charges for more than one bag will be reimbursable under the following circumstances:

1. The Trustee is transporting ACERA business and/or conference materials; or
2. The Trustee is on a travel period longer than 3 days or is traveling internationally.

ACERA does not purchase or maintain insurance coverage for lost luggage or the personal belongings of Trustees while on ACERA business travel.

C. Parking or Other Forms of Transportation for the Airport

Airport or other business parking will be reimbursed. Trustees are urged to seek cost effective transportation to and from the airport such as shuttles or other public transportation.

VI. Lodging

A. Generally:

1. ACERA will directly pay for or reimburse for lodging expenses for a standard room during ACERA-related travel, which could also include an upgraded room where there is no increased cost.
2. ACERA will reimburse for business related services such as Wi-Fi connection, printing, and faxing when such expenses are incurred for authorized business travel.
3. If paying with a personal credit card, the Trustee must present an itemized hotel bill for reimbursement of lodging expenses.

B. Cancellations

1. ACERA will pay for costs incurred as a result of a hotel room cancellation only under extenuating circumstances such as illness or emergency.
2. A written explanation for the cancellation verified by the CEO or designee must be submitted to the Fiscal Service Department within 15 days of the cancellation.

C. “No-Show” Charges

1. Trustees are responsible for requesting a refund from the hotel for a “no show” charge regardless of whether ACERA or the Trustee made the reservation.
2. In the case of flight delays or cancellations which are outside of a Trustee’s control, ACERA will reimburse for additional expenses incurred to continue travel, such as rebooking fees or increased airfares.

VII. Meals For Business Meetings While Traveling

A. Trustee only Business Meals

1. ACERA will reimburse for meals during business-related travel (as distinguished from local business meals covered below in Section VIII) at a rate not to exceed \$150 per person, per day. The \$150 limit applies to the total cost, including all taxes, tips and other charges. Receipts for all meals are required.
2. As a general rule, Trustees are not expected to incur personal expense for meals while attending conferences, training workshops, and similar activities. If meals are provided and paid for as part of the cost of attendance, Trustee should exercise fiduciary responsibility and make a reasonable adjustment to the \$150 a day meal allowance. If, however, dietary restrictions prevent consumption of provided meals, no adjustment in the meal allowance is expected.

B. Business Meals for Others

1. Trustees may pay for the meals of other ACERA Trustees as part of a business-related meeting.
2. ACERA will also reimburse Trustees for meals paid for on behalf of other meeting attendees so long as the meal is for an ACERA business purpose and the expense is reasonable in light of that business purpose.
3. The receipt submitted by the Trustee must include the business justification for the expense and the names of all meal recipients and their affiliation with ACERA.

VIII. Meals For Business Meetings When Not Traveling

A. Trustee Only Business Meals

1. ACERA will reimburse Trustees for meals incurred as part of a meeting only where the primary purpose of the meeting is to conduct ACERA business and there is a valid business need to meet over the meal.
2. The receipt submitted by the Trustee must include the name of each meal recipient and the business purpose for purchasing the meal for the others. Meals under this circumstance should not exceed \$37.50 each for breakfast and lunch and \$75 for dinner per person. The limits apply to the total cost, including taxes, tips and other charges.

B. Trustee Only Meals at Local Conferences, Seminars, Workshops, etc.

1. ACERA will reimburse Trustees for the cost of their meals when attending a local conference, seminar, workshop, presentation, or other similar group meeting when it extends through the usual mealtime.
2. The receipt submitted by the Trustee must include the purpose of the meeting and should not exceed \$37.50 each for breakfast and lunch and \$75 for dinner. The limits apply to the total cost, including all taxes, tips and other charges.
3. Meals provided and paid for by ACERA for in-house training, seminars, workshops, or meetings are not included in this Board Travel Policy.

IX. Lost Receipts

- A. A receipt or a credit card statement is required for all requests for reimbursement of purchases over \$5.
- B. If a Trustee loses a receipt and cannot obtain a duplicate, the Trustee may receive reimbursement by providing ACERA with a completed Affidavit Form for Business Expenses without Receipt. The use of affidavits is expected to be an exception and not a regular practice.





*Office of the Chief Executive Officer  
Office of Administration*

DATE: March 5, 2025

TO: Members of the Operations Committee

FROM: Dave Nelsen, Chief Executive Officer

DN

**SUBJECT: Fair Allocation of Educational Opportunities**

**Background:**

Occasionally, there are educational opportunities that are limited to a certain number of trustees due to Brown Act compliance, or there are limited discounts available to trustees on the cost of attendance, such as the Milken conference. A concern was raised that the current practice of determining who attends or receives the discounted cost is not always equitable. Currently, we allocate this on a first come first served basis. However, if a trustee is away or unable to access email quickly, they may never have the opportunity to attend one of these events.

**Today's Discussion:**

The question is whether the Board would like to modify its current practice regarding the allocation of limited attendance events.

**Analysis:**

The concern about the equitable distribution of these opportunities is a valid one. There are circumstances where some trustees are unable to access emails as quickly as others, due to such things as job demands or frequent travel. This could limit opportunities to gain valuable knowledge as a trustee.

**Recommendation:**

To address this, we could adopt the practice that for limited attendance or discount situations, we would notify the Board at the time of announcement that we will give the trustees one week to reply with their desire to attend, and after that point we will allocate attendance or discounts in the following manner:

- If there are more requests than opportunities, initial preference will be given to a trustee who hasn't attended this event in the previous two years,
- Preference after that point will be given on a first come first served basis.

For example, if six trustees wanted to attend the Callan conference (only four are allowed due to Brown act restrictions), we would first look to whether any of the six had attended in the previous two years. If not, they get the first slots available. If more than four had not attended, the four would be allocated on a first come first served basis. If less than four had not attended, they would each get to go, and the remaining slots would be allocated on a first come first served basis.



# *Board Education Policy*

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## I. Purpose

To establish guidelines and procedures for Trustees to fulfill their fiduciary responsibilities and satisfy the education requirements in the Government Code.

## II. Assumptions

The Policy rests on the following important assumptions:

- A. The role of a Trustee is distinct from that of management and requires different knowledge and education.
- B. Education will assist Trustees in carrying out their fiduciary responsibilities.
- C. Trustees are responsible for making policy decisions affecting all major aspects of pension plan administration and therefore must acquire an appropriate level of knowledge of all significant facets of plan administration.
- D. No single method of educating Trustees works for everyone so a variety of approaches is appropriate. Trustees have discretion to determine which programs best meet their needs and the objectives of this policy.
- E. This Policy complies with Government Code section 31522.8.

## III. Objectives

The objectives of this Policy are as follows:

- A. Ensure that all Trustees gain the knowledge they need to effectively carry out their fiduciary responsibilities as defined by the County Employees Retirement Law of 1937 Act (Government Code §31450, et seq.).
- B. Ensure that access to the necessary educational opportunities is available to all Trustees.
- C. Ensure that Trustees possess a shared knowledge of pension administration that facilitates group discussion, debate, and effective decision-making.

- D. Ensure that Trustees have the opportunity to acquire relevant knowledge across all major aspects of pension plan administration.
- E. Ensure that all newly appointed or elected Trustees are provided with sufficient knowledge to effectively participate in Board and committee deliberations.

#### IV. Policy Guidelines

##### Trustee Education and Training Requirements

All Trustees agree to develop and maintain their knowledge and understanding of the issues involved in the management of ACERA.

##### A. Minimum Hours of Education

- 1. All new Trustees must receive a minimum of 24 hours of Board member education within the first two years of assuming office.
- 2. After first two years of assuming office, each Trustee must receive a minimum of 24 hours of Board member education every two years.

##### B. Educational Topics

- 1. Trustees agree to develop and maintain relevant knowledge across a broad spectrum of pension-related topics in at least the following areas:
  - a. Fiduciary responsibilities.
  - b. Ethics.
  - c. Pension fund investments and investment program management.
  - d. Actuarial matters.
  - e. Pension funding.
  - f. Benefits administration.
  - g. Disability evaluation.
  - h. Fair hearings.
  - i. Pension fund governance.

##### C. Process for Selecting Educational Opportunities

- 1. Trustees shall consider the following requirements when selecting an educational

vehicle that best meets their needs:

- a. The opportunity is designed to provide Trustees with the knowledge they need to carry out their responsibilities;
  - b. The opportunity assists Trustees in securing a useful level of knowledge of the areas listed above;
  - c. The opportunity meets the requirements of this Policy; and
  - d. The cost-effectiveness of the program.
2. Trustees will attend appropriate educational programs, such as:
    - a. Conferences, seminars, workshops, and roundtables;
    - b. Courses, workshops and presentations sponsored by academic institutions or external service providers;
    - c. In-house workshops, seminars, or presentations delivered by ACERA staff;
    - d. Self-study from relevant periodicals, articles, trade journals, textbooks, and electronic media or other sources of educational material; and
    - e. Any other educational opportunities that the Trustees deem appropriate.
  3. Educational seminars sponsored by pension fund organizations or accredited academic institutions shall be deemed to meet the Trustee education requirements.

D. Orientation Program

1. A formal orientation program shall be developed by senior management for the benefit of new Trustees designed to ensure that new Trustees are in a position to contribute fully to Board and committee deliberations, and effectively carry out their fiduciary duties as soon as possible after joining the Board.
2. New Trustees shall be encouraged to participate in the orientation program within 45 days of being elected or appointed to the Board.
3. The orientation program shall include:
  - a. An Orientation Handbook;
  - b. Introduction to all key members of senior management and staff;
  - c. A tour of the ACERA offices; and

- d. A comprehensive briefing by senior management.
4. The Orientation Handbook shall include:
- a. Most recent plan description and member handbook;
  - b. Roles and responsibilities of Trustees, committees, and senior management;
  - c. Copies of ACERA Board policies;
  - d. Most recent actuarial valuation and financial statements;
  - e. Most recent actuarial asset/liability study;
  - f. Most recent investment performance report;
  - g. Most recent business plan and budget;
  - h. Up-to-date organizational chart;
  - i. Up-to-date names and phone numbers of other Trustees and the CEO;
  - j. Relevant readings covering pension fiduciary fundamentals; and
  - k. Copies of relevant ACERA publications/brochures.
- E. Required Trustee Trainings
- 1. Sexual Harassment Prevention Training
    - a. Each trustee is required to take two hours of sexual harassment prevention training within the first six months of taking office and every two years after that. (Government Code §§53237, et. seq.)
    - b. Sexual harassment prevention training obtained by a Trustee at an employer will satisfy this requirement if the training complies with current legal requirements and was completed within one year before the Trustee took office.
  - 2. Ethics Training:
    - a. Each Trustee is required to take ethics training within one year of taking office and every two years after that. (Government Code §§53234, et seq.)
    - b. The California Attorney General’s website includes training for “Local Officials” that satisfies this requirement.

F. Policy Compliance

1. Each Board member must maintain a record of his or her compliance with the education requirements (Government Code §31522.8). The Board members must certify their compliance on the form attached as Exhibit A and provide the form to the Legal Office no later than January 31 for the previous calendar year.
2. This Policy and an annual report on Board Member Compliance with the Policy will be on the ACERA website (Government Code §31522.8).
3. Trustees agree to be accountable to each other, as a group, for complying with the provisions of this Policy.
4. The Legal Office will maintain records indicating the date sexual harassment prevention training and ethics training were completed and the entities that provided the trainings.

V. Policy Review

This policy shall be reviewed by the Operations Committee every three (3) years to ensure that it remains relevant and appropriate.

VI. Policy History

The Board reviewed and affirmed this policy, with revisions, on January 18, 2024.<sup>1</sup>

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<sup>1</sup> The Board adopted the Policy (then named the Trustee Education Policy) on October 16, 1999. The Board reviewed and affirmed with revisions September 18, 2003; November 18, 2003; November 9, 2006; December 18, 2008; December 20, 2012; October 17, 2013; September 17, 2015; January 19, 2017; February 15, 2018; and November 21, 2019.



## *Certification of Compliance: Board Education Policy*

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I, \_\_\_\_\_, am a Trustee on the Board of Retirement for the Alameda County Employees' Retirement Association (ACERA).

I have been informed of the education and continuing education requirements under California Government Code Section 31522.8 and ACERA's *Board Education Policy*.

I hereby state that I am in compliance with the obligations imposed on me by California Government Code Section 31522.8 and ACERA's *Board Education Policy*.

This is applicable for the period January 1, \_\_\_\_\_, to December 31, \_\_\_\_\_.

Dated: \_\_\_\_\_ Signature: \_\_\_\_\_



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MEMORANDUM TO THE OPERATIONS COMMITTEE

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DATE: March 5, 2025

TO: Members of the Operations Committee

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Operating Expenses & Budget Summary for January 31, 2025

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ACERA's operating expenses are \$108K over budget for the period ended January 31, 2025. Budget overages and surpluses worth noting are as follows:

**Budget Overages of \$128K**

***Staffing Expense is \$62K over budget.***

January overages are attributed to temporary staffing of \$33K, and 5% staff vacancy adjustment of \$82K; offset by surplus in fringe benefits of (\$53K).

***Depreciation Expense is \$66K over budget.***

Pension Gold V3(PG3) was budgeted for capitalization in 2025. In accordance with GASB 51, PG3 was capitalized in 2024.

**Budget Surpluses of \$20K**

***Professional Fees Expense is \$8K under budget.***

This is due to lower professional fees than budgeted.

***Member Services Expense is \$8K under budget.***

This amount is comprised of a surplus in disability medical expenses of (\$25K); offset by overage of \$11K in printing & postage due to pin letters being sent to members and overage of \$6K in legal arbitration due to higher legal fees than budgeted.

***Systems Expense is \$4K under budget.***

This is due to a timing difference of vendor invoice from delay in billing.



**Staffing Detail**

No vacant positions as of January 31, 2025.

**PAS Project:**

Pension Administration System Project - as of January 31, 2025					
	Year-To-Date			2025 Budget	2019-24 Actual
	Actual	Budget	Variance		
<b>Consultant Fees</b>					
Levi, Ray and Shoup	-	\$12,500	\$(12,500)	\$1,130,000	\$5,410,677
Segal and other consultant fees	-	-	-		3,019,751
Total	-	12,500	(12,500)	1,130,000	8,430,428
<b>Staffing</b>	8,024	34,167	(26,143)	345,000	3,646,457
<b>TOTAL</b>	\$8,024	\$46,667	\$(38,643)	\$1,475,000	\$12,076,885

## Attachments:

- Total Operating Expenses Summary
- Professional Fees – Year-to-Date – Actual vs. Budget
- Actual Operating Expenses comparison with last year



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

TOTAL OPERATING EXPENSES SUMMARY

YEAR TO DATE - ACTUAL VS. BUDGET					
<u>January 31, 2025</u>					
	Actual	Budget	YTD	2025	% 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>
<b>Staffing</b>	\$ 1,669,058	\$ 1,606,910	\$ 62,148	\$ 18,794,000	8.9%
<b>Staff Development</b>	14,127	18,700	(4,573)	290,000	4.9%
<b>Professional Fees (Next Page)</b>	87,469	96,160	(8,691)	1,249,000	7.0%
<b>Office Expense</b>	36,710	31,800	4,910	396,000	9.3%
<b>Insurance</b>	53,430	53,430	-	655,000	8.2%
<b>Member Services</b>	65,200	72,990	(7,790)	838,000	7.8%
<b>Systems</b>	99,635	103,230	(3,595)	1,281,000	7.8%
<b>Depreciation</b>	152,392	86,310	66,082	1,034,000	14.7%
<b>Board of Retirement</b>	37,954	38,150	(196)	707,000	5.4%
<b>Uncollectable Benefit Payments</b>	-	-	-	78,000	0.0%
<b>Total Operating Expense</b>	<b>\$ 2,215,975</b>	<b>\$ 2,107,680</b>	<b>\$ 108,295</b>	<b>\$ 25,322,000</b>	<b>8.8%</b>



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET

January 31, 2025

	<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>2025</u> <u>Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
<b>Professional Fees</b>					
Consultant Fees - Operations and Projects <sup>1</sup>	\$ 41,649	\$ 40,660	\$ 989	\$ 483,000	8.6%
Actuarial Fees <sup>2</sup>	21,500	21,500	-	496,000	4.3%
External Audit <sup>3</sup>	24,000	24,000	-	145,000	16.6%
Legal Fees <sup>4</sup>	320	10,000	(9,680)	125,000	0.3%
<b>Total Professional Fees</b>	<b>\$ 87,469</b>	<b>\$ 96,160</b>	<b>\$ (8,691)</b>	<b>\$ 1,249,000</b>	<b>7.0%</b>

	<u>Actual</u> <u>Year-To-Date</u>	<u>Budget</u> <u>Year-To-Date</u>	<u>YTD Variance</u> <u>(Under)/Over</u>	<u>2025 Annual</u> <u>Budget</u>	<u>% Actual to</u> <u>Annual Budget</u>
<b><sup>1</sup> CONSULTANT FEES - OPERATIONS AND PROJECTS:</b>					
<b>Benefits</b>					
Alameda County HRS (Benefit Services)	10,500	10,500	-	126,000	8.3%
Segal (Benefit Consultant/Retiree Open Enrollment)	11,417	11,410	7	187,000	6.1%
<b>Total Benefits</b>	<b>21,917</b>	<b>21,910</b>	<b>7</b>	<b>313,000</b>	<b>7.0%</b>
<b>Fiscal Services</b>					
Cashlog	-	-	-	20,000	0.0%
<b>Total Fiscal Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>0.0%</b>
<b>Human Resources</b>					
Lakeside Group (County Personnel)	12,233	11,250	983	135,000	9.1%
<b>Total Human Resources</b>	<b>12,233</b>	<b>11,250</b>	<b>983</b>	<b>135,000</b>	<b>9.1%</b>
<b>PRISM</b>					
OnBase upgrade	7,500	7,500	-	15,000	50.0%
<b>Total PRISM</b>	<b>7,500</b>	<b>7,500</b>	<b>-</b>	<b>15,000</b>	<b>50.0%</b>
<b>Total Consultant Fees - Operations</b>	<b>41,649</b>	<b>40,660</b>	<b>989</b>	<b>483,000</b>	<b>8.6%</b>

<b><sup>2</sup> ACTUARIAL FEES</b>					
Actuarial Valuation	-	-	-	90,000	0.0%
GASB 67 & 68 Valuation	-	-	-	55,000	0.0%
GASB 74 & 75 Actuarial	-	-	-	17,000	0.0%
Actuarial Standard of Practice 51 Pension Risk	-	-	-	30,000	0.0%
Supplemental Consulting	21,500	21,500	-	258,000	8.3%
Supplemental Retiree Benefit Reserve valuation	-	-	-	46,000	0.0%
<b>Total Actuarial Fees</b>	<b>21,500</b>	<b>21,500</b>	<b>-</b>	<b>496,000</b>	<b>4.3%</b>

<b><sup>3</sup> EXTERNAL AUDIT</b>					
External audit	20,000	20,000	-	121,000	16.5%
GASB 67 & 68 audit	2,000	2,000	-	12,000	16.7%
GASB 74 & 75 audit	2,000	2,000	-	12,000	16.7%
<b>Total External Audit Fees</b>	<b>24,000</b>	<b>24,000</b>	<b>-</b>	<b>145,000</b>	<b>16.6%</b>

<b><sup>4</sup> LEGAL FEES</b>					
Fiduciary & Litigation	1,820	4,000	(2,180)	50,000	3.6%
Tax and Benefit Issues	(100)	2,000	(2,100)	25,000	-0.4%
Miscellaneous Legal Advice	(1,400)	4,000	(5,400)	50,000	-2.8%
<b>Total Legal Fees</b>	<b>320</b>	<b>10,000</b>	<b>(9,680)</b>	<b>125,000</b>	<b>0.3%</b>

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
TOTAL EXPENDITURES VS. PRIOR YEAR ACTUAL  
For the One Month Ending 1/31/2025

	<u><i>For the Month of January 2025</i></u>	<u><i>For the Month of January 2024</i></u>	<u>Variance</u>	<u><i>Year-To-Date 2025</i></u>	<u><i>Year-To-Date 2024</i></u>	<u>Variance</u>
<b>STAFFING</b>						
Salaries	1,103,161	1,009,235	93,926	1,103,161	1,009,235	93,926
Fringe Benefits	529,492	636,220	(106,728)	529,492	636,220	(106,728)
Temporary Staffing Cost	36,405	46,348	(9,943)	36,405	46,348	(9,943)
Staffing Total	<u>1,669,058</u>	<u>1,691,803</u>	<u>(22,745)</u>	<u>1,669,058</u>	<u>1,691,803</u>	<u>(22,745)</u>
<b>STAFF DEVELOPMENT</b>	14,127	19,953	(5,826)	14,127	19,953	(5,826)
<b>PROFESSIONAL FEES</b>						
Actuarial Fees	21,500	16,500	5,000	21,500	16,500	5,000
Consultant Fees - Operations	41,649	28,000	13,649	41,649	28,000	13,649
Consultant Fees - Legal	320	12,530	(12,210)	320	12,530	(12,210)
External Audit	24,000	24,000	0	24,000	24,000	0
Professional Fees Total	<u>87,469</u>	<u>81,030</u>	<u>6,439</u>	<u>87,469</u>	<u>81,030</u>	<u>6,439</u>
<b>OFFICE EXPENSE</b>						
Bank Charges & Misc. Admin	6,529	6,358	171	6,529	6,358	171
Building Expenses	5,804	2,328	3,476	5,804	2,328	3,476
Communications	3,256	9,548	(6,292)	3,256	9,548	(6,292)
Equipment Lease/Maintenance	12,230	6,775	5,455	12,230	6,775	5,455
Minor Equipment and Furniture	683	0	683	683	0	683
Office Supplies/Maintenance	5,665	2,034	3,631	5,665	2,034	3,631
Printing & Postage	2,543	1,068	1,475	2,543	1,068	1,475
Office Expense Total	<u>36,710</u>	<u>28,111</u>	<u>8,599</u>	<u>36,710</u>	<u>28,111</u>	<u>8,599</u>
<b>INSURANCE</b>	53,430	51,590	1,840	53,430	51,590	1,840
<b>MEMBER SERVICES</b>						
Disability - Legal Arbitration & Transcripts	13,777	17,350	(3,573)	13,777	17,350	(3,573)
Disability Medical Expense	4,000	52,350	(48,350)	4,000	52,350	(48,350)
Disability Claims Management	3,850	3,850	0	3,850	3,850	0
Health Reimbursement Acct. (HRA)	8,436	5,994	2,442	8,436	5,994	2,442
Member Training & Education	714	682	32	714	682	32
Printing & Postage - Members	29,362	17,263	12,099	29,362	17,263	12,099
Virtual Call Center	5,061	5,438	(377)	5,061	5,438	(377)
Member Services Total	<u>65,200</u>	<u>102,927</u>	<u>(37,727)</u>	<u>65,200</u>	<u>102,927</u>	<u>(37,727)</u>

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
TOTAL EXPENDITURES VS. PRIOR YEAR ACTUAL  
For the One Month Ending 1/31/2025

	<u><i>For the Month of January 2025</i></u>	<u><i>For the Month of January 2024</i></u>	<u>Variance</u>	<u><i>Year-To-Date 2025</i></u>	<u><i>Year-To-Date 2024</i></u>	<u>Variance</u>
SYSTEMS						
Business Continuity Expense	19,125	18,434	691	19,125	18,434	691
County Data Processing	12,415	11,448	967	12,415	11,448	967
Minor Computer Hardware	5,635	8,329	(2,694)	5,635	8,329	(2,694)
Intangible right to use SBITA - GASB96	7,511	6,373	1,138	7,511	6,373	1,138
Software Maintenance & Support	<u>54,949</u>	<u>57,262</u>	<u>(2,313)</u>	<u>54,949</u>	<u>57,262</u>	<u>(2,313)</u>
Systems Total	<u>99,635</u>	<u>101,846</u>	<u>(2,211)</u>	<u>99,635</u>	<u>101,846</u>	<u>(2,211)</u>
DEPRECIATION						
Depreciation Expense	152,392	10,203	142,189	152,392	10,203	142,189
BOARD OF RETIREMENT						
Board Compensation	1,100	1,200	(100)	1,100	1,200	(100)
Board Conferences & Training	2,365	1,690	675	2,365	1,690	675
Board Employer Reimbursement	32,490	31,570	920	32,490	31,570	920
Board Miscellaneous Expense	664	779	(115)	664	779	(115)
Board Software Maint. & Support	<u>1,335</u>	<u>1,294</u>	<u>41</u>	<u>1,335</u>	<u>1,294</u>	<u>41</u>
Board of Retirement Total	<u>37,954</u>	<u>36,533</u>	<u>1,421</u>	<u>37,954</u>	<u>36,533</u>	<u>1,421</u>
GRAND TOTALS	<u>2,215,975</u>	<u>2,123,996</u>	<u>91,979</u>	<u>2,215,975</u>	<u>2,123,996</u>	<u>91,979</u>

# OnBase Upgrade

March 5, 2025  
Vijay Jagar

# What is OnBase?

- OnBase is an enterprise content management (ECM) and case management solution
- Key Features:
  - Document Management
  - Workflows
  - Records Management
  - PG3 Integration



# Why Upgrade?

- Cost
- Enhanced Security
- New Features
- Cloud Transition/Scalability

