



**REVISED on MAY 13, 2019**  
**Alameda County Employees' Retirement Association**  
**BOARD OF RETIREMENT**

**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.**

**Thursday, May 16, 2019**  
**2:00 p.m.**

LOCATION	BOARD OF RETIREMENT - MEMBERS	
ACERA C.G. "BUD" QUIST BOARD ROOM 475 14 <sup>TH</sup> STREET, 10 <sup>TH</sup> FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574	GEORGE WOOD CHAIR	ELECTED GENERAL
	HENRY LEVY FIRST VICE-CHAIR	TREASURER
	ELIZABETH ROGERS SECOND VICE-CHAIR	ELECTED GENERAL
	DALE AMARAL	ELECTED SAFETY
	OPHELIA BASGAL	APPOINTED
	KEITH CARSON	APPOINTED
	TARRELL GAMBLE	APPOINTED
	JAIME GODFREY	APPOINTED
	LIZ KOPPENHAVER	ELECTED RETIRED
	NANCY REILLY	ALTERNATE RETIRED <sup>1</sup>
	DARRYL L.WALKER	ALTERNATE SAFETY <sup>2</sup>

<sup>1</sup> Alternate Retired Member (Votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General members, or the Elected Safety Member and an Elected General member, are absent).

<sup>2</sup> Alternate Safety Member (Votes in the absence of (1) the Elected Safety, (2) either of the two Elected General Members, or (3) both the Retired and Alternate Retired members).

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

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

The order of agendized items is subject to change without notice. Board and Committee agendas and minutes are available online at [www.acera.org](http://www.acera.org).

1. **CALL TO ORDER:**
2. **ROLL CALL:**
3. **PUBLIC COMMENT:**
4. **CONSENT CALENDAR:**
  - A. **APPLICATION FOR SERVICE RETIREMENT:**  
*Appendix A*
  - B. **APPLICATION FOR RETIREMENT, DEFERRED:**  
*Appendix B*  
*Appendix B-1*
  - C. **APPLICATION FOR DEFERRED TRANSFER:**  
*Appendix C*
  - D. **LIST OF DECEASED MEMBERS:**  
*Appendix D*
  - E. **REQUESTS FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT:**  
*Appendix E*
  - F. **APPLICATION FOR DISABILITY RETIREMENT – NON CONTESTED ITEMS:**  
*Appendix F*
  - G. **APPLICATION FOR DISABILITY RETIREMENT – HEARING OFFICER RECOMMENDATIONS:**  
*Appendix G*
  - H. **APPROVAL OF COMMITTEE and BOARD MINUTES:**  
*April 17, 2019 Investment Committee Minutes*  
*April 18, 2019 Actuarial Committee Minutes*  
*April 18, 2019 Governance Committee Minutes*  
*April 18, 2019 Audit Committee Minutes*  
*April 18, 2019 Minutes of the Regular Board Meeting*
  - I. **MISCELLENOUS MATTERS:**  
**Operations Committee Information Item(s):**
    1. Quarterly Financial Statements as of March 31, 2019
    2. Operating Expenses as of March 31, 2019
    3. Quarterly Cash Forecast Report as of March 31, 2019
    4. Board Member Conference Expense Report for 1<sup>st</sup> Qtr. 2019
    5. Senior Manager Conference and Training Expense Report for 1<sup>st</sup> Qtr. 2019

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

**REGULAR CALENDAR**  
**REPORTS AND ACTION ITEMS**

**5. DISABILITIES, RECOMMENDATIONS AND MOTIONS:**

*(Item(s) will be heard in Closed Executive Session)*

None.

**6. COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS:**

**A. Investment:**

1. Summary of the May 15, 2019, Meeting.
2. Motion that the Board adopt an up to \$60 million Investment in Great Hill Equity Partners VII as part of ACERA's Private Equity Portfolio – Buyouts and Venture Capital.
3. Motion that the Board adopt Alternative #2 in the Asset — Liability Integration Study.

**B. Actuarial:**

1. Summary of the May 16, 2019, Meeting.
2. Motion to adopt the Actuarial Valuation and Review as of December 31, 2018, including the employer and employee contribution rates.

**C. Audit:**

1. Summary of the May 16, 2019, Meeting.
2. Motion that the Board accept and file the December 31, 2018, audited Financial Statements and Independent Auditors' Report.
3. Motion that the Board adopt the Governmental Accounting Standards Board (GASB) Statement No. 67 Actuarial Valuation as of December 31, 2018.
4. Motion that the Board adopt the GASB Statement No. 74 Actuarial Valuation as of December 31, 2018.
5. Motion that the Board adopt the Addendums to the Governmental Accounting Standards Board (GASB) Statement No. 67 and Statement No 74 Actuarial Valuations as of December 31, 2018.

**7. NEW BUSINESS:**

**A.** Motion that after contributions are made to the 401(h) accounts by the respective Participating Employers, ACERA, in accordance with the CERL, treat an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions and transfer the amount equal to the pro rata share of the 401(h) contributions for the 2019-2020 fiscal year for each Participating Employer. The exact amount will be adjusted by the balance remaining in each of the 401(h) accounts and is contingent upon receipt by ACERA of an authorizing resolution from the Participating Employers' governing bodies.

**B.** Chief Executive Officer's Report.

**8. CONFERENCE REPORTS/ORAL REPORTS:**

**9. ANNOUNCEMENTS:**

**10. BOARD INPUT:**

**11. CLOSED SESSION:**

**A. Pursuant to Government Code § 54957:**  
Public Employee Discipline/Dismissal/Release

**12. REPORT ON ACTION TAKEN IN CLOSED SESSION:**

**13. ESTABLISHMENT OF NEXT MEETING:**

**Thursday, June 20, 2019 at 2:00 p.m.**

**14. ADJOURNMENT:**



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**APPENDIX A**  
**APPLICATION FOR SERVICE RETIREMENT**

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ALMENDRAL, Angelina  
Alameda Health System  
Effective: 3/7/2018

DOUNG, Tuan  
General Services Agency  
Effective: 1/24/2019

ARBUCKLE, Jason H.  
Sheriff's Office  
Effective: 3/23/2019

DUNSTON, Bobbie J.  
Alameda Health System  
Effective: 3/9/2019

BALCE, Brenda  
Alameda Health System  
Effective: 12/20/2018

ESCARSEGA, Yvonne D  
Alameda Health System  
Effective: 8/12/2017

BERRYMAN, Alan P.  
Sheriff's Office  
Effective: 3/6/2019

FAN, Amy  
Social Services Agency  
Effective: 3/5/2019

BOWERS, Riddic M.  
Sheriff's Office  
Effective: 3/23/2019

GEORGE, Margaret A.  
General Services Agency  
Effective: 3/23/2019

BROWN, Dana J.  
Social Services Agency  
Effective: 2/23/2019

GRAVES, Valerie L.  
Sheriff's Office  
Effective: 12/1/2018

CALVIN, Michael  
Probation  
Effective: 3/9/2019

GREIF, Cynthia R.  
Health Care Services Agency  
Effective: 3/2/2019

CAMPBELL, Wendelyn A.  
Child Support Services  
Effective: 3/23/2019

JACKSON, Brenda  
Alameda Health System  
Effective: 11/28/2018

DE LEON, Mercedes A.  
Alameda Health System  
Effective: 11/14/2018

JUNG, Colman  
District Attorney  
Effective: 3/23/2019

DEBOSE, Christopher  
Alameda Health System  
Effective: 10/5/2018

KOELSCH, Sharon M.  
Child Support Services  
Effective: 2/23/2019

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**APPENDIX A**  
**APPLICATION FOR SERVICE RETIREMENT**

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LEFEVRE, Frederick W.  
Health Care Services Agency  
Effective: 3/23/2019

ROBERTS, Danette M.  
Probation  
Effective: 3/23/2019

MCCARTNEY, Marilyn  
Alameda Health System  
Effective: 3/7/2019

SCHWARTZ, Harvey N.  
Information Technology Department  
Effective: 3/23/2019

MCCOWAN, Denise L.  
Social Services Agency  
Effective: 3/9/2019

SEQUEIRA, Kenneth M.  
Public Works  
Effective: 3/23/2019

MCNULTY, Carmen Z.  
Alameda Health System  
Effective: 1/30/2019

SEQUEIRA, Sherry A.  
Child Support Services  
Effective: 3/23/2019

MORODOMI, Abraham R.  
Sheriff's Office  
Effective: 3/23/2019

SHANKAR, Anand  
Community Development Agency  
Effective: 3/9/2019

MORRISON, Doris  
Social Services Agency  
Effective: 3/9/2019

SIDES, Mary J.  
Child Support Services  
Effective: 3/23/2019

MOSES, Porcia  
Alameda Health System  
Effective: 3/9/2019

SMITH , Louis P.  
General Services Agency  
Effective: 1/4/2019

OVALLE, Esther  
General Services Agency  
Effective: 9/21/2018

SMITH, Yolanda C.  
Child Support Services  
Effective: 3/23/2019

PANORI, Michael C.  
General Services Agency  
Effective: 3/23/2019

SOTO, Maria  
Social Services Agency  
Effective: 3/23/2019

PETERS, Janet D.  
Sheriff's Office  
Effective: 3/15/2019

STEPHENS, Robert L.  
Superior Court  
Effective: 3/14/2019

RICHARDSON, Debra F.  
Health Care Services Agency  
Effective: 3/23/2019

TAYLOR, Maurice  
Assessor  
Effective: 3/23/2019

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**APPENDIX A  
APPLICATION FOR SERVICE RETIREMENT**

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TRAM, Ha T.  
General Services Agency  
Effective: 3/9/2019

WARING, Robert L.  
Community Development Agency  
Effective: 3/22/2019

URBI, Eleanor A.  
Child Support Services  
Effective: 3/23/2019

ZAMORA, Noemilyn C.  
Alameda Health System  
Effective: 4/1/2018

WALES, Sarah H.  
Social Services Agency  
Effective: 3/23/2019

ZIMMERMAN, Scott A.  
Social Services Agency  
Effective: 3/9/2019

WANG, Yen C.  
Alameda Health System  
Effective: 2/2/2019

ZINK, Richard G.  
Information Technology Department  
Effective: 3/23/2019

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**APPENDIX B  
APPLICATION FOR DEFERRED RETIREMENT**

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HOOVER, Joshua A.  
Sheriff's Office  
Effective Date: 3/8/2019

KESSLER, Kelley D.  
Social Services Agency  
Effective: 3/8/2019

SMITH, Adrian  
Alameda Health System  
Effective: 10/5/2018

WHATLEY, Sara A.  
Zone 7  
Effective: 6/20/2019

YANG, Wei F.  
Treasurer-Tax Collector  
Effective: 2/22/2019

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

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ANDREWS, Julie A.  
Social Services Agency  
Effective: 6/29/2018

DAVIS, Allysha M.  
Health Care Services Agency  
Effective: 2/8/2019

DICKENS, Charles E.  
Sheriff's Office  
Effective: 2/21/2019

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**APPENDIX D**  
**LIST OF DECEASED MEMBERS**

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ALVA, Imelda A.  
Auditor-Controller  
3/3/2019

HATCHETT, Annie B.  
Alameda Health System  
2/19/2019

BROWN, Kevin B.  
Sheriff's Office  
3/3/2019

HOUT, Carmel  
Superior Court  
2/27/2019

CHELCIU, Paul D.  
Livermore Area Recreation & Parks Dept.  
11/1/2016

ISAAC, Jennifer  
Non-Member Survivor of James Isaac Jr  
3/21/2019

COLLIER, Mary T.  
Superior Court  
3/5/2019

JACKSON, Dorene M.  
Social Services Agency  
1/3/2019

COMPTON, Sara F.  
Assessor  
3/11/2019

JOHNSON, Wilma  
Health Care Services Agency  
3/3/2019

FREELAND, Ruby G.  
Alameda Health System  
3/5/2019

MENA, Angelie  
Social Services Agency  
1/19/2019

GIANNELL, Marilyn M.  
Social Services Agency  
2/27/2019

MEANS, Bud  
Public Works Agency  
1/31/2019

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**APPENDIX D**  
**LIST OF DECEASED MEMBERS**

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MENDOZA, Esther  
Health Care Services Agency  
3/7/2019

ROTERMUND, Nicholas R.  
Sheriff's Office  
2/17/2019

MURASE, Marilyn  
Social Services Agency  
1/31/2019

SCHRAMM, Catherine  
Alameda Health System  
2/17/2019

NGUYEN, Phung D.  
Social Services Agency  
1/6/2019

SCHWARTZ, Barbara  
Probation  
3/10/2019

PATTERSON, Joice E.  
Community Development Agency  
3/7/2019

SCOTT, Louisa B.  
Non-Member Survivor of James Scott  
3/21/2019

PEARSON, Tilda G.  
Non-Member Survivor of Benit Pearson  
2/19/2019

SHEPPARD, Jeanette D.  
Library  
1/23/2019

PORTER, John C.  
Superior Court  
2/1/2019

SMITH, James  
General Services Agency  
2/16/2019

RESBURG, Thomas E.  
Health Care Services Agency  
3/20/2019

WILSON, Marie J.  
Social Services Agency  
2/24/2019

ROBINSON, Esther  
Registrar of Voters  
1/19/2019

WYSOCK, Jo-Anne  
Non-Member Survivor of David Wysock  
3/23/2019

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**APPENDIX F  
APPLICATION FOR DISABILITY RETIREMENT**

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**Name:** Garcia, Andrew  
**Type of Claim:** Service Connected

Staff’s Recommendation:

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

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**Name:** Knox-Banks, Janay  
**Type of Claim:** Service Connected

Staff’s Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor’s report, including but not limited to, granting Ms. Knox-Banks’s application for a service connected disability, and requiring future annual medical examinations and questionnaires.

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**April 18, 2019**  
**Minutes of the Regular Board Meeting**  
**For approval under May 16, 2019**  
**Board “Consent Calendar”**



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
*BOARD OF RETIREMENT*  
MINUTES

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Thursday, April 18, 2019

Chair George Wood called the meeting to order at 2:00 p.m.

Trustees Present: Dale Amaral  
Keith Carson  
Tarrell Gamble  
Jaime Godfrey  
Liz Koppenhaver  
Elizabeth Rogers  
George Wood  
Nancy Reilly (*Alternate*)  
Darryl Walker (*Alternate*)

Trustees Excused: Ophelia Basgal  
Henry Levy

Staff Present: Margo Allen, Fiscal Services Officer  
Victoria Arruda, Human Resource Officer  
Angela Bradford, Executive Secretary  
Sandra Dueñas-Cuevas, Benefits Manager  
Kathy Foster, Assistant Chief Executive Officer  
Jessica Huffman, Benefits Manager  
Harsh Jadhav, Chief of Internal Audit  
Vijay Jagar, Retirement Chief Technology Officer, ACERA  
Kathy Mount, Chief Counsel  
David Nelsen, Chief Executive Officer  
Betty Tse, Chief Investment Officer

**PUBLIC INPUT**

Trustee Tarrell Gamble expressed his appreciation to the Board and Staff; specifically, Executive Secretary Angela Bradford and her Assistant Jocelyn Jacala, for all of their hard work and assistance.



**CONSENT CALENDAR**

**REPORTS AND ACTION ITEMS**

**APPLICATION FOR SERVICE RETIREMENT**

*Appendix A*

**APPLICATION FOR RETIREMENT, DEFERRED**

*Appendix B*  
*Appendix B-1*

**APPLICATION FOR DEFERRED TRANSFER**

*Appendix C*

**LIST OF DECEASED MEMBERS**

*Appendix D*

**REQUESTS FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT**

*Appendix E*

**APPLICATION FOR DISABILITY RETIREMENT – NON-CONTESTED ITEMS**

*Appendix F*

**APPLICATION FOR DISABILITY RETIREMENT – HEARING OFFICER RECOMMENDATIONS**

*Appendix G*

**APPROVAL OF BOARD and COMMITTEE MINUTES**

*March 21, 2019 Minutes of the Regular Board Meeting*  
*April 3, 2019 Operations Committee Minutes*  
*April 3, 2019 Retirees Committee Minutes*

**MISCELLANEOUS MATTERS:**

*Quarterly Report on Member Underpayments and Overpayments*

*Pay Code 42K for the County:*

*Designate Pay Item 42K – Process Training Duties as compensation earnable for Tier 1, 2, and 3 legacy members, based on Government Code Section 31461; and pensionable compensation for Tier 4 PEPRAs members, based on Government Code Section 7522.34*

**19-23**

**It was moved by Elizabeth Rogers seconded by Jaime Godfrey, and approved by a vote of 6 yes (Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood), 0 no, and 0 abstentions (Dale Amaral and Darryl Walker recused themselves because one or more of the consent calendar items involved their employing Departments):**

**BE IT RESOLVED BY THIS BOARD that the Consent Calendar is approved as presented.**

**REGULAR CALENDAR  
REPORTS AND ACTION ITEMS**

**DISABILITIES, CURRENT AND CONTINUING RECOMMENDATIONS AND  
MOTIONS**

*(Item(s) will be heard in Closed Executive Session)*

1. Spikes, Cecile Eligibility Services Technician III Alameda County  
Service: 20.85791 Years Social Service Agency  
Application for Service Connected Disability

**COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS**

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

***Operations:***

Vice-Chair Dale Amaral gave an oral report stating that the Operations Committee met on April 3, 2019 and was presented with, reviewed and/or discussed the following information items:

*1) Budget vs. Actual Operating Expense Report as of February 28, 2019 – actual expenses were \$220 million under budget; and 2) Statement of Reserves for the six months ending December 31, 2018 – approximately \$269.5 million of regular interest was credited to the 401(h) and Supplemental Retiree Benefit Reserve (SRBR) valuation reserve accounts, respectively, at a rate of 3.3861%.*

Trustee Amaral reported that Trustee Basgal discussed a news article regarding Milwaukee County approving a deal to recoup \$1.5 million in pension overpayments as well as the National Association of State Administrators' (NASRA) Survey on overpayments of retirement benefits.

***Retirees:***

Liz Koppenhaver gave an oral report stating that the Retirees Committee met on April 3, 2019 and was presented with, reviewed and/or discussed the following Information Items:

*1) Active Death Equity Benefit (ADEB) – the Retirees Committee decided not to re-implement this benefit at this time; 2) comparison of the Revised 2019 Annual Retirees Committee Work Plan to the Operations Committee Work Plan in an effort to coordinate and condense the Operations and Retirees Committee meetings, which will now occur every other month and/or whenever necessary; 3) Ten-year history through December 31, 2018 of the financial status of the SRBR – total interest credited to the SRBR Account was \$64.8 million, \$10.6 million in excess earnings, total deductions were \$50.9 and the ending balance is \$919.5 million; 4) Retired Member Death Benefit (Lump Sum) – Staff is developing a questionnaire to send to retired members regarding the Lump Sum Benefit (and for the ADEB for active members); 5) Semi-Annual Report on ACERA's Wellness Program. Trustee Koppenhaver invited Trustees and Staff to participate in ACERA's Wellness Walk*

at Lake Merritt on Friday, April 26, 2019 at 10 a.m.; 6) Via Benefits provided information on what they are currently working on for ACERA Medicare and pre-65 retired members and asked that members contact them regarding any reimbursement issues; specifically, out of State members; and 7) Miscellaneous Updates which included information regarding the transition from the Health Reimbursement Arrangement Account (HRA) to Via Benefits. Via Benefits offers live informational seminars on their Website for participants who are eligible for Medicare.

***Investment:***

Elizabeth Rogers gave an oral report stating that the Investment Committee met on April 17, 2019 and reviewed and/or discussed the following information items:

- 1) Verus representative Barry Dennis presented the results of the Asset – Liability Integration Study. The objective of the Study is to review and prioritize the risk and return characteristics of all asset classes in the Total Fund and to modify the asset allocations, if warranted. Mr. Dennis discussed the risks and the impact of the SRBR on the ratio projections. After discussion, Verus recommended that the Committee choose Alternative No. 2, which improves diversification and supports the long-term sustainability of the Plan over Alternative No. 1, which improves the funded ratio while minimizing the deterioration of the funded status. The Asset – Liability Study will be brought back as an action item at the May 15, 2019 Investment Committee meeting;
- 2) A Working Group of up to four Board Trustees shall be established to work with Verus and Staff to evaluate and develop an *Environmental, Social and Governance (ESG) Policy*. The Working Group will develop its Mission Statement, review other systems' *ESG* policies, discuss relevant topics as they arise, and prepare a draft *ESG Policy* for the Investment Committee's consideration.
- 3) The Committee did not recommend that the Board take action on the Closed Session item regarding the consideration of the purchase or sale of a specific pension fund investment/anticipated litigation.

Minutes of the meeting will be presented to the Board for adoption on the consent calendar at the May 16, 2019 Board meeting.

***Actuarial:***

Dale Amaral expressed his appreciation to the Board and Staff; specifically, the Assistant Chief Executive Officer Kathy Foster, for the excellent customer service they provide to its members.

Trustee Amaral gave an oral report stating that the Actuarial Committee met today and was presented with, reviewed and/or discussed an information item regarding ACERA's draft Actuarial Valuation and Review as of December 31, 2018, prepared by Segal Consulting.

Trustee Amaral reported that due to a number of factors which include, but not limited to: higher than expected returns on investments (after smoothing), other actuarial gains and the expected decrease due to contributions made to pay down the Unfunded Actuarial Accrued Liability (UAAL), the UAAL decreased from \$2,156.7 million in 2017 to \$2,137.1 million in 2018. Due to a number of factors which include, but not limited to: actual contributions lower than expected, higher than expected salary increases for active members, higher than expected investments (after smoothing) and other actuarial gains, the aggregate employer contribution rate increased by 0.14% of payroll from 27.82% in 2017 to 27.96% for 2018. The aggregate employee contribution rate remained at 9.34 % of payroll for 2018.

Minutes of the meeting will be presented to the Board for adoption on the consent calendar at the May 16, 2019 Board meeting.

***Governance:***

Elizabeth Rogers gave an oral report stating that the Governance Committee met today and was presented with, reviewed, discussed and took action on the following Board policies:

*1) Electronic Tablet; 2) Board Communications; and 3) Media Communications.*

**19-24**

**It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver that the Board finds that the *Electronic Tablet Policy* continues to be relevant and contains the required policy elements and that it be continued, without revisions, until such time ACERA implements the Granicus software and updates Administrative Policies regarding the use of electronic devices for ACERA business. The motion carried 7 yes (*Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood*), 0 no, and 0 abstentions.**

**19-25**

**It was moved by Elizabeth Rogers and seconded by Jaime Godfrey that the Board finds that the *Board Communications Policy* continues to be relevant and contains the required policy elements and that the Board adopt the revisions to the *Board Communications Policy* regarding media requests, and privacy and confidentiality issues as proposed by Staff. The motion carried 7 yes (*Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood*), 0 no, and 0 abstentions.**

**19-26**

**It was moved by Elizabeth Rogers and seconded by Tarrell Gamble that the Board repeal the *Media Communications Policy*, as it is no longer relevant given that the *Policy* only governs communications by Staff thus is more appropriate as an administrative policy. Such a policy is included in the employee handbook. The *Board Communications Policy* addresses media communication with Trustees. The motion carried 7 yes (*Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood*), 0 no, and 0 abstentions.**

Minutes of the meeting will be presented to the Board for adoption on the consent calendar at the May 16, 2019 Board meeting.

***Audit:***

Tarrell Gamble gave an oral report stating that the Audit Committee met today and was presented with, reviewed and discussed extending Williams, Adley & Company's (WACO) contract to perform audits for a two-year period (calendar years 2019 and 2020).

**19-27**

**It was moved by Tarrell Gamble and seconded by Elizabeth Rogers that the Board extend William, Adley & Company's contract to perform audits for a two-year period (calendar years 2019 and 2020). The motion carried 7 yes (*Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood*), 0 no, and 0 abstentions.**

Trustee Gamble reported that the Committee was also presented with, reviewed and discussed the following Information Items: **1)** Governmental Accounting Standards Board (GASB) Statement No. 67 Valuation (Liability Reporting) and GASB Statement No. 74 Valuation (Funding Reporting) as of December 31, 2018; **2)** Progress report on the Internal Audit Plan; and **3)** *Financial Fraud Policy*. Trustee Gamble urged Staff that if they suspect any fraudulent financial activity, to please report it.

Minutes of the meeting will be presented to the Board for adoption on the consent calendar at the May 16, 2019 Board meeting.

**NEW BUSINESS:**

**SACRS 2019-2020 Board of Directors Elections:**

Mr. Nelsen requested direction from the Board on how he (or his Designee) should vote ACERA's Proxy on behalf of the Board on the SACRS 2019-2020 Board of Elections and SACRS 2017-2018 Audit.

Mr. Nelsen presented his April 18, 2019 memo regarding the SACRS Nominating Committee's recommended slate of candidates for its 2019-2020 SACRS Officers, which are as follows: **President:** Dan McAllister, San Diego CERA; **Vice-President:** Vivian Gray, Los Angeles CERA; **Treasurer:** Harry Hagen, Santa Barbara CERAS; **Secretary:** Kathryn Cavness, Mendocino CERA; **Regular Member:** Roger Hilton, Orange CERS; **Regular Member:** Chris Cooper, Marin CERA; and **Regular Member:** Vere Williams, San Bernardino CERA. Mr. Nelsen explained that the SACRS Nominating Committee did not nominate Regular Member Vere Williams. However, if Mr. Williams is elected, he would replace Regular Member Roger Hilton or Regular Member Chris Cooper. Mr. Nelsen informed the Board that it could direct him (or his Designee) to vote for SACRS Nominating Committee's recommended slate, with or without the inclusion of Regular Member Vere Williams.

**19-28**

**It was moved by Tarrell Gamble and seconded by Liz Koppenhaver that the Board direct the Chief Executive Officer (or his Designee) to vote ACERA’s Proxy on behalf of the Board of Retirement in support of the SACRS Nominating Committee’s recommended slate, with the inclusion of Regular Member Vere Williams, at the SACRS Spring Conference (Business Meeting). The motion carried 7 yes (*Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood*), 0 no, and 0 abstentions.**

**SACRS 2017-2018 Audit:**

Mr. Nelsen presented SACRS’ 2017-2018 Audit Report stating that the external auditor found that there were no reporting issues or Management Letter items; therefore, recommended that the Board direct him (or his Designee) to vote to accept the SACRS 2017-2018 Audit Report.

**19-29**

**It was moved by Tarrell Gamble and seconded by Jaime Godfrey that the Board direct the Chief Executive Officer (or his Designee) to vote ACERA’s Proxy on behalf of the Board of Retirement to accept the SACRS 2017-2018 Audit Report at the SACRS Spring Conference (Business Meeting). The motion carried 7 yes (*Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, Wood*), 0 no, and 0 abstentions.**

**David Nelsen, Chief Executive Officer’s Report**

Mr. Nelsen presented his April 18, 2019, written CEO Report which provided an update on the following items: **1)** Senior Manager Recruitment; **2)** Committee/Board Action Items; **3)** Conference Schedule; and **4)** Other Items.

Included in Mr. Nelsen’s CEO Report is a list of ACERA’s on-going internal operational measures, which are being tracked on a monthly basis. Mr. Nelsen will provide periodic updates to the Board of the numbers and results of the measures.

Retirement Chief Technology Officer Vijay Jagar gave a presentation on the status of the projects currently being worked on by the PRISM Department. The projects are divided into two categories. The first category are the primary technology projects. The second category is considered “the plumbing” or “behind-the scenes” projects.

The behind-the-scenes projects are: **1)** Migration to Cloud Backup which will be used to store ACERA’s files via the Cloud in lieu of physical tapes; **2)** Server Migration to the Cloud which will be used to transition ACERA’s older software applications into the Cloud; and **3)** Intrusion Testing of both ACERA’s network and Web Member Services (WMS), hosted by Levy, Ray & Shoup. Staff anticipates that this project will be completed by third quarter.

The primary Technology Projects are: **1) Pension Administration Software (PAS) Upgrade** (PensionGold, Version III). Staff will provide LRS with a comprehensive list of ACERA's system requirements by the end of 2019 that spells-out exactly what functions, reports, templates, workflows, etc. Staff wants PensionGold, Version III to perform. Once all the system requirements have been vetted, Staff will bring back a contract between LRS and ACERA for the Board's consideration. This project is a collaborative effort between Staff, LRS and LRWL, ACERA's Consultants. Staff anticipates that the development and implementation of PensionGold, Version III will go "live" in approximately 2022 or 2023;

**2) Granicus Agenda Management Program Implementation.** Granicus is an all-in-one solution for anything related to Committee/Board materials; as it allows Staff to create and distribute Committee/Board materials, Board Trustees can make annotations and notes directly on the electronic documents; the public can access, view, search and download Committee/Board materials. Staff will be able to audio record meetings for the preparation of minutes, etc. Granicus also allows for audio and video live streaming of Committee/Board meetings for listening/viewing from Apple and Microsoft tablets, mobile phones, online, etc. There is no limit on the number of users and/or the type of devices that can be used with Granicus. The Board and Staff will receive training on how to use Granicus as it relates to their role, as it will replace ACERA's current DropBox and Good Reader Programs; and

**3) Microsoft (MS) Office 365** which is a Cloud based product that is a secure method of creating, storing and/or modifying Word, Excel, Outlook, etc. documents, as it provides better protection of data using government grade encryption. MS Office 365 also provides more collaboration features, better mobile device management and all data is maintained in the United States. ACERA will implement MS Office 365 sometime in May 2019.

### **CONFERENCE REPORTS**

Trustee Walker reported that he attended the Pension Bridge Conference (Tuesday, April 9 and Wednesday, April 10, 2019). Items discussed were: ESG and Private Credits. Trustee Walker also attended the National Association of Securities Professional's (NASP) event entitled: "Day of Education in Private Equity for Trustees and Staff" (Thursday, March 28, 2019).

### **ANNOUNCEMENTS**

None.

### **BOARD INPUT**

None.

**CLOSED SESSION**

- A) Existing Litigation pursuant to Government Code Section 54956.9(d) (1):  
Alameda Health System v. ACERA, Alameda County Superior Court, No. RG19006178 (Update).  
ACERA v. Reed, Alameda County Superior Court, No. RG18923790.
- B) Personnel Matter pursuant to Government Code Section 54957 & 88 Ops. Cal. Atty. Gen. 16 – Application of Cecile Spikes for Disability Retirement – Alameda County Social Services Agency.

**REPORT ON ACTION TAKEN IN CLOSED SESSION**

The Board reconvened into Open Session and Chair George Woods announced that Staff advised the Board on the Alameda Health System v. ACERA and Reed v. ACERA matters - the Board took no action on either matter.

Ms. Cecile Spikes was present during a portion of the closed session related to her disability application. After discussion, the Board took the following action:

**19-30**

**It was moved by Liz Koppenhaver and seconded by Dale Amaral that the Board direct Staff to accept Cecile Spikes' disability retirement application. The motion carried 5 yes (Amaral, Godfrey, Koppenhaver, Rogers, Wood), 0 no, and 0 abstentions.**

**ADJOURNMENT**

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

Respectfully Submitted,



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David Nelsen  
Chief Executive Officer

5/16/19

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Date Adopted



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**APPENDIX A**  
**APPLICATION FOR SERVICE RETIREMENT**

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ACOSTA, Julita G.  
Social Services Agency  
Effective: 2/23/2019

DA SILVA, Miriam E.  
Child Support Services  
Effective: 2/23/2019

AQUINO, Rosalinda  
General Services Agency  
Effective: 2/23/2019

DATING, Pedro V.  
Superior Court  
Effective: 1/26/2019

AUSTIN, Alice M.  
Superior Court  
Effective: 2/9/2019

DITTA, Raj K.  
Social Services Agency  
Effective: 10/1/2018

BAGUS, Meriam G.  
Alameda Health System  
Effective: 12/29/2018

DROBNER, Sherry  
Library  
Effective: 3/2/2019

BAUZON, Luisa D.  
Social Services Agency  
Effective: 2/9/2019

DURYEA, Gary W.  
Assessor  
Effective: 1/11/2019

BERUMEN, Adelina O.  
Probation  
Effective: 12/29/2018

FITZGERALD, Louella K.  
Social Services Agency  
Effective: 2/23/2019

BRANAGH, Fiona A.  
Health Care Services Agency  
Effective: 2/15/2019

GARRETT, Donald A.  
Information Technology  
Effective: 2/23/2019

BRISTOW, Stacey E.  
Community Development Agency  
Effective: 12/31/2018

HANGER, Alan J.  
Public Works  
Effective: 12/28/2018

BROWN, Valerie M.  
Superior Court  
Effective: 1/14/2017

HANNY, Joanne B.  
Sheriff's Office  
Effective: 2/2/2019

BURKE, Susan J.  
Alameda Health System  
Effective: 2/2/2019

HARRIS, Darrell  
Alameda Health System  
Effective: 1/14/2019

CROSBY, John  
Alameda Health System  
Effective: 12/30/2017

HENRY, Andrea  
Probation  
Effective: 2/8/2019

CUISON, Corazon F.  
Alameda Health System  
Effective: 10/1/2018

JOLLIFF, Brent I.  
Sheriff's Office  
Effective: 10/21/2018

**APPENDIX A**  
**APPLICATION FOR SERVICE RETIREMENT**

---

JOSEPH, Brent L.  
Assessor  
Effective: 12//28/2018

PECK, Paula R.  
Alameda Health System  
Effective: 2/2/2019

LEE, Eileen H.  
Auditor Office  
Effective: 11/21/2018

PECKHAM, Jinni  
Social Services Agency  
Effective: 1/1/2019

LLARENA, Zenaida B.  
Superior Court  
Effective: 2/9/2019

PERAZA, Christine A.  
Social Services Agency  
Effective: 12/29/2018

LUANGRATH, Kongdeuan  
Social Services Agency  
Effective: 2/23/2019

PEREZ, Sherna S.  
Superior Court  
Effective: 2/20/2019

MAHER, Victoria G.  
Child Support Services  
Effective: 10/20/2018

PETERS, Steven R.  
Alameda Health System  
Effective: 9/22/2018

MAZER, Shelly J.  
Social Services Agency  
Effective: 2/9/2019

PETERSEN, Darryl E.  
Zone 7  
Effective: 2/23/2019

MCKELVEY, Douglas L.  
Fire Department  
Effective: 12/30/2018

REARDON, Roberto J.  
Health Care Services Agency  
Effective: 2/14/2019

MENA, Maria D.  
Alameda Health System  
Effective: 9/19/2018

RODRIGUEZ, Joaquin G.  
Alameda Health System  
Effective: 11/25/2017

MILLER, Rebecca E.  
Sheriff's Office  
Effective: 2/21/2019

RODRIGUEZ, Rosa M.  
Alameda Health System  
Effective: 7/28/2018

MOYER, Kellie J.  
Auditor Office  
Effective: 12/29/2018

RUSSELL, Gary M.  
General Services Agency  
Effective: 2/23/2019

OWENS, Coart B.  
Superior Court  
Effective: 1/9/2019

SINGLETON, Herbert G.  
Health Care Services Agency  
Effective: 2/23/2019

PAGE, Seth M.  
Health Care Services Agency  
Effective: 2/23/2019

STEEDMAN, Mary Ann  
Health Care Services Agency  
Effective: 3/31/2018

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**APPENDIX A**  
**APPLICATION FOR SERVICE RETIREMENT**

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STOKES, Imelda  
Social Services Agency  
Effective: 2/9/2019

THIBODEAUX, Derron R.  
Probation  
Effective: 1/25/2019

VARGAS, Carmen D.  
Health Care Services Agency  
Effective: 2/23/2019

WILLIAMS, Hazel L.  
Alameda Health System  
Effective: 10/21/2018

WILLIS, Sherrienne  
Health Care Services Agency  
Effective: 2/23/2019

WILSON, Shawn G.  
Sheriff's Office  
Effective: 2/9/2019

WRIGHT, Joe M.  
Sheriff's Office  
Effective: 2/23/2019

YU, Anita M. Y.  
Social Services Agency  
Effective: 2/23/2019

ZERNICKE, Mary L.  
Social Services Agency  
Effective: 12/31/2018

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**APPENDIX B**  
**APPLICATION FOR DEFERRED RETIREMENT**

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CHAN, Wai Kan  
Alameda Health System  
Effective Date: 3/15/2019

STARRATT, Michelle L.  
Community Development Agency  
Effective: 12/14/2018

CLARK, Ilona N.  
Alameda Health System  
Effective: 2/19/2019

STAVERT, Carol A.  
Sheriff's Office  
Effective: 9/3/2018

MCCLEOD, Marquetta N.  
Social Services Agency  
Effective: 1/3/2019

STUART, Becky K.  
Alameda Health System  
Effective: 11/28/2018

MILLER, Sylvia C.  
Health Care Services Agency  
Effective: 2/5/2019

TEIXEIRA, Sabrina C.  
General Services Agency  
Effective: 10/12/2018

MITCHELL, Tina L.  
Social Services Agency  
Effective: 2/22/2019

TORRES, Ronald J.  
Health Care Services Agency  
Effective: 10/5/2018

NGUYEN, Kathy T.  
Sheriff's Office  
Effective: 2/8/2019

VELAZQUEZ, Adriana  
Health Care Services Agency  
Effective Date: 12/20/2018

REYES, Andree M.  
Health Care Services Agency  
Effective: 12/21/2018

WAHLIN, Sara C.  
Alameda Health System  
Effective: 11/25/2018

SAECHAO, Muang S.  
Social Services Agency  
Effective: 10/5/2018

WARREN, Kenya L.  
Social Services Agency  
Effective: 9/7/2018

SEIS, Jennifer K.  
Information Technology  
Effective: 1/4/2019

WILLIAMS, Rosemary  
Alameda Health System  
Effective: 11/28/2018

SMITH, Adrian  
Alameda Health System  
Effective: 10/5/2018

WRIGHT, Jason  
Child Support Services  
Effective: 11/30/2018

ZULLO, Paul F.  
Zone 7  
Effective: 8/17/2018

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

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ROWLAND, April M.  
Child Support Services  
Effective: 1/10/2019

URIBE, Julissa R.  
Social Services Agency  
Effective: 1/02/2019

SALCEDO, Angelo B.  
Information Technology  
Effective: 1/3/2019

VANIA, Neville D.  
Superior Court  
Effective: 8/10/2018

SANCHEZ, Alexis  
Auditor-Controller  
Effective: 11/14/2018

WALKER, Stefanie A.  
County Administrator  
Effective: 10/5/2019

SANDOVAL, Mario R.  
Alameda Health System  
Effective: 11/9/2018

WALLACE, Siobhan A.  
Social Services Agency  
Effective: 2/15/2018

SHALEHA, Shama  
Sheriff's Office  
Effective: 1/26/2019

WHITE, Olivia C.  
County Counsel  
Effective: 7/21/2018

SHRIVASTAVA, Aditi  
Social Services Agency  
Effective: 9/5/2018

WHITESIDE, Staci M.  
Alameda Health System  
Effective: 8/16/2018

SPILLY, Stacey A.  
Health Care Services Agency  
Effective: 9/10/2018

WILEY, Anna S.  
District Attorney  
Effective: 9/18/2018

STEIGER, Shonette M.  
Alameda Health System  
Effective: 8/10/2018

WILEY, Anna S.  
District Attorney  
Effective: 9/18/2018

TOPETE, Javier R.  
Probation  
Effective: 12/13/2018

WILSON, Santia Y.  
Social Services Agency  
Effective: 10/19/2018

TRAN, Jennifer L.  
Alameda Health System  
Effective: 7/6/2018

WU, Daryl T.  
Alameda Health System  
Effective: 8/31/2018

TRAVER, Seri M.  
General Services Agency  
Effective: 9/28/2018

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**APPENDIX D**  
**LIST OF DECEASED MEMBERS**

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Alva, Imelda  
Auditor-Controller  
3/3/2019

Johnson, Wilma  
Health Care Services Agency  
3/3/2019

Brown, Kevin  
Sheriff's Office  
3/3/2019

Mena, Angelie  
Social Services Agency  
1/19/2019

Chelciu, Paul  
LARP  
11/1/2016

Means, Bud  
Public Works Agency  
1/31/2019

Collier, Mary  
Superior Court  
3/5/2019

Mendoza, Esther  
Health Care Services Agency  
3/7/2019

Compton, Sara  
Assessor  
3/11/2019

Murase, Marilyn  
Social Services Agency  
1/31/2019

Freeland, Ruby  
Alameda Health System  
3/5/2019

Nguyen, Phung  
Social Services Agency  
1/6/2019

Giannell, Marilyn  
Social Services Agency  
2/27/2019

Patterson, Joice  
Community Development Agency  
3/7/2019

Hatchett, Annie  
Alameda Health System  
2/19/2019

Pearson, Tilda  
Non-Mbr Survivor of Benit Pearson  
2/19/2019

Hout, Carmel  
Superior Court  
2/27/2019

Porter, John C.  
Superior Court  
2/1/2019

Isaac, Jennifer  
Non-Mbr Survivor of James Isaac Jr  
3/21/2019

Resburg, Thomas  
Health Care Services Agency  
3/20/2019

Jackson, Dorene  
Social Services Agency  
1/3/2019

Robinson, Esther  
Registrar of Voters  
1/19/2019

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**APPENDIX D**  
**LIST OF DECEASED MEMBERS**

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Rotermund, Nicholas  
Sheriff's Office  
2/17/2019

Sheppard, Jeanette  
Library  
1/23/2019

Schramm, Catherine  
Alameda Health System  
2/17/2019

Smith, James  
General Services Agency  
2/16/2019

Schwartz, Barbara  
Probation  
3/10/2019

Wilson, Marie  
Social Services Agency  
2/24/2019

Scott, Louisa  
Non-Mbr Survivor of James Scott  
3/21/2019

Wysock, Jo-Anne  
Non-Mbr Survivor of David Wysock  
3/23/2019

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**APPENDIX F**  
**APPLICATION FOR DISABILITY RETIREMENT**

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**Name:** **Cardoza, Roy**  
**Type of Claim:** Service Connected

Staff's Recommendation:

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

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

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**Name:** **Moore, Gloria**  
**Type of Claim:** Service Connected

Staff's Recommendation:

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

Based on the Medical Advisor's and Staff's review and determination of Ms. Moore's ability to determine the permanency of her incapacity, to grant Ms. Moore's request for an earlier effective date.

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**Name:** **Neils, Adam**  
**Type of Claim:** Service Connected

Staff's Recommendation:

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

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**APPENDIX F**  
**APPLICATION FOR DISABILITY RETIREMENT**

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**Name:** Rios, Benjamin  
Type of Claim: Service Connected

Staff's Recommendation:

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

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**Name:** Romine, Leitriss  
Type of Claim: Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report, including but not limited to, granting Ms. Romine's application for service-connected disability, and requiring future annual medical examinations and questionnaires.

Based on the Medical Advisor's and Staff's review and determination of Ms. Romine's ability to determine the permanency of her incapacity, to grant Ms. Romine's request for an earlier effective date.

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**Name:** Washington, Abb  
Type of Claim: Service Connected

Staff's Recommendation:

Adopt the findings and conclusions and approve and adopt the recommendation contained in the Medical Advisor's report to continue the allowance for Mr. Washington's service connected disability. Since Mr. Washington is over 55 years old, future annual medical examinations will not be required.

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

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**April 17, 2019  
Investment Committee Minutes  
For approval under May 16, 2019  
Board “Consent Calendar”**



Date: April 17, 2019  
To: Members of the Board of Retirement  
From: Elizabeth Rogers - Chair  
Subject: Summary of April 17, 2019 Investment Committee Meeting

The Investment Committee (“Committee”) met on Wednesday, April 17, 2019 at 9:32 a.m. The Committee members present were Dale Amaral, Ophelia Basgal, Keith Carson, Tarrell Gamble, Jaime Godfrey, Henry Levy, Liz Koppenhaver, Elizabeth Rogers, and George Wood. Also present were Alternate Retired member, Nancy Reilly, and Alternate Safety member, Darryl Walker. Members of the Staff present were Dave Nelsen – Chief Executive Officer, Kathy Mount – Chief Counsel, Harsh Jadhav – Chief of Internal Audit, and Betty Tse – Chief Investment Officer.

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

There are no action items.

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

1. Asset – Liability Integration

- Barry Dennis, a representative from Verus Advisory, Inc. started the review of the Asset – Liability Integration study. Mr. Dennis stated that ACERA typically would conduct its Asset – Liability study every 5 years, but conducted its last Asset – Liability study in 2011 while maintaining its review of Capital Markets and Asset Allocation annually. The objective of this study which uses the Asset – Liability data as of 12/31/2017, is to review and prioritize the risk and return characteristics of all the asset classes in the Total Fund, and to modify the asset allocations, if warranted.
- Based on Verus’ capital markets assumptions, e.g. expected return range from 6.3-6.9%, and the matching of ACERA’s assets with its liabilities, e.g. inflation and mortality rates, Verus has narrowed the range of sample portfolios to mixes between ACERA’s Policy and the Peer Group. The mixes include risk/return profiles that are slightly more or less aggressive than that of the current ACERA portfolio.
- Furthermore, Verus has considered the result of the ERT Survey which the Committee members had participated in earlier this year, to guide them to identify the asset mixes that the Committee will likely be more comfortable with. For example, the #1 long-term objective concluded in the named Survey was to “Prevent deterioration in the funded status of the Plan”, while the #2 long-term objective concluded in the same Survey was the “Long term sustainability of the Plan.” Verus has narrowed the asset mixes to Alternatives 1 and

2 between the Policy and the Peer Group in light of the following considerations: 1) ACERA's gradual increase in its Total Fund value with a moderate funding status (currently about 76%); 2) the Committee's priority in its long term objectives; 3) the Committee's comfort in accepting more long term risk in certain asset classes such as that from the bond markets; and importantly, 4) diversifications.

- The two asset mixes modeled as Alternatives 1 and 2 between ACERA's Policy and the Peer Group have very similar asset classes except one. ACERA's Policy does not have Private Credit while both Alternatives 1 and 2 have a new asset class called Private Credit, i.e., 2% and 4% respectively. Verus' modeling also highlights that the forecast 10 year return for Policy and Alternative 2 are the same 6.7%, with the standard deviation declining from 12.9% (Policy) to 12.3% (Alternative 2). However, the forecast 10 year return and standard deviation for Alternative 1 are 7% and 13.8%, respectively.
- Mr. Dennis emphasized that ACERA has been rewarded by taking on a bit more risk in its portfolio. He explained the different types of risks that have been factored into the investment models presented today. He also discussed the impact of the SRBR on the funded ratio projections.
- In conclusion and relative to the long term objectives of the Committee, he felt more comfortable with a more conservative Alternative #2 which improves diversification and supports the long term sustainability of the Plan, over Alternative #1 which improves funded ratio while minimizes the deterioration of funded status.
- All 11 trustees were very engaged and offered their thoughts and asked many questions throughout Verus' presentation. Examples of the trustees' question included the outlook on inflation, the reasons for including Private Credits in the asset mixes and the ideal funded ratio. After a very interactive and thorough discussion, the Committee planned to include this Asset – Liability study as an Action Item for the May ICM.

## 2. Discussion of an establishment of a working group to evaluate a possible ESG policy

- At the recent Semi-Annual Investment Planning meeting in March, the Board Chair, Investment Committee Chair and Vice Chair, Verus and Staff discussed the possibility of establishing a working group to further define and evaluate the need for an ACERA ESG policy. The Committee Chair suggested establishing a working group of up to 4 Trustees to work with Staff and Verus. Those interested should contact her directly. The working group will establish a mission statement and will report back to the Committee. A Representative from Verus suggested to define an appropriate policy based on shared beliefs with material risk consideration, due diligence, reporting, and disclosures. The Committee also discussed the need to have a working group regarding the Emerging Investment Manager Policy. It was suggested by the Chair that the Committee review the policy, which is scheduled on the workplan, and decide later if it is necessary to create a work group, accordingly.

**TRUSTEE/PUBLIC INPUT**

None

**FUTURE DISCUSSION ITEMS**

None

**ESTABLISHMENT OF NEXT MEETING DATE**

Wednesday, May 15, 2019 at 9:30 a.m.

**Adjournment into Closed Session**

Govt. Code section 54956.81 – Consider the purchase or sale of a specific pension fund investment, and Govt. Code section 54957.1(d) (4) – Anticipated litigation (1 matter)

**Reconvene into Open Session to Report on Action Taken in Closed Session**

The Committee reconvened into open session at 12:00 p.m. and announced that no action was taken.

**ADJOURNMENT**

The meeting ended at 12:05 p.m.

**May 15, 2019**  
**Investment Committee Minutes**  
**For approval under June 20, 2019**  
**Board “Consent Calendar”**

**April 18, 2019**  
**Actuarial Committee Minutes**  
**For approval under May 16, 2019**  
**Board “Consent Calendar”**



April 18, 2019

To: Members of the Actuarial Committee  
From: Dale Amaral, Chair  
Subject: Summary of the April 18, 2019, Actuarial Committee Meeting

Actuarial Committee Chair, Dale Amaral, called the April 18, 2019, Actuarial Committee meeting to order at 11:02 pm. Committee members present were Dale Amaral, Chair, Elizabeth Rogers, Vice Chair and Liz Koppenhaver. Other Board members present were, Tarrell Gamble, Jaime Godfrey, Nancy Reilly, and Darryl Walker. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Kathy Mount, Chief Counsel; Margo Allen, Fiscal Services Officer; Betty Tse, Chief Investment Officer; and Harsh Jadhav, Chief of Internal Audit.

**ACTION ITEM**

None

**INFORMATION ITEMS**

- 1. Actuarial Valuation and Review as of December 31, 2018**  
Staff and Segal Consulting representatives discussed the draft Actuarial Valuation and Review as of December 31, 2018. It will be presented for further discussion and possible motion at the May 16, 2019 Actuarial Committee meeting.
- 2. Participating Employers' Meeting**  
Staff announced that the next Participating Employers meeting will be April 24, 2019 at 1:30 pm.

**RECOMMENDATION**

None

**TRUSTEE/PUBLIC INPUT**

None



**Future Discussion Items**

Discussion and possible motion to adopt the Actuarial Valuation and Review as of December 31, 2018

**ESTABLISHMENT OF NEXT MEETING DATE**

May 16, 2019 at 11:00 am

**MEETING ADJOURNED**

The meeting adjourned at 11:36 am

**May 16, 2019**  
**Actuarial Committee Minutes**  
**For approval under June 20, 2019**  
**Board “Consent Calendar”**

**April 18, 2019**  
**Governance Committee Minutes**  
**For approval under May 16, 2019**  
**Board “Consent Calendar”**



Date: April 18, 2019  
To: Members of the Board of Retirement  
From: Elizabeth Rogers, Chair  
Governance Committee

**Subject: Summary of the April 18, 2019, Governance Committee Meeting**

Governance Committee Chair, Elizabeth Rogers, called the April 18, 2019, meeting to order at 11:34 a.m. Committee Members present were Elizabeth Rogers, Liz Koppenhaver, and Tarrell Gamble. Other Board members present were Dale Amaral, Keith Carson, George Wood, Jaime Godfrey, and Alternate member Nancy Reilly. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Kathy Mount, Chief Counsel; Margo Allen, Fiscal Services Officer; Harsh Jadhav, Chief of Internal Audit; Victoria Arruda, Human Resources Officer; Betty Tse, Chief Investment Officer; and Lori Schnall, Associate Counsel.

**ACTION ITEMS**

**1. Review, discussion and possible motion to update the *Electronic Tablet Policy* with or without revisions.**

The Committee reviewed Staff's April 18<sup>th</sup>, 2019, memorandum and its recommendation regarding proposed revisions to the *Electronic Tablet Policy*.

Staff recommended that the *Electronic Tablet Policy* continues to be relevant until such time that ACERA implements the Granicus software and revises other procedures regarding use and ownership of electronic devices used for ACERA business, all of which may impact this policy. While these processes are being developed, staff recommended that action on this policy be deferred.

Following discussion on the *Policy*, the Committee recommended to the Board of Retirement that the *Policy* continues to be relevant and contains the required policy elements and that it be continued without revision until such time as ACERA implements Granicus and updated administrative policies regarding use of electronic devices.

A motion was moved by Trustee Gamble and seconded by Trustee Wood that the Governance Committee recommends to the Board of Retirement that the *Policy* remains relevant and necessary and to update the *Electronic Tablet Policy*, without revisions, as recommended by the Committee and Staff. The motion was approved by a vote of 7 in favor (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, and Wood), 0 against, 0 abstaining.

**2. Review, discussion and possible motion to update the *Board Communications Policy* with or without revisions.**

The Committee reviewed Staff's April 18<sup>th</sup>, 2019, memorandum and its recommendation regarding proposed revisions to the *Board Communications Policy*.

Staff recommended that the *Policy* is still relevant, and contains the necessary policy elements. Staff recommended incorporating language from the Media Communications Policy into this Policy, in anticipation of more media requests, and adding provisions related to privacy and confidentiality issues, as this is a growing area of concern.

Following discussion on the *Policy*, the Committee recommended to the Board of Retirement that the *Policy* continues to be relevant and contains the required policy elements, and that the Board adopt the revisions to the *Board Communications Policy* regarding media requests and privacy and confidentiality issues, as proposed by staff.

A motion was moved by Trustee Wood and seconded by Trustee Koppenhaver that the Governance Committee recommends to the Board of Retirement that the Policy remains relevant and necessary and to update the *Board Communication Policy*, with revisions, as recommended by the Committee and Staff. The motion was approved by a vote of 7 in favor (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, and Wood), 0 against, 0 abstaining.

**3. Review, discussion and possible motion to update the *Media Communication Policy* with or without revisions.**

The Committee reviewed Staff's April 18, 2019, memorandum and its recommendation regarding proposed revisions to the *Media Communication Policy*.

Staff recommended to repeal the *Policy* as it is no longer relevant. The *Board Communications Policy* addresses media communications with trustees. The *Media Communication Policy* only applies to staff, thus is more appropriate as an administrative policy. Such a policy is included in the Employee Handbook.

Following discussion on the Policy, the Committee recommends to the Board of Retirement to repeal the *Media Communication Policy*.

A motion was moved by Trustee Gamble and seconded by Trustee Wood that the Governance Committee recommends to the Board of Retirement that the *Media Communication Policy* is no longer relevant and necessary. The motion was approved by a vote of 7 in favor (Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, and Wood), 0 against, 0 abstaining.

**TRUSTEE / PUBLIC INPUT**

- None

**FUTURE DISCUSSION ITEMS**

- *Conflict of Interest Policy*
- *Conflict of Interest Code*
- *Board Travel Policy*
- *Board Education Policy*

**ESTABLISHMENT OF NEXT MEETING DATE**

- TBD

**ADJOURNMENT**

- The meeting adjourned at 11:41 a.m.

**April 18, 2019**  
**Audit Committee Minutes**  
**For approval under May 16, 2019**  
**Board “Consent Calendar”**



**Date:** April 18, 2019  
**To:** Members of the Audit Committee  
**From:** Tarrell Gamble, Vice Chair  
**Subject:** Summary of the April 18, 2019, Audit Committee Meeting

Audit Committee Vice Chair Tarrell Gamble called the April 18, 2019, Audit Committee meeting to order at 1:00 pm. Committee members present were Dale Amaral, Keith Carson and Elizabeth Rogers. Other Board members present were Liz Koppenhaver, Alternate Retiree Member Nancy Reilly, Alternate Safety Member Darryl Walker, Jaime Godfrey and George Wood. Members of the Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; Harsh Jadhav, Chief of Internal Audit; Kathy Mount, Chief Counsel; Vijay Jagar, Retirement Chief Technology Officer; Jessica Huffman, Benefits Manager; and Sandra Dueñas-Cuevas, Benefits Manager.

**PUBLIC COMMENT**

None

**ACTION ITEMS**

*External Audit:*

- 1. Recommendation to extend Williams Adley & Company-CA's (WACO) contract to perform audits for calendar years 2019 and 2020.**

Staff explained that WACO has audited ACERA's financial years 2016 and 2017 since its selection in October 2016. Currently WACO is auditing financial year 2018.

Staff requested approval to exercise the two-year extension option for WACO to audit ACERA's financial statements for calendar year-end 2019 and 2020.

Trustee Rogers moved, and Trustee Godfrey seconded that the Audit Committee recommend to the Board of Retirement that the Board approve the two-year contract extension option for Williams Adley & Company-CA, LLP to audit financial years 2019 and 2020.

The motion carried 7 yes (*Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, and Wood*), 0 no, 0 abstentions.



## **INFORMATION ITEMS**

### *External Audit*

#### **1. Presentation and discussion of the draft Governmental Accounting Standards Board (GASB) Statements No. 67 and 74 Valuations as of December 31, 2018 (Segal)**

Staff presented GASB 67 and 74 valuations (liability reporting) for review of the audit committee, as opposed to the (funding reporting) valuation presented to the actuarial committee.

The GASB 67 valuation measures and reports the Total/Net Pension Liability (TPL/NPL), while the GASB 74 valuation measures and reports the Total/Net OPEB (Other Postemployment Benefits) Liability (TOL/NOL).

### *Internal Audit*

#### **2. Progress report on the Internal Audit Plan**

Staff explained that the Internal Audit Department is in the process of conducting five internal audits and completing the Alameda Health System (AHS) and Superior Courts employer audits. In addition, ACERA will also implement the Financial Fraud Hotline by the end of April, and plans to provide staff training on data analytics and financial fraud during the year.

#### **3. Presentation and discussion of the Financial Fraud Policy**

Staff presented the financial fraud policy and explained that this management policy was created to emphasize ACERA's commitment to maintain the highest standards of ethics, integrity, and accountability, and recognizing the importance of protecting the organization, its employees, operations, members and assets from the consequences of fraudulent financial activity. ACERA employees are the first line of defense against fraud and should report any concerns about financial fraud in accordance with these policy guidelines.

## **TRUSTEE COMMENT**

None.

## **ESTABLISHMENT OF NEXT MEETING DATE**

May 16, 2019, at 1:00 pm

## **MEETING ADJOURNED**

The meeting adjourned at 1:44 pm

**May 16, 2019**  
**Audit Committee Minutes**  
**For approval under June 20, 2019**  
**Board “Consent Calendar”**

**Operations Committee Information Item(s):**

- 1. Quarterly Financial Statements as of March 31, 2019 For approval under May 16, 2019 Board “Consent Calendar”**




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MEMORANDUM TO THE BOARD OF RETIREMENT

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DATE: May 16, 2019  
TO: Members of the Board of Retirement  
FROM: Margo Allen, Fiscal Services Officer   
SUBJECT: March 31, 2019, Unaudited Financial Statements

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**Executive Summary**

Attached for review and discussion is the unaudited financial statements for the period ended March 31, 2019.

The Fiduciary Net Position Held in Trust and the Change in Fiduciary Net Position compared to the same period in 2018 increased by \$67 million.

**Financial Highlights**

- Net Position Restricted (Held in Trust for Benefits), as reported on the Statement of Fiduciary Net Position totaled \$8.19 billion. Total Receivables decreased by \$20 million, Investments at fair value increased by \$61 million, Cash increased by \$1 million and Total Liabilities without Security Lending Liability decreased by \$25 million.
- The year-over-year Change in Net Position increased by \$587 million. This is due to increase in additions of \$594 million and increase in deductions of \$7 million as explained below:
  - Total Additions year-over-year increased by \$594 million. This includes, increase in contributions of \$14 million, and increase in investments of \$580 million.
  - Total Deductions year-over-year increased by \$7 million. The amount is attributable to the growth in payments of service retirement, disability benefits, retiree health programs and administrative expenses.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**As of 3/31/2019**

	<b>Year-To-Date 2019</b>	<b>Year-To-Date 2018</b>
<b>ASSETS</b>		
Cash (Note 1)	2,222,161	1,117,633
Securities Lending Cash Collateral (Note 2)	224,493,927	271,710,161
Receivables:		
Contributions (Note 3)	23,911,661	19,962,650
Investment Receivables (Note 4a)	20,775,718	20,613,133
Unsettled Trades - Investments Sold	5,634,359	29,780,462
Futures Contracts - Equity Index (Note 5a)	423,153	669,665
Equity Index Swaps (Note 6a)	28,231	21,189
Foreign Exchange Contracts (Note 7a)	477,114	164,819
Other Receivables (Note 8)	114,458	229,420
Total Receivables	51,364,695	71,441,337
Prepaid Expenses	899,128	987,852
Total Current Assets	278,979,911	345,256,984
Investments - at Fair Value:		
Short-Term Investments (Note 9)	200,917,655	161,637,069
Domestic Equity	560,460,531	2,635,796,808
Domestic Equity Commingled Funds	1,955,814,959	16,459,501
International Equity	1,685,742,344	1,819,367,341
International Equity Commingled Funds (Note 10)	478,591,227	582,306,745
Domestic Fixed Income	948,713,909	954,483,373
International Fixed Income	110,404,113	158,039,851
International Fixed Income - Commingled Funds (Note 11)	140,667,484	147,708,523
Real Estate - Separate Properties (Note 12)	69,478,466	66,668,091
Real Estate - Commingled Funds (Note 13)	498,722,411	447,523,150
Real Assets	296,661,716	306,413,660
Absolute Return (Note 14a)	706,004,006	349,867,411
Private Equity (Note 14b)	514,622,032	459,663,183
Total Investments	8,166,800,853	8,105,934,706
Capital Assets at Cost (Net of Accumulated Depreciation or Amortization) (Note 15)	1,706,092	1,574,140
<b>Total Assets</b>	<b>8,447,486,856</b>	<b>8,452,765,830</b>
<b>LIABILITIES</b>		
Securities Lending Liability (Note 2)	224,493,927	271,710,161
Unsettled Trades - Investments Purchased	12,216,092	39,051,444
Investment-Related Payables (Note 4b)	13,515,927	14,100,003
Futures Contracts - Equity Index (Note 5b)	156,840	0
Equity Index Swaps (Note 6b)	0	258,637
Foreign Exchange Contracts (Note 7b)	1,995,960	668,050
Accrued Administration Expenses (Note 16)	2,857,554	2,791,973
Members Benefits & Refunds Payable (Note 17a)	4,155,206	3,213,201
Retirement Payroll Deductions Payable (Note 17b)	143,001	211,061
<b>Total Liabilities</b>	<b>259,534,508</b>	<b>332,004,529</b>
<b>Net Position</b>		
<b>Restricted - Held in Trust for Benefits</b>	<b>8,187,952,348</b>	<b>8,120,761,301</b>
<b>Total Net Position</b>	<b>8,187,952,348</b>	<b>8,120,761,301</b>

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Three Months Ending 3/31/2019**

	<b>Year-To-Date 2019</b>	<b>Year-To-Date 2018</b>
<b>ADDITIONS</b>		
Contributions: (Note 18)		
Members	25,423,455	22,556,504
Employers	74,713,811	63,192,284
Total Contributions	100,137,266	85,748,788
From Investment Activities:		
Net Appreciation in Fair Value of Investments	615,823,894	21,135,061
Interest	11,255,446	11,458,507
Dividends	13,137,180	12,853,816
Real Estate - Net	4,420,468	5,660,525
Private Equity and Alternatives	(7,205,503)	11,859,770
Brokers Commissions - Directed Brokerage	5,970	38,700
Sub-Total of Dividends, Interest, Other Investment Income (Note 19)	21,613,560	41,871,317
Total Income from Investment Activities	637,437,454	63,006,378
Total Investment Expenses (Note 20)	(8,026,286)	(13,574,240)
Net Income from Investment Activities (Note 21)	629,411,168	49,432,138
From Securities Lending Activities:		
Securities Lending Income	1,640,535	1,767,913
Securities Lending Expenses	(1,326,740)	(1,149,300)
Net Income from Securities Lending Activities (Note 22)	313,795	618,613
Total Net Investment Income	629,724,964	50,050,751
Miscellaneous Income (Note 23)	381,101	231,203
<b>Total Additions</b>	<b>730,243,331</b>	<b>136,030,742</b>
<b>DEDUCTIONS</b>		
Benefits:		
Service Retirement and Disability Benefits (Note 24)	117,352,199	110,739,585
Death Benefits (Note 25)	497,542	708,630
Supplemental Cost of Living Allowance	272,094	284,476
Retiree Healthcare Program	10,601,714	10,015,361
Total Benefit Payments	128,723,549	121,748,051
Member Refunds	2,070,692	1,772,105
Administration: (Note 26)		
Administrative Expenses	2,904,193	2,728,437
Actuarial Expenses	88,824	110,510
Business Continuity Expenses	138,038	135,125
Legal Expenses	420,381	359,944
Technology Expenses	219,875	216,075
401(h) Expenses	313,500	298,750
Total Administration	4,084,811	3,848,841
<b>Total Deductions</b>	<b>134,879,052</b>	<b>127,368,997</b>
<b>Net Increase(Decrease)</b>	<b>595,364,279</b>	<b>8,661,745</b>
<b>Net Position Held in Trust for Benefits:</b>		
<b>Net Position - January 1</b>	<b>7,592,588,069</b>	<b>8,112,099,556</b>
<b>Net Position - March 31</b>	<b>8,187,952,348</b>	<b>8,120,761,301</b>

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of March 31, 2019

*Basis of Accounting*

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

*(Note 1)*

*Cash - \$2.22 million*

Cash balance is the sum of the funds in the Wells Fargo Bank operating accounts. The increase of \$1.10 million from \$1.12 million in March 31, 2018, is due to the timing differences between receipt of contributions and the transfer of funds for retiree payroll and investment.

*(Note 2)*

*Securities Lending Cash Collateral - \$224.49 million*

Cash collateral of \$224.49 million and \$271.71 million was held by ACERA related to securities on loan as of March 31, 2019, and March 31, 2018, respectively. This amount is reported as an asset with a corresponding liability for the same amount in compliance with the GASB Statement No. 28.

*(Note 3)*

*Contributions Receivables - \$23.91 million*

The receivable balances of March 31, 2019, increased approximately \$3.95 million from \$19.96 million in March 31, 2018. This is primarily due to increase in the member and employer contribution rates.

*(Note 4a)*

*Investment Receivables - \$20.77 million*

The investment receivables balance as of March 31, 2019, increased by \$0.16 million from \$20.61 million for March 31, 2018. The increase is attributed mainly to stock dividend receivables.

*(Note 4b)*

*Investment Related Payables - \$13.52 million*

The decrease of \$0.58 million in investment related payables balance as of March 31, 2019, from \$14.10 million for March 31, 2018 is primarily due to investment managers and consultant fees payable.

*(Note 5)*

*Future Contracts Equity Index Receivables - \$0.42 million and Liability - \$0.16 million*

5a. The receivable represents unrealized gains on open future contracts. The balance for unrealized gains as of March 31, 2019, and March 31, 2018, were \$0.42 million and \$0.67 million, respectively.

5b. The liability represents the unrealized losses on open future contracts. The balance for unrealized losses as of March 31, 2019, and March 31, 2018, were \$0.16 million and none, respectively.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of March 31, 2019

*(Note 6)*

*Equity Index Swaps Receivable - \$0.03 million and Liability - none*

6a. The receivable represents the amount to be received from the counterparties of the equity index swaps. The total receivable as of March 31, 2019, and March 31, 2018, were \$0.03 million and \$0.02 million, respectively.

6b. The liability represents the amount owed, but not yet paid, to the counterparties of equity index swaps. The total liabilities as of March 31, 2019, and March 31, 2018, were none and \$0.26 million, respectively.

*(Note 7)*

*Foreign Exchange Contracts Receivables - \$0.47 million and Liability - \$2.00 million*

7a. Foreign exchange (FX) contracts include currency forward contracts and spot contracts. As of March 31, 2019, and March 31, 2018, unrealized gains on FX contracts were \$0.47 million and \$0.16 million, respectively. The increase of \$0.31 million is due to change in number and valuation of contracts.

7b. The liability represents unrealized losses on foreign exchange contracts. As of March 31, 2019, the total unrealized losses were \$2.00 million. The increase in unrealized losses of \$1.33 million is due to market volatility.

*(Note 8)*

*Other Receivables - \$0.11 million*

Other receivables as of March 31, 2019, are comprised primarily of funds due from deceased retirees' estates for overpayment of benefits.



**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of March 31, 2019

(Note 9)

Short-Term Investments - \$200.91 million

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

(Dollars in Millions)

<u>Fund Name</u>	<u>3/31/2019</u>
Brandywine	\$ 82.57
AQR Capital Management, LLC	29.96
Unallocated Cash	10.06
Baird Investors	24.75
Capital Guardian	20.65
Loomis	10.58
Mondrian	2.64
Kennedy	5.09
TCW	5.91
Pzena	3.49
Next Century Growth Small Cap	4.04
Bivium - Dundas Partners	0.61
Bivium - Denali Advisors	0.08
Bivium - Radin Capital Partners	0.26
Bivium - Arga Investment Management	0.05
Bivium - Global Alpha Capital Mgmt.	0.07
Bivium - Applied Research Management	0.10
<b>Total</b>	<b>\$ 200.91</b>

(Note 10)

International Equity Commingled Funds - \$478.59 million

As of March 31, 2019, and March 31, 2018, the International Equity Commingled Funds were \$478.59 million and \$582.31 million, respectively. The decrease of \$103.72 million is mainly due to market depreciation and transfer of funds to Private Equity, Real Assets and Absolute Return portfolios.

(Note 11)

International Fixed Income Commingled Funds - \$140.67 million

The decrease of \$7.04 million from the prior year is mainly due to market depreciation. Disclosure of credit ratings on mutual fund holdings of fixed income portfolio is not required per GASB Statement No. 40.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of March 31, 2019

(Note 12)

Real Estate Separate Properties - \$69.48 million

The following is a summary of Real Estate – Separate Property investments as of March 31, 2019, and March 31, 2018. The year over year increase of \$2.81 million is due to the market appreciation of the Oakland 14<sup>th</sup> Street property.

(Dollars in Millions)

<i>Investment Manager</i>	<i>Net Mkt. Value 2019</i>	<i>Net Mkt. Value 2018</i>	<i>No. of Properties 2019</i>	<i>No. of Properties 2018</i>
RREEF	\$ 69.48	\$ 66.67	1	1

Note 13)

Real Estate Commingled Funds - \$498.72 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under the California Government Code Section 6254.26. The increase of \$51.20 million in 2019 as compared to 2018 is predominantly due to additional investments net of distributions.

(Note 14a)

Absolute Return - \$706.00 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$356.14 million in 2019 as compared to 2018 is predominantly due to additional investments.

(Note 14b)

Private Equity - \$514.62 million

Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26. The increase of \$54.96 million in 2019 as compared to 2018 is predominantly due to additional investments net of distributions.

(Note 15)

Capital Assets at Cost (Net of Accumulated Depreciation and Amortization) - \$1.71 million

<i>Net Capital Assets</i>	<i>3/31/2019</i>	<i>3/31/2018</i>
Retirement Information System - Construction-In-Process	\$ 0.21	\$ -
Equipment, Furniture & Information Systems	13.54	13.49
Electronic Document Management System	4.16	4.16
Less: Accumulated Depreciation	(17.63)	(17.60)
Net Book Value	0.28	0.05
Leasehold Improvements	2.59	2.59
Less: Accumulated Depreciation	(1.16)	(1.06)
Net Book Value	1.43	1.53
<b>Total Capital Assets, Net</b>	<b>\$ 1.71</b>	<b>\$ 1.58</b>

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of March 31, 2019

Depreciation is computed using the straight-line method for most assets not relevant over the following estimated useful lives:

<input type="checkbox"/>	Computer Hardware	5 years
<input type="checkbox"/>	Computer Software	3 years
<input type="checkbox"/>	Equipment	5 years
<input type="checkbox"/>	Furniture	7 years
<input type="checkbox"/>	Information System – Retirement	7 years
<input type="checkbox"/>	Information System – Accounting	3 years
<input type="checkbox"/>	EDMS	5 years
<input type="checkbox"/>	Disaster Recovery	5 years
<input type="checkbox"/>	Leasehold Improvements	27.5 years

*(Note 16)*

*Accrued Administration Expenses - \$2.86 million*

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

*(Note 17)*

*17a. Members' Benefits & Refunds Payable - \$4.16 million*

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

<i>Accrued Benefits and Refunds</i>	<u><i>3/31/2019</i></u>	<u><i>3/31/2018</i></u>
Basic Active Death Benefits	\$ 0.53	\$ 0.53
Active Death Contribution Refunds	1.83	1.07
Retired Death Benefits	1.28	1.39
Members' Contribution Refunds	0.52	0.22
<b>Total Members' Benefit &amp; Refunds Payable</b>	<b>\$ 4.16</b>	<b>\$ 3.21</b>

*17b. Retirement Payroll Deductions Payables - \$0.14 million*

The balance for March 31, 2019, includes health premium prepayments for 13 retirees and accrual for unused 2018 Health Reimbursement Accounts (HRA) benefits. The corresponding balance for March 31, 2018, of \$0.21 million included prepayments for 11 retirees and accrual of HRA benefits.

*(Note 18)*

*Contributions - \$100.14 million*

The increase in contributions of \$14.39 million in 2019 as compared to 2018 is primarily due to increases in employer and member contribution rates.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of March 31, 2019

(Note 19)

*Dividend, Interest, and Other Investment Income - \$21.61 million*

<i>Dividend, Interest, and Other Investment Income</i>	<i>For the Three Months Ended</i>	
	<u>3/31/2019</u>	<u>3/31/2018</u>
Interest Income	\$ 11.26	\$ 11.46
Dividend Income	13.13	12.85
Real Estate Income	4.42	5.66
PEARLS Income/ (Losses) <sup>(1)</sup>	(7.21)	11.86
Directed Brokerage Commission Recapture	0.01	0.04
<b>Total Net Income/ (Losses)<sup>(2)</sup></b>	<b>\$ 21.61</b>	<b>\$ 41.87</b>

<sup>(1)</sup>The PEARLS Income/ (Losses) represents the net operating results of Private Equity, Absolute Return and Real Asset Funds.

<sup>(2)</sup>The decrease in total Net Income of \$20.26 million in 2019 as compared to 2018 is primarily due to PEARLS (Losses).

(Note 20)

*Investment Expenses - \$8.03 million*

<i>Investment Expenses</i>	<i>For the Three Months Ended</i>			
	<u>Basis Points</u>	<u>3/31/2019</u>	<u>Basis Points</u>	<u>3/31/2018</u>
Investment Manager and Incentive Fees	9.34	\$ 7.63	14.16	\$ 11.48
Investment Custodian	0.17	0.14	0.17	0.14
Investment Consultants and Other Expense/ (Income) (*)	(0.60)	(0.49)	1.50	1.21
Subtotal Investment Services	8.91	7.28	15.83	12.83
Investment Allocated Cost	0.92	0.75	0.92	0.74
<b>Total Investment Expenses(**)</b>	<b>9.83</b>	<b>\$ 8.03</b>	<b>16.75</b>	<b>\$ 13.57</b>

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of March 31, 2019

(\*) *Investment Consultant and Other Expenses/ (Income):*

	<i>For the Three Months Ended</i>			
	<i>Basis Points</i>	<i>3/31/2019</i>	<i>Basis Points</i>	<i>3/31/2018</i>
Investment Advising & Performance (Pearls, Alternative Investment)	0.27	\$ 0.22	0.27	\$ 0.22
Consultant - Portfolio Rebalancing	0.01	0.01	0.02	0.01
Consultant - Legal (Alternative Investment)	0.08	0.06	0.06	0.05
Subtotal – Consultants Expenses	0.36	0.29	0.35	0.28
Proxy Services	0.01	0.01	-	-
Transaction Cost Analysis	0.01	0.01	0.01	0.01
Other Investment Expenses/(Income) ***	(0.98)	(0.80)	1.14	0.92
Subtotal – Other Investment Expenses	(0.96)	(0.78)	1.15	0.93
<b>Total Investment Consultants &amp; Other Expense/ (Income)</b>	<b>(0.60)</b>	<b>\$ (0.49)</b>	<b>1.50</b>	<b>\$ 1.21</b>

(\*\*) The decrease in total investment expenses of \$5.54 million in 2019 as compared to 2018 is primarily due to investment management and incentive fees in Equity Securities, Private Equity and Absolute Return; and a reversal of foreign tax expense recorded in 2018.

(\*\*\*) The decrease in other investment expenses of \$1.72 million in 2019 as compared to 2018 is primarily due to foreign tax expense which was overbooked in 2018. The correction has been made this year which is resulted in reduction of 2019 expenses.

(Note 21)

*Net Investment Gain/ (Losses) - \$629.41 million*

The detail of net investment income/ (losses) are as follows:

	<i>For the Period Ended</i>		<i>Inc./ (Dec.)</i>
	<i>3/31/2019</i>	<i>3/31/2018</i>	<i>from prior period</i>
Paper/Unrealized Gains/(Losses)	\$ 604.01	\$ (934.07)	\$ 1,538.08
Actual/Realized Gains/(Losses)	11.81	955.21	(943.40)
Investment Income (Interest/Dividend/RE/Other) - Net of Expenses	13.59	28.30	(14.71)
<b>Total Net Income/ (Losses)</b>	<b>\$ 629.41</b>	<b>\$ 49.44</b>	<b>\$ 579.97</b>

(Note 22)

*Securities Lending Net Income - \$0.31 million*

The securities lending net income balance as of March 31, 2019, and March 31, 2018, were \$0.31 million and \$0.62 million, respectively.

(Note 23)

*Miscellaneous Income - \$0.38 million*

The miscellaneous income of \$0.38 million is predominantly from prior year investment income and recovery.

**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
As of March 31, 2019

(Note 24)

Service Retirement and Disability Benefits - \$117.35 million

The increase of \$6.61 million was predominantly due to the higher average benefit paid to the newly added retirees as compared to that of deceased retirees with lower average benefits as well as an increase of 300 in the total number of retirees and beneficiaries receiving benefits, from 9,516 on March 31, 2018 to 9,816 on March 31, 2019.

(Note 25)

Death Benefits - \$0.50 million

The death benefits paid out during the three months ended March 31, 2019, were comprised of \$0.00 million of Retired Death Benefits, \$0.05 million of Active Death Benefits, and \$0.45 million of Survivorship Benefits.

(Note 26)

Total Administration - \$4.08 million

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

The detail on total Administration Expenses are as follows:

	<u>3/31/2019</u>	<u>3/31/2018</u>	<u>Inc./(Dec.) from previous period</u>
Administrative Expenses	\$ 2.90	\$ 2.73	\$ 0.17
Actuarial Expenses	0.09	0.11	(0.02)
Business Continuity Expenses	0.14	0.13	0.01
Legal Expenses	0.42	0.36	0.06
Technology Expenses	0.22	0.22	-
401(h) Administrative Expenses	0.31	0.30	0.01
<b>Total</b>	<b>\$ 4.08</b>	<b>\$ 3.85</b>	<b>\$ 0.23</b>

**Operations Committee Information Item(s):**

- 2. Operating Expenses as of March 31, 2019 For approval under May 16, 2019 Board “Consent Calendar”**



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MEMORANDUM TO THE BOARD OF RETIREMENT

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DATE: May 16, 2019

TO: Members of the Board of Retirement

FROM: Margo Allen, Fiscal Services Officer *MA*

SUBJECT: Operating Expense Budget Summary for the period ended March 31, 2019

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ACERA's operating expenses are \$312K under budget for the period ended March 31, 2019. Budget overages and surpluses worth noting are as follows:

**Budget Surpluses**

1. *Staffing*: Staffing is \$147K under budget. This amount comprises surplus in staff vacancies of (\$185K) and fringe benefits of (\$111K), which are offset by overage in temporary staffing of \$149K due to vacant positions filled by temporary staff.
2. *Staff Development*: Staff Development is \$32K under budget. The is due to savings from unattended staff trainings and vacant permanent positions.
3. *Professional Fees*: Professional Fees are \$6K under budget. This amount comprises surplus in operations consultant fees of (\$14K) due to timing difference, actuarial fees<sup>1</sup> of (\$23K) due to saving from last year accrual, which are offset by overages in legal fees<sup>2</sup> of \$24K related to the unanticipated payment for professional services, and external audit fees of \$7K due to timing difference.
4. *Office Expense*: Office Expense is \$20K under budget. This amount comprises surpluses in building expense of (\$12K) mainly due to credit from CBRE for 2018 escalation reconciliation, bank charges and miscellaneous administrative expenses of (\$6K), office maintenance and supplies of (\$6K), communication expense of (\$3K), and minor equipment and furniture of (\$2K), which are offset by overage in equipment lease and maintenance of \$9K.
5. *Member Services*: Member Services are \$36K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of (\$6K), disability medical expense of (\$20K) due to reduction in number of monthly cases as compared to budget, and members printing and postage<sup>3</sup> of (\$10K) due to saving from newsletter accrual of last year.

<sup>1</sup> ACERA has saving of \$23K from 2018 accrual related to the professional fees for actuarial services (supplemental consulting) provided by Segal.

<sup>2</sup> The overage in legal fees of \$24K is primarily due to an unanticipated payment of \$34K to Shaw Law for professional services.

<sup>3</sup> The surplus in members printing and postage of \$10K is primarily due to savings of \$8K from 2018 accrual related to the newsletters that were not published in 2018.



6. *Systems*: Systems are \$29K under budget. This amount comprises surpluses in business continuity expense of (\$21K) due to timing difference caused by the delay in the start of intrusion testing project, software maintenance and support of (\$7K) due to timing difference, and minor computer hardware of (\$6K), which are offset by overages in county data processing of \$4K and computer maintenance of \$1K.
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 \$40K under budget. This amount comprises surpluses in board election expense<sup>4</sup> of (\$13K), board miscellaneous expense of (\$5K), board compensation of (\$2K), and board conferences & training of (\$30K) due to savings from unattended board conferences and trainings, which are offset by overage in board employer reimbursement of \$10K.

**Staffing Detail**

As of March 31, 2019, ACERA had the following vacant positions:

<b>Department</b>	<b>Position</b>	<b>QTY</b>	<b>Comments</b>
Benefits	Retirement Technician	5	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
<b>Total Positions</b>		<b>9</b>	

<sup>4</sup> The surplus in board election expense of (\$13K) is due to saving from 2018 accrual.



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

YEAR TO DATE - ACTUAL VS. BUDGET					
<u>March 31, 2019</u>					
	<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>	
<b>Staffing</b>	\$ 3,498,830	\$ 3,645,500	\$ (146,670)	\$ 15,122,000	23.1%
<b>Staff Development</b>	69,472	101,340	(31,868)	510,000	13.6%
<b>Professional Fees</b> (Next Page)	348,615	355,410	(6,795)	1,187,000	29.4%
<b>Office Expense</b>	131,803	152,260	(20,457)	554,000	23.8%
<b>Insurance</b>	320,968	320,955	13	1,305,000	24.6%
<b>Member Services</b>	78,411	114,210	(35,799)	527,000	14.9%
<b>Systems</b>	252,823	282,120	(29,297)	1,152,000	21.9%
<b>Depreciation</b>	30,132	31,610	(1,478)	126,000	23.9%
<b>Board of Retirement</b>	102,586	142,530	(39,944)	711,000	14.4%
<b>Uncollectable Benefit Payments</b>	-	-	-	39,000	0.0%
<b>Total Operating Expense</b>	<b>\$ 4,833,640</b>	<b>\$ 5,145,935</b>	<b>\$ (312,295)</b>	<b>\$ 21,233,000</b>	<b>22.8%</b>
<b>Investment Consultant Fees</b>	295,563	367,740	(72,177)	1,486,000	19.9%
<b>Investment Custodian Fees</b>	138,601	137,400	1,201	550,000	25.2%
<b>Investment Manager and Incentive Fees</b>	7,625,051	12,996,300	(5,371,249)	54,495,000	14.0%
<b>Other Investment Expenses/(Income)</b>	(781,756)	106,500	(888,256)	454,000	-172.2%
<b>Total Portfolio Management Investment Expense</b>	<b>\$ 7,277,459</b>	<b>\$ 13,607,940</b>	<b>\$ (6,330,481)</b>	<b>\$ 56,985,000</b>	<b>12.8%</b>
<b>Total Operating and Portfolio Management Investment Expense</b>	<b>\$ 12,111,099</b>	<b>\$ 18,753,875</b>	<b>\$ (6,642,776)</b>	<b>\$ 78,218,000</b>	<b>15.5%</b>



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
 PROFESSIONAL FEES  
 YEAR TO DATE - ACTUAL VS. BUDGET  
 March 31, 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>
<b>Professional Fees</b>					
Consultant Fees - Operations and Projects <sup>1</sup>	\$ 85,500	\$ 99,530	\$ (14,030)	\$ 388,000	22.0%
Actuarial Fees <sup>2</sup>	108,824	132,500	(23,676)	415,000	26.2%
External Audit <sup>3</sup>	81,827	74,400	7,427	149,000	54.9%
Legal Fees <sup>4</sup>	72,464	48,980	23,484	235,000	30.8%
<b>Total Professional Fees</b>	<b>\$ 348,615</b>	<b>\$ 355,410</b>	<b>\$ (6,795)</b>	<b>\$ 1,187,000</b>	<b>29.4%</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>2019 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>					
Admin Consultant (Process Excellence & Benchmarking)	-	20,000	(20,000)	70,000	0.0%
Alameda County HRS (Benefit Services)	31,500	31,500	-	126,000	25.0%
Segal (Benefit Consultant/Retiree Open Enrollment)	34,750	28,800	5,950	115,000	30.2%
<b>Total Benefits</b>	<b>66,250</b>	<b>80,300</b>	<b>(14,050)</b>	<b>311,000</b>	<b>21.3%</b>
<b>Human Resources</b>					
Lakeside Group (County Personnel)	19,250	19,230	20	77,000	25.0%
<b>Total Human Resources</b>	<b>19,250</b>	<b>19,230</b>	<b>20</b>	<b>77,000</b>	<b>25.0%</b>
<b>Total Consultant Fees - Operations</b>	<b>\$ 85,500</b>	<b>\$ 99,530</b>	<b>\$ (14,030)</b>	<b>\$ 388,000</b>	<b>22.0%</b>

<b><sup>2</sup> ACTUARIAL FEES</b>					
Actuarial fees (562-00-005)	88,824	112,500	(23,676)	315,000	28.2%
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%
<b>Total Actuarial Fees</b>	<b>\$ 108,824</b>	<b>\$ 132,500</b>	<b>\$ (23,676)</b>	<b>\$ 415,000</b>	<b>26.2%</b>

<b><sup>3</sup> EXTERNAL AUDIT</b>					
External audit (562-00-004)	78,230	63,000	15,230	126,000	62.1%
GASB 67 & 68 (562-00-004)	2,772	6,000	(3,228)	12,000	23.1%
GASB 74 & 75-External Audit (562-00-004)	825	5,400	(4,575)	11,000	7.5%
<b>Total External Audit Fees</b>	<b>\$ 81,827</b>	<b>\$ 74,400</b>	<b>\$ 7,427</b>	<b>\$ 149,000</b>	<b>54.9%</b>

<b><sup>4</sup> LEGAL FEES</b>					
<b><u>Fiduciary Counseling</u></b>					
Nossaman, LLP	25,520	20,000	5,520	110,000	
Baker Hostetler	2,583	-	2,583	-	
Reed Smith (ACD Sheriff's)	1,671	-	1,671	-	
<b>Subtotal</b>	<b>29,775</b>	<b>20,000</b>	<b>9,775</b>	<b>110,000</b>	<b>27.1%</b>
<b><u>Tax and Benefit Issues</u></b>					
Hanson, Bridgett, LLP	8,554	7,500	1,054	39,000	
<b>Subtotal</b>	<b>8,554</b>	<b>7,500</b>	<b>1,054</b>	<b>39,000</b>	<b>21.9%</b>
<b><u>Litigation</u></b>					
Byers/Richardson	-	16,500	(16,500)	66,000	
<b>Subtotal</b>	<b>-</b>	<b>16,500</b>	<b>(16,500)</b>	<b>66,000</b>	<b>0.0%</b>
<b><u>Investigation Services</u></b>					
Law offices of Amy Oppenheimer	-	4,980	(4,980)	20,000	
Shaw Law Group	34,136	-	34,136	-	
<b>Subtotal</b>	<b>34,136</b>	<b>4,980</b>	<b>29,156</b>	<b>20,000</b>	<b>170.7%</b>
<b>Total Legal Fees</b>	<b>\$ 72,464</b>	<b>\$ 48,980</b>	<b>\$ 23,484</b>	<b>\$ 235,000</b>	<b>30.8%</b>

**Operations Committee Information Item(s):**

- 3. Quarterly Cash Forecast Report as of March 31, 2019 For approval under May 6, 2019 Board “Consent Calendar”**



MEMORANDUM TO THE BOARD OF RETIREMENT

DATE: May 16, 2019
TO: Members of the Board of Retirement
FROM: Margo Allen, Fiscal Services Officer
SUBJECT: Actual Cash and Forecast as of March 31, 2019

Executive Summary

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

- Table 1 is the annual cash forecast from April 2019 to March 2020, which will roll forward monthly as the year progresses; and,
Tables 2 through 4 is the annualized, 5-year actual cash management information. Please note that the current year 2019 comprises the three months actual and nine months forecast information.

Table 1 Cash Forecast: Table 1 provides the current forecasted negative cash position for the period spanning April 2019 to March 2020. The average monthly negative cash position for the referenced period is \$16,657,424. Excluding the two three-pay-period months i.e., May 2019 and November 2019, annotated by an \*. The year-over-year increase in average monthly forecasted negative cash position compared to the same period in 2018 is \$714,985.

Table 1 Annual Cash Forecast from April 2019 to March 2020. Table with 4 columns: Month-Year, Total Receipts, Total Disbursements, Negative Cash Position. Rows include monthly data from Apr-19 to Mar-20, and summary rows for Total and Average.

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



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

<b>Table 2</b>			
<b>5-Year Annual Cash Inflow</b>			
<b>Year</b>	<b>Total Contributions, Misc. Cash Receipts, etc.</b>	<b>Cash Draw from SSB<sup>1</sup></b>	<b>Total Cash Inflow</b>
<b>2019</b>	<b>\$ 409,475,931</b>	<b>\$ 193,000,000</b>	<b>\$ 602,475,931</b>
2018	361,633,074	224,000,000	585,633,074
2017	335,099,875	217,350,000	552,449,875
2016	325,836,998	196,400,000	522,236,998
2015	316,918,096	216,100,000	533,018,096

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

<b>Table 3</b>			
<b>5-Year Annual Cash Outflow</b>			
<b>Year</b>	<b>Retiree Payroll, Accounts Payable, ACERA Payroll, etc.</b>	<b>Cash Return to SSB</b>	<b>Total Cash Outflow</b>
<b>2019</b>	<b>\$ 573,118,248</b>	<b>\$ 29,500,000</b>	<b>\$ 602,618,248</b>
2018	534,704,781	66,503,646	601,208,427
2017	502,857,234	33,750,000	536,607,234
2016	475,743,162	45,900,000	521,643,162
2015	454,551,561	78,200,000	532,751,561

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

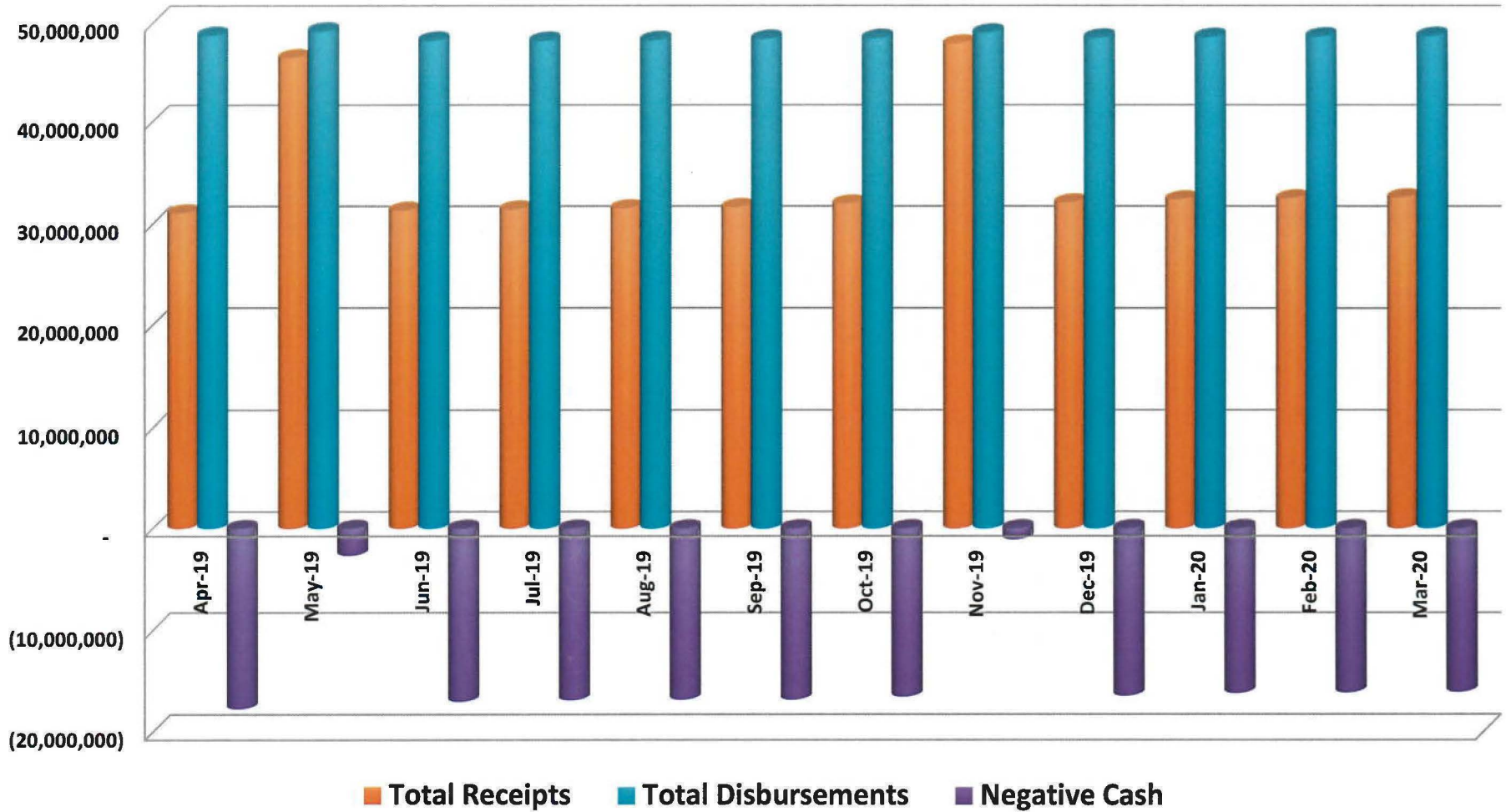
<b>Table 4</b>			
<b>5-Year Annual Net Cash Position</b>			
<b>Year</b>	<b>Negative Cash</b>	<b>Net Cash Draw from SSB</b>	<b>Variance</b>
<b>2019</b>	<b>\$ (163,642,317)</b>	<b>\$ 163,500,000</b>	<b>\$ (142,317)</b>
2018	(173,071,707)	157,496,354	(15,575,353)
2017	(167,757,359)	183,600,000	15,842,641
2016	(149,906,164)	150,500,000	593,836
2015	(137,633,465)	137,900,000	266,535

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

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

<sup>1</sup> (SSB) State Street Bank

### Cash Forecast April 2019 - March 2020



**Operations Committee Information Item(s):**

- 4. Board Member Conference Expense Report for 1st Qtr. 2019 For approval under May 16, 2019 Board “Consent Calendar”**





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MEMORANDUM TO THE BOARD OF RETIREMENT

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DATE: May 16, 2019

TO: Members of the Board of Retirement

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Board Conference and Training Expense Report for the period January 1, 2019, to March 31, 2019

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Attached is the year-to-date Board conference and training expense report. As of March 31, 2019, reported expenses were \$35,623.

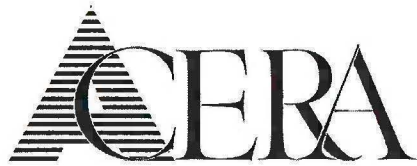
**ACERA Trustees**  
**Board Conference Expense Report**  
**January 1, 2019 to March 31, 2019**

From	To	Attendee	Conference	Location	Total
05/07/19	05/10/19	Dale Amaral	SACRS - Spring Conference	Anaheim, CA	\$ 367.78
<b>Dale Amaral Total</b>					<b>\$ 367.78</b>
01/09/19	01/11/19	Darryl Walker	Opal Public Funds Summit	Scottsdale, AZ	\$ 31.92
01/28/19	01/30/19	Darryl Walker	Callan Institute - 2019 National Conference	San Francisco, CA	\$ 20.24
02/11/19	02/13/19	Darryl Walker	Super Return US West	Los Angeles, CA	\$ 637.94
03/27/19	03/28/19	Darryl Walker	NASP Day of Education in Private Equity for Trustees	Los Angeles, CA	\$ 279.96
04/09/19	04/10/19	Darryl Walker	(*) Pension Bridge, Private Equity Exclusive	San Francisco, CA	\$ 189.00
05/07/19	05/10/19	Darryl Walker	(*) SACRS - Spring Conference	Anaheim, CA	\$ 805.62
<b>Darryl Walker Total</b>					<b>\$ 1,964.68</b>
04/09/19	04/10/19	Elizabeth Rogers	(*) Foundation Research Associates - 5th Annual Conference	New York, NY	\$ 695.00
05/07/19	05/10/19	Elizabeth Rogers	(*) SACRS - Spring Conference	Anaheim, CA	\$ 367.78
<b>Elizabeth Rogers Total</b>					<b>\$ 1,062.78</b>
03/02/19	03/05/19	George Wood	CALAPRS General Assembly	Monterrey, CA	\$ 150.00
04/28/19	05/01/19	George Wood	(*) Milken Global Conference 2019	Beverly Hills, CA	\$ 10,000.00
05/07/19	05/10/19	George Wood	(*) SACRS - Spring Conference	Anaheim, CA	\$ 367.78
<b>George Wood Total</b>					<b>\$ 10,517.78</b>
01/28/19	01/30/19	Henry Levy	Callan Institute - 2019 National Conference	San Francisco, CA	\$ 30.79
03/02/19	03/05/19	Henry Levy	CALAPRS General Assembly	Monterrey, CA	\$ 872.44
03/18/19	03/22/19	Henry Levy	Black Rock-Indexing & Alpha Strategies	San Francisco, CA	\$ 23.01
04/09/19	04/10/19	Henry Levy	(*) Pension Bridge, Private Equity Exclusive	San Francisco, CA	\$ 189.00
04/24/19	04/26/19	Henry Levy	(*) Institutional Investor Forums - Public Funds	Beverly Hills, CA	\$ 257.98
04/29/19	05/02/19	Henry Levy	(*) Wharton Advanced Investments Management	Pensylvania, PA	\$ 598.94
05/07/19	05/10/19	Henry Levy	(*) SACRS - Spring Conference	Anaheim, CA	\$ 367.78
<b>Henry Levy Total</b>					<b>\$ 2,339.94</b>
03/27/19	03/29/19	Jaime Godfrey	CALAPRS Advanced Principles of Pension Management for Trustees	Los Angeles, CA	\$ 3,100.00
05/07/19	05/10/19	Jaime Godfrey	(*) SACRS - Spring Conference	Anaheim, CA	\$ 367.78
<b>Jaime Godfrey Total</b>					<b>\$ 3,467.78</b>
04/28/19	05/01/19	Keith Carson	(*) Milken Global Conference 2018	Los Angeles, CA	\$ 10,000.00
<b>Keith Carson Total</b>					<b>\$ 10,000.00</b>
05/07/19	05/10/19	Liz Koppenhaver	(*) SACRS - Spring Conference	Anaheim, CA	\$ 367.78
<b>Liz Koppenhaver Total</b>					<b>\$ 367.78</b>
04/09/19	04/10/19	Nancy Reilly	(*) Pension Bridge, Private Equity Exclusive	San Francisco, CA	\$ 189.00
05/07/19	05/10/19	Nancy Reilly	(*) SACRS - Spring Conference	Anaheim, CA	\$ 367.78
<b>Nancy Reilly Total</b>					<b>\$ 556.78</b>
01/17/19	01/17/19	Tarrell Gamble	NASP - Diverse and Emerging Manager Forum	Baltimore, MD	\$ 2,043.92
01/24/19	01/26/19	Tarrell Gamble	African Diaspora Investment Symposium 2019	Mountain View, CA	\$ 315.15
01/24/19	01/26/19	Tarrell Gamble	NASP - Pension Bridge Annual Conference	San Francisco, CA	\$ 189.00
02/01/19	02/01/19	Tarrell Gamble	CALAPRS Trustees Round Table	Oakland, CA	\$ 125.00
03/07/19	03/07/19	Tarrell Gamble	SEO Alternative Investments	New York, NY	\$ 1,233.96
03/27/19	03/28/19	Tarrell Gamble	NASP Day of Education in Private Equity for Trustees	Los Angeles, CA	\$ 702.96
05/07/19	05/10/19	Tarrell Gamble	(*) SACRS - Spring Conference	Anaheim, CA	\$ 367.78
<b>Tarrell Gamble Total</b>					<b>\$ 4,977.77</b>
<b>Grand Total</b>					<b>\$ 35,623.07</b>

(\*) Expenses prepaid before the end of March 2019

**Operations Committee Information Item(s):**

- 5. Senior Manager Conference and Training Expense Report for 1st Qtr. 2019 For approval under May 16, 2019 Board “Consent Calendar”**



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MEMORANDUM TO THE BOARD OF RETIREMENT

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DATE: May 16, 2019

TO: Members of the Board of Retirement

FROM: Margo Allen, Fiscal Services Officer 

SUBJECT: Senior Managers Conference and Training Expense Report for the period  
January 1, 2019, to March 31, 2019

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Attached is the year-to-date Senior Managers' Conference and Training Expense Report. As of March 31, 2019, reported expenses totaled \$5,195.

**ACERA Sr. Managers  
SM Conference and Training Expense Report  
January 1, 2019 to March 31, 2019**

<b>From</b>	<b>To</b>	<b>Senior Manager</b>	<b>Training/Conference</b>	<b>Total</b>
<b>Training</b>				
05/20/19	05/20/19	Betty Tse	Employee Benefit Plans Annual Audit Webcast	\$ 345.00
06/04/19	06/04/19	Betty Tse	Create Reports that Matter Webcast	295.00
06/14/19	06/14/19	Betty Tse	California Frauds, Scams, Webcast	295.00
07/16/19	07/16/19	Betty Tse	California Ethics and Frauds Studies Webcast	295.00
07/31/19	07/31/19	Betty Tse	Common Frauds and Internal Controls Webcast	295.00
		<b>Betty Tse Training Total</b>		<b>\$ 1,525.00</b>
<b>Conference</b>				
01/30/19	01/30/19	Betty Tse	Callan Conference	\$ 34.40
03/04/19	03/04/19	Betty Tse	Calaprs General Assembly	307.30
04/26/19	04/26/19	Betty Tse	Women's Leadership Forum	325.00
		<b>Betty Tse Conference Total</b>		<b>\$ 666.70</b>
<b>Conference</b>				
01/25/19	01/25/19	Dave Nelsen	Calaprs Administrators Roundtable	\$ 563.21
03/02/19	03/05/19	Dave Nelsen	Calaprs General Assembly	710.04
		<b>Dave Nelsen Conference Total</b>		<b>\$ 1,273.25</b>
<b>Conference</b>				
03/04/19	03/05/19	Harsh Jadhav	Cybersecurity Conference	\$ 1,595.00
		<b>Harsh Jadhav Conference Total</b>		<b>\$ 1,595.00</b>
<b>Conference</b>				
02/01/19	02/01/19	Kathy Mount	Calaprs Attorneys' Roundtable	\$ 135.00
		<b>Kathy Mount Conference Total</b>		<b>\$ 135.00</b>
		<b>Grand Total</b>		<b>\$ 5,194.95</b>

## **NEW BUSINESS**

- 7.A. Motion that after contributions are made to the 401(h) accounts by the respective Participating Employers, ACERA, in accordance with the CERL, treat an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions and transfer the amount equal to the pro rata share of the 401(h) contributions for the 2019-2020 fiscal year for each Participating Employer. The exact amount will be adjusted by the balance remaining in each of the 401(h) accounts and is contingent upon receipt by ACERA of an authorizing resolution from the Participating Employers' governing bodies.**
- 7.B. Chief Executive Officer's Report.**

## **NEW BUSINESS**

- 7.A. Motion that after contributions are made to the 401(h) accounts by the respective Participating Employers, ACERA, in accordance with the CERL, treat an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions and transfer the amount equal to the pro rata share of the 401(h) contributions for the 2019-2020 fiscal year for each Participating Employer. The exact amount will be adjusted by the balance remaining in each of the 401(h) accounts and is contingent upon receipt by ACERA of an authorizing resolution from the Participating Employers' governing bodies.**





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MEMORANDUM TO THE BOARD OF RETIREMENT

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DATE: May 16, 2019

TO: Members of the Board

FROM: Margo Allen, Fiscal Services Officer *SL for MAA*

SUBJECT: **Participating Employers' Recommended Contributions to their Alameda County Employees' Retirement Association 401(h) Accounts for the 2019-2020 Fiscal Year**

Each year, the governing bodies of ACERA's Participating Employers authorize ACERA to establish a 401(h) account on their behalf. These accounts are funded by the Participating Employers with a portion of the normal annual contributions to ACERA. Simultaneously, after contributions are made in accordance with the County Employee Retirement Law (CERL), ACERA treats an equal amount of Supplemental Retiree Benefits Reserve (SRBR) assets as employer contributions for pensions and transfers that amount to the appropriate Employer Advance Reserve. This procedure provides retirees with contributions towards their Retiree Health Benefits (RHBs) on a tax-free basis in compliance with Internal Revenue Code Section (IRC) §401(h).

Background

Beginning with resolution 96-634 for the fiscal year ending June 30, 1996, the Alameda County Board of Supervisors has annually authorized County contributions to a 401(h) account to provide non-vested RHBs to retirees on a non-taxable basis. In accordance with the County's annual resolution, ACERA's actuary has estimated the cost to fund this account, and the County has paid these funds into the 401(h) account in conjunction with its annual normal retirement contribution payment.

In 2005, in an effort to limit its cost related to Other Post-Employment Benefits (OPEBs) the Alameda County Board of Supervisors adopted Resolution number R-2005-292. The resolution states: (1) the County's annual contribution to ACERA's 401(h) account be limited to costs related to non-vested OPEB benefits attributed to retired County employees, and (2) that contributions for retired employees of other ACERA member entities (e.g. Alameda County Medical Center now named Alameda Health System, Housing Authority and Livermore Area Recreation and Park District, etc.) were the responsibility of those entities. Subsequently, the Alameda County Housing Authority, the Alameda Health System (AHS), the Livermore Area Recreation and Park District (LARPD) and First Five-Alameda County Children and Families Commission (First 5) chose to establish their own 401(h) accounts. Alameda County includes the Alameda County Office of Education in the County's 401(h). In accordance with Government Code 71624, the Superior Court of California is also included in the County's 401(h). However, the Superior Court funds its own 401(h) contribution amount.



The Segal Company, ACERA's actuary, projected that \$54,596,000 will be required in contributions for the 2019-2020 fiscal year. IRC § 401(h) limits the total contribution under the plan to 25% of total contributions. In the attached letter, The Segal Company confirmed that the estimate of the 401(h) contributions does not exceed the 25% limit of the total contribution under the plan imposed by the IRC Section 401(h).

The attached 401(h) Contributions Summary by Participating Employer schedule shows a percentage breakdown of the 401(h) expense by employer based on the number of retirees eligible for non-vested OPEB benefits. This percentage was applied to the projected 401(h) contributions total of \$54,596,000 and was adjusted by the estimated balance remaining in the 401(h) account, as of June 30, 2019 for fiscal year 2019-2020.

<u>Employer</u>	<u>Percentage</u>	<u>Net Contribution</u>
Alameda County	81.72%	\$35,892,896.16
AHS	11.82%	\$5,240,543.18
First 5	0.11%	\$49,709.18
Housing Authority	0.60%	\$266,553.24
LARPD	0.69%	\$307,750.19
<u>Superior Court</u>	<u>5.06%</u>	<u>\$2,247,163.55</u>
Total Net Contribution	100.00%	\$44,004,615.50

The estimated contributions for all Participating Employers include:

- Projected health premium subsidy increases of 3.125% for medical and 4.50% for Medicare Part B, dental and vision;
- An additional 10% subsidy requirement for 2019-2020 to provide a margin for unexpected retirements (e.g., if the employer grants Golden Handshake benefits);
- Administrative expenses for health benefits<sup>1</sup>

ACERA will send a letter to each of the Participating Employers requesting that their respective governing bodies pass a resolution to approve the funding of their 401(h) account in the upcoming fiscal year in the amount specified by ACERA's actuary and adjusted by the balance remaining in their 401(h) account.

**Recommendation**

Staff recommends to the Board of Retirement that after contributions are made to the 401(h) accounts by the respective Participating Employers, ACERA, in accordance with the CERL, treat an equal amount of Supplemental Retiree Benefits Reserve (SRBR) assets as employer contributions for pensions and transfer the amount equal to the pro rata share of the 401(h) contributions for the 2019-2020 fiscal year for each Participating Employer. The exact amount will be adjusted by the balance remaining in each of their 401(h) accounts and is contingent upon receipt by ACERA of an authorizing resolution from each of the Participating Employers' governing bodies.

MMA/srp  
 Attachments (2)

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<sup>1</sup> This is required to comply with tax qualification requirements per ACERA's Tax Counsel.



180 Howard Street Suite 1100 San Francisco, CA 94105-6147  
T 415.263.8283 www.segalco.com

VIA E-MAIL and USPS

April 25, 2019

Ms. Margo Allen  
Fiscal Services Officer  
Alameda County Employees' Retirement Association  
475 14<sup>th</sup> Street, Suite 1000  
Oakland, CA 94612-1900

**Re: 401(h) Contributions for the 2019-2020 Fiscal Year**

Dear Margo,

Pursuant to the Association's request, we have estimated the 401(h) contributions for the 2019-2020 fiscal year.

**Results and Analysis**

We project that, for the 2019-2020 fiscal year, the Association will need \$54,596,000 to provide medical benefit subsidies from the 401(h) account. The process used to determine the actual biweekly contribution amounts is discussed on page 2. Please note that as previously directed by ACERA, in developing the estimated 401(h) contribution amount, we have included the expenses related to the administration of health benefits for retirees.

The 401(h) funding requirement is developed as follows:

- |  |              |
|--|--------------|
| 1. Total monthly premium subsidy paid by ACERA to all health benefit plan providers during the month of February 2019, projected to June 2019 by the Association (for comparison purposes only). | \$3,664,000* |
| 2. Annualized premium subsidy as of February 2019, projected to June 2019 (for comparison purposes only).  | \$43,968,000 |

*\* Last year, the total monthly premium subsidy paid by ACERA to all health benefit plan providers for February 2018 and projected to June 2018 by the Association was \$3,465,000, or \$41,580,000 annualized.*

3. Best estimate of annualized premium subsidy required for 2019-2020 (based on actual payouts from July 2018 through February 2019 and estimated payouts from March 2019 through June 2019 provided by ACERA). Following the Association's current practice, we have assumed that the Retirement Board will increase the Monthly Medical Allowance at the rate equal to one-half of the lowest medical trend assumption for the non-Medicare and Medicare Advantage plans. We have assumed that the Medicare Part B, dental and vision subsidies will increase at the full rate of the trend assumption for those plans for calendar year 2019 (as assumed in the December 31, 2017 SRBR valuation). The assumed increases in the subsidy calculation are 3.125% for medical<sup>1</sup> and 4.50% for Medicare Part B, dental and vision plans. \$48,310,000
4. Increase of 10% in Item 3 to provide a margin for unexpected retirements rounded to nearest \$1,000. \$4,831,000
5. Administrative expenses for health benefits, rounded to nearest \$1,000. \$1,455,000<sup>2</sup>
6. Sum of Items 3, 4, and 5. \$54,596,000

### **Important Assumptions Regarding Anticipated Change In Health Premium Subsidy**

Except for the projected health premium subsidy increases described above, we have not assumed any other changes in the level of subsidy from 2018-2019 to 2019-2020. Our estimate will have to be revised if the Retirement Board later decides to amend the level of benefits.

### **401(h) Contributions**

The actual required contributions for the 2019-2020 fiscal year should be determined by subtracting the June 30, 2019 balance in the 401(h) account from the \$54,596,000. We understand that this net amount will be contributed to the 401(h) account on a biweekly basis by the employers and the Association will transfer a like amount from the Supplemental Retirees Benefit Reserve to the Employer Advance Reserve.

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<sup>1</sup> This is based on 50% of the 6.25% trend assumption used to project the increase for Medicare Advantage plans from calendar year 2019 to calendar year 2020, as described in our assumptions letter for the December 31, 2017 SRBR valuation dated March 27, 2018.

<sup>2</sup> As part of the determination of the 401(h) contributions for the 2018-2019 fiscal year, we followed the directions from the Association (as provided in the past) to use the actual 2017 calendar year expense as a proxy for the 2018-2019 fiscal year. We have maintained this procedure and have used the actual 2018 calendar year expense as a proxy for the 2019-2020 fiscal year expense.

As instructed by the Association, we have provided a breakdown of the 401(h) expense by employer in the following table. We understand that the breakdown has been compiled by the Association as of February 2019, based on the number of retirees eligible for retirement benefits.

Employer	Percentage of 401(h) Contributions
Alameda County*	81.72%
Health System	11.82%
Superior Court	5.06%
Livermore Area Recreation and Park District	0.69%
Housing Authority	0.60%
First 5	0.11%
Total	100.00%
<i>*As in years past, the Office of Education and the Alameda County Fire Department are included in the County's number and percentage.</i>	

Under IRC Section 401(h), medical benefits must be “incidental” to the retirement benefits under a plan. Section 401(h) indicates that medical benefits will be considered “incidental” if the contributions for medical benefits are less than 25% of the total contributions under the plan (excluding unfunded actuarial accrued liability (UAAL) payments). We believe that the transfer from the Supplemental Retirees Benefit Reserve should be treated as an offset to the UAAL contribution requirement (to the extent that the net UAAL payment after the offset is still positive), which means that in a given year the medical contributions can be up to 25% of the total Normal Cost contributions.

In the following table, we demonstrate that the value of the medical benefits is in compliance with the above requirement. Please note that as the Retirement Board has not yet adopted the contribution rates for the December 31, 2018 valuation, we have continued to apply the average employer and employee contribution rates calculated in the last valuation, that is, as of December 31, 2017, to the payroll calculated in that valuation, increased by 3.50% to reflect one year of projected payroll growth.

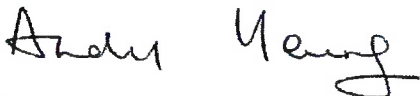
Source of Contributions	Estimated Amount (\$millions)
Employee Normal Cost (based on an aggregate member rate of 9.37% calculated in the December 31, 2017 valuation and an estimated payroll of \$1,092.6 million)	\$102.4
Employer Normal Cost (based on aggregate employer normal cost rate of 10.76% calculated in the December 31, 2017 valuation and an estimated payroll of \$1,092.6 million)	\$117.6
Recommended 401(h) Medical Contributions	\$54.6
Total Normal Cost and Recommended 401(h) Medical Contributions	\$274.6
Ratio of 401(h) Contributions to the Total Normal Cost Contributions and Recommended 401(h) Medical Contributions	19.9% <sup>3</sup>

These calculations were prepared under our supervision. Except as noted above, the calculations are based on the December 31, 2017 actuarial valuation results including the membership data and the actuarial assumptions on which that valuation was based.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions.

Sincerely,



Andy Yeung, ASA, MAAA, FCA, EA  
Vice President & Actuary



Thomas Bergman, ASA, MAAA, EA  
Retiree Health Actuary

TXB/bqb

cc: Kathy Foster  
Eva Hardy  
Stacey R. Perry

<sup>3</sup> This ratio was 21.4% as provided in our 401(h) contributions letter for the 2018-2019 fiscal year.

**401(h) Contributions needed for County and Special Districts - For the Fiscal Year 2019-2020**

<u>Employer</u>	<u>Percentage of 401(h) Contribution</u>	<u>Paid Interval</u>	<u>Actuarial 401(h) Account Balance Required for FY 2019-2020</u>	<u>Est. 401(h) Balance as of 6/30/2019</u>	<u>FY 2019-2020 Required 401(h) Contribution Amount</u>	<u>FY 2019-2020 Per Pay Period 401(h) Payment</u>
Alameda County	81.72%	Bi-Weekly (26 PP)	\$ 44,615,851.20	\$ 8,722,955.04	\$ 35,892,896.16	\$ 1,380,496.01
AHS	11.82%	Bi-Weekly (26 PP)	6,453,247.20	1,212,704.02	5,240,543.18	\$ 201,559.35
First 5	0.11%	Bi-Weekly (26 PP)	60,055.60	10,346.42	49,709.18	\$ 1,911.89
Housing Authority	0.60%	Bi-Weekly (26 PP)	327,576.00	61,022.76	266,553.24	\$ 10,252.05
Livermore Area Parks District	0.69%	Bi-Weekly (26 PP)	376,712.40	68,962.21	307,750.19	\$ 11,836.55
Superior Court	5.06%	Bi-Weekly (26 PP)	2,762,557.60	515,394.05	2,247,163.55	\$ 86,429.37
<b>Total</b>	<b><u>100.00%</u></b>		<b><u>\$ 54,596,000.00</u></b>	<b><u>\$ 10,591,384.50</u></b>	<b><u>\$ 44,004,615.50</u></b>	<b><u>\$ 1,692,485.22</u></b>

**Per SEGAL letter dated April 25, 2019 required amount \$ 54,596,000.00**

\*\* Please see attached payment schedule.

## **NEW BUSINESS**

### **7.B. Chief Executive Officer's Report.**





*Office of the Chief Executive Officer  
Office of Administration*

DATE: May 16, 2019  
TO: Members of the Board of Retirement  
FROM: Dave Nelsen, Chief Executive Officer *DN*  
SUBJECT: Chief Executive Officer's Report

**Senior Manager Recruitment**

No vacancies needing recruitment.

**Committee/Board Action Items**

ASSIGNED FOLLOW-UP ITEMS				
Follow-Up Board Item	Assigned Senior Leader	Estimated Completion Date	Completion Date	Notes
Develop a policy regarding pre-payment of contributions by employers	Dave Nelsen	May 2019	This idea will be brought to the Operations committee in June.	A law passed in 2017 expanding the circumstances regarding employers pre-paying retirement contributions. ACERA should develop a policy regarding this option.
Revise the format of the Statement of Reserves Report	Margo Allen	With the next Semi-annual report	<b>Completed</b> with the last report.	Revise the format of the Report to increase readability, particularly for those accessing the report electronically.
Conduct a survey of retirees regarding SRBR priorities	Kathy Foster	Summer of 2019		Retirees' Committee discussion of possible benefit focus for funding analysis led to the agreement to gather input on this topic from the retirees.

**Conference Schedule**

NCPERS Annual Conference May 20-22.

**Other**

*Team Engagement Survey*

We conducted our second team engagement survey from April 15-April 22. This survey asked the same questions as last October, and the team rated their answers based upon the last six months of activity. Results of the survey will be shared with the Board prior to the meeting.



*Pension Administration System (PAS) Replacement:*

LRWL has been working through the requirements meetings and are on-schedule for the delivery of the requirements document to LRS. They have largely completed documentation of the "as is" processes and are working on the "to be" requirements. These requirements will be submitted to LRS as developed for analysis, and will become the foundation for contract negotiation and design/development of the new system.

*Process Excellence Activities:*

The Employee Development project is completing work developing employee personal development plan templates and processes. This was implemented in April. To date, we have developed a new performance evaluation tool, and implemented a performance development plan template and process used with each employee. The team has also developed a professional development plan template for those employees trained in their current role and are interested in further career development. Team members and leaders will be trained on this new tool in June.

The current benefits process being examined, Service Purchases, has been largely completed. Early results show reduced processing time for new requests decreasing from over 90 days to complete to less than 45 days on average. Additionally, work is being done to reduce the backlog of previously requested purchases. The next process being looked at is the Terminations process, which is in the early stages of evaluation.

*2019 Board Off-Site Event*

We have been looking into possible speakers for the Board Off-Site event. Please let me know if you have any suggestions for possible topics of discussion. Some possible topics of interest, or topics discussed but not implemented last year include:

- Macro-economic view
- Geo-political climate and the impact on investments
- A close up look at investment in China, or other emerging markets
- An update on what is new in pensions around the Country, like we had from NASRA two years ago
- A presentation on cyber security and emerging issues
- A session on governance and any new trends in governance theory
- A discussion of possible new actuarial standards