



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, July 18, 2024  
2:00 p.m.

LOCATION AND TELECONFERENCE	BOARD OF RETIREMENT TRUSTEES	
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  The public can observe the meeting and offer public comment by using the below Webinar ID and Passcode after clicking on the below link or calling the below call-in number.  Link: <a href="https://zoom.us/join">https://zoom.us/join</a> Call-In: 1 (669) 900-6833 US Webinar ID: 879 6337 8479 Passcode: 699406 For help joining a Zoom meeting, see: <a href="https://support.zoom.us/hc/en-us/articles/201362193">https://support.zoom.us/hc/en-us/articles/201362193</a>	OPHELIA BASGAL CHAIR	APPOINTED
	KELLIE SIMON FIRST VICE-CHAIR	ELECTED GENERAL
	TARRELL GAMBLE SECOND VICE-CHAIR	APPOINTED
	KEITH CARSON	APPOINTED
	ROSS CLIPPINGER	ELECTED SAFETY
	JAIME GODFREY	APPOINTED
	HENRY LEVY	TREASURER
	ELIZABETH ROGERS	ELECTED RETIRED
	GEORGE WOOD	ELECTED GENERAL
	CYNTHIA BARON	ALTERNATE RETIRED <sup>1</sup>
KEVIN BRYANT	ALTERNATE SAFETY <sup>2</sup>	

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

<sup>2</sup> The Alternate Safety Member votes in the absence of the Elected Safety Member, either of the two Elected General Members, or both the Retired and Alternate Retired Members.

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

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

Board and Committee agendas and minutes and all documents distributed to the Board or a Committee in connection with a public meeting (unless exempt from disclosure) are posted online at [www.acera.org](http://www.acera.org) and also may be inspected at 475 14<sup>th</sup> Street, 10<sup>th</sup> Floor, Oakland, CA 94612-1900.

**1. CALL TO ORDER**

**2. ROLL CALL**

**3. PUBLIC COMMENT**

**4. CONSENT CALENDAR:**

The Board will adopt the entire Consent Calendar by a single motion, unless one or more Board members remove one or more items from the Consent Calendar for separate discussion(s) and possible separate motion(s).

**A. REPORT ON SERVICE RETIREMENTS:**

*Appendix A*

**B. LIST OF DEFERRED RETIREMENTS:**

*Appendix B*

**C. LIST OF DECEASED MEMBERS:**

*Appendix C*

**D. APPROVE REQUEST(S) FOR UP TO 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT:**

*None*

**E. APPROVE UNCONTESTED STAFF RECOMMENDATIONS ON DISABILITY RETIREMENTS AND DEATH BENEFITS:**

*Appendix E*

**F. APPROVE UNCONTESTED HEARING OFFICER RECOMMENDATIONS FOR DISABILITY RETIREMENTS AND DEATH BENEFITS:**

*None*

**G. APPROVE MINUTES of BOARD and COMMITTEE MEETINGS:**

*June 20, 2024 of the Regular Board Meeting*

*June 20, 2024 Audit Committee Minutes*

*July 3, 2024 Retirees Committee Minutes*

*July 3, 2024 Investment Committee Minutes*

**H. MISCELLANEOUS:**

- *Operating Expenses as of 5/31/24*

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

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

**5. DISABILITY, DEATH AND OTHER BENEFIT CLAIMS:**

None.

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

**A. Retirees: [See July 3, 2024 Retirees Committee Agenda Packet for public materials related to the below listed items.]**

1. Summary of July 3, 2024 Meeting.
2. Motion to increase the 2025 Group Plan Monthly Medical Allowance (MMA) by 4.25% for eligible retirees in the group plans, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$662.37 for the Plan Year 2025. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.
3. Motion to increase the 2025 Individual Plan Monthly Medical Allowance (MMA) by 4.25% for eligible qualified early (non-Medicare) retirees enrolled in individual plans through the Health Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$662.37 for Plan Year 2025. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

4. Motion to increase the 2025 Individual Plan Monthly Medical Allowance (MMA) by 4.25% for qualified Medicare eligible retirees enrolled in individual plans through the Medicare Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$507.43 for Plan Year 2025. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

**B. Investment: [See July 3, 2024 Investment Committee Agenda Packet for public materials related to the below listed items.]**

1. Summary of July 3, 2024 Meeting.
2. Motion to adopt Asset Allocation Mix C for ACERA's future Asset Allocation Target.

**C. Governance: [See July 18, 2024 Governance Committee Agenda Packet for public materials related to the below listed items.]**

1. Summary of July 18, 2024 Meeting.
2. Motion to adopt the Governance Committee's recommendations regarding the *CEO Evaluation Policy*.
3. Motion to adopt the Governance Committee's Recommendations regarding the *CEO Succession Policy*.
4. Motion to adopt the Governance Committee's recommendations regarding the *CEO Job Duties and Delegation of Authority*.



**7. NEW BUSINESS:**

A. Discussion and Possible Motion to Take an Oppose Position on AB 2284.

B. Chief Executive Officer's Report.

**8. CONFERENCE/ORAL REPORTS**

**9. ANNOUNCEMENTS**

**10. BOARD INPUT**

**11. ESTABLISHMENT OF NEXT MEETING:**

**Thursday, August 15, 2024 at 2:00 p.m.**

**12. ADJOURNMENT**

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**APPENDIX A  
REPORT ON SERVICE RETIREMENTS**

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ARENDS, Kurt  
Effective: 4/27/2024  
Zone 7 Water Agency

BROWN, Walter  
Effective: 4/27/2024  
Social Services Agency

CABEZAS GOMEZ, Anibal  
Effective: 4/1/2024  
Health Care Services Agency

COLLINS, Eric  
Effective: 3/30/2024  
Sheriff's Office

DITZENBERGER, Melanie  
Effective: 5/11/2024  
Sheriff's Office

GARCIA, Debra  
Effective: 3/30/2024  
Social Services Agency

HURST, Christina  
Effective: 5/2/2024  
Non-Member

JACKSON, Ramsey  
Effective: 4/26/2024  
Sheriff's Office

JAMES, Godfrey  
Effective: 4/27/2024  
Social Services Agency

KEENEY, David  
Effective: 4/1/2024  
Sheriff's Office

MILLWARD, Cort  
Effective: 5/31/2024  
Child Support Services

MONTOYA, Lesa  
Effective: 4/27/2024  
Social Services Agency

MOODIE, Jacqueline  
Effective: 4/24/2024  
Alameda Health System

RAMIREZ, Noami  
Effective: 4/15/2024  
Alameda Health System

RITNER, Maria  
Effective: 4/27/2024  
Social Services Agency

ROY, Dennis  
Effective: 3/29/2024  
Sheriff's Office

SHELDON, Jennifer  
Effective: 5/20/2024  
Alameda Health System

SIERRA, Guadalupe  
Effective: 4/12/2024  
General Services Agency

SONG, Edwin  
Effective: 4/27/2024  
Superior Court

STOKMAN, Lisa  
Effective: 4/13/2024  
Social Services Agency

SUZUKI, Heidi  
Effective: 3/30/2024  
Alameda Health System

VARGAS, Patricia  
Effective: 3/30/2024  
Probation

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**APPENDIX B  
LIST OF DEFERRED RETIREMENTS**

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OH, You Jin  
District Attorney  
Effective: 5/24/2024

SCOTT, Lynsey  
Superior Court  
Effective: 3/1/2024

TOGONON, Paul  
Sheriff's Office  
Effective: 4/9/2024

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**APPENDIX C  
LIST OF DECEASED MEMBERS**

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BAKER, Howard F.  
Probation  
6/6/2024

MORRISON, Lillian A.  
Sheriff's Office  
6/10/2024

BUTZBACH, Matilda A.  
Non-Member Survivor of Eugene Butzbach  
6/3/2024

NUFER, Freddy H.  
Public Works Agency  
6/21/2024

GREEN, Lillie B.  
Alameda Health System  
5/31/2024

OATES, Alphonsine D.  
Superior Court  
6/4/2024

HUTCHINS, Arthur M.  
District Attorney  
6/21/2024

PLUMMER, Albert L.  
Probation  
6/20/2024

KAWAR, Sam H.  
Public Works Agency  
6/4/2024

ROSS, Arthur L.  
Sheriff's Office  
5/30/2024

KRIKORIAN, Evelyn M.  
Superior Court  
5/21/2024

SCHERRER, Sara L.  
Information Technology Department  
5/31/2024

MARTINEZ, Joseph S.  
Probation  
5/31/2024

SHAW, Joe L.  
Sheriff's Office  
6/19/2024

MINEO, Rosa  
Sheriff's Office  
6/4/2024

TURNER, Patsi S.  
Non-Member Survivor of Gordon Turner  
6/10/2024

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**APPENDIX E**  
**APPROVE UNCONTESTED STAFF RECOMMENDATIONS ON**  
**DISABILITY RETIREMENTS AND DEATH BENEFITS**

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**Name:** **Beezley, Stephanie**  
**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. Beezley’s application for a service-connected disability, and waiving annual medical examinations and questionnaires at this time.

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**Name:** **McCullough, Sakeena**  
**Type of Claim:** Non-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. McCullough’s application for a non-service-connected disability, and waiving annual medical examinations and questionnaires at this time.

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

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**Name:** **Newsome, Tristan**  
**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. Newsome’s application for a service-connected disability, and waiving annual medical examinations and questionnaires at this time.

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

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**APPENDIX E**  
**APPROVE UNCONTESTED STAFF RECOMMENDATIONS ON**  
**DISABILITY RETIREMENTS AND DEATH BENEFITS**

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**Name:** Palafx-Cortez, Olga  
**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. Palafx-Cortez’s application for a service-connected disability, and waiving annual medical examinations and questionnaires at this time.

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**Name:** Parker, Sean  
**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. Parker’s application for a service-connected disability, and waiving annual medical examinations and questionnaires.

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

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**Thursday, June 20, 2024**

Chair Ophelia Basgal called the meeting to order at 2:00 p.m.

Trustees Present: Ophelia Basgal  
Ross Clippinger  
Tarrell Gamble  
Jaime Godfrey  
Elizabeth Rogers  
George Wood  
Cynthia Baron (*Alternate*)  
Kevin Bryant (*Alternate*)

Trustees Excused: Keith Carson  
Henry Levy  
Kellie Simon

Staff Present: Victoria Arruda, Human Resource Officer  
Carlos Barrios, Assistant Chief Executive Officer-Benefits  
Angela Bradford, Executive Secretary  
Sandra Dueñas-Cuevas, Benefits Manager  
Erica Haywood, Fiscal Services Officer  
Jessica Huffman, Benefits Manager  
Harsh Jadhav, Chief of Internal Audit  
Vijay Jagar, Retirement Chief Technology Officer, ACERA  
Lisa Johnson, Assistant Chief Executive Officer-Operations  
David Nelsen, Chief Executive Officer  
Jeff Rieger, Chief Counsel (via Zoom)  
Betty Tse, Chief Investment Officer

**PUBLIC INPUT**

None.

**CONSENT CALENDAR  
REPORTS AND ACTION ITEMS**

**REPORT ON SERVICE RETIREMENTS**

*Appendix A*

**LIST OF DEFERRED RETIREMENTS**

*Appendix B*

**LIST OF DECEASED MEMBERS**

*Appendix C*

**APPROVE REQUEST(S) FOR UP TO 130 BI-WEEKLY PAYMENTS TO  
RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT**

*None*

**APPROVE UNCONTESTED STAFF RECOMMENDATIONS ON  
DISABILITY RETIREMENTS AND DEATH BENEFITS**

*Appendix E*

**APPROVE UNCONTESTED HEARING OFFICER RECOMMENDATIONS FOR  
DISABILITY RETIREMENTS AND DEATH BENEFITS**

*None*

**APPROVE MINUTES of BOARD and COMMITTEE MEETINGS**

*May 16, 2024 Minutes of the Regular Board Meeting*

*May 16, 2024 Actuarial Committee Minutes*

*May 16, 2024 Audit Committee Minutes*

*June 5, 2024 Retirees Committee Minutes*

*June 5, 2024 Investment Committee Minutes*

**MISCELLANEOUS**

- *Operating Expenses as of 4/30/24*
- *Approve Staff Recommendation regarding the County of Alameda's New Pay Item/Code Hiring Incentive – 74H*

**24-31**

**It was moved by Elizabeth Rogers and seconded by Jaime Godfrey that the Board adopt the Consent Calendar, with a revision to the May 16, 2024 Audit Committee minutes to reflect that Elizabeth Rogers was present. The motion carried 7 yes (*Basgal, Bryant, Clippinger, Gamble, Godfrey, Rogers, Wood*), 0 no, and 0 abstentions.**

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

**DISABILITY, DEATH AND OTHER BENEFIT CLAIMS**

None.

**COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS**

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

***Retirees:***

Elizabeth Rogers reported that the Retirees Committee met on June 5, 2024 and that the Committee reviewed and discussed the Implicit Subsidy cost for Plan Year 2023.

**24-32**

**It was moved by Elizabeth Rogers and seconded by George Wood that the Board authorize Staff to transfer \$4,037,312 from the Supplemental Retiree Benefit Reserve account to the County Advance Reserve to be amortized over 20 years as the Implicit Subsidy payment for Plan Year 2023. The motion carried 7 yes (*Basgal, Bryant, Clippinger, Gamble, Godfrey, Rogers, Wood*), 0 no, and 0 abstentions.**

Trustee Rogers reported that the Retirees Committee discussed the Statement of Intent to continue the Implicit Subsidy Program for health Plan Year 2025.

**24-33**

**It was moved by Elizabeth Rogers and seconded by Ross Clippinger that the Board adopt a Statement of Intent to continue the Implicit Subsidy Program for health Plan Year 2025, following a determination by ACERA at the end of Plan Year 2025 that the amount is not greater than the actual retiree Implicit Subsidy. The motion carried 7 yes (*Basgal, Bryant, Clippinger, Gamble, Godfrey, Rogers, Wood*), 0 no, and 0 abstentions.**

Staff presented and discussed the following Information Items at the Retirees Committee meeting: **1)** Presentation and Report on Health Care Inflation/Trends; **2)** Preliminary Report on Projected Benefit Costs Funded through the Supplemental Retiree Benefit Reserve; **3)** Monthly Medical Allowance for 2025; **4)** 2025 Medical Plans Update/Renewal Requests of ACERA/County of Alameda; **5)** Report on Health Reimbursement Arrangement Account Balances and Reimbursements; **6)** Over Age 65 Medical Plan Compliance; **7)** Plans for Open Enrollment and Retiree Health and Wellness Fair; and **8)** Report on Annual Health Care Planning Meeting with Retiree Groups.

Minutes of the meeting were approved as part of the Consent Calendar.



***Investment:***

George Wood reported that the Investment Committee met on June 5, 2024 and that the Investment Committee discussed authorizing Staff to negotiate an extension of the Custody Contract with State Street Bank and Trust Company for up to two (2) years.

**24-34**

**It was moved by George Wood and seconded by Jaime Godfrey that the Board authorize Staff to negotiate an extension of the Custody Contract with State Street Bank and Trust Company for up to two (2) years. The motion carried 7 yes (*Basgal, Bryant, Clippinger, Gamble, Godfrey, Rogers, Wood*), 0 no, and 0 abstentions.**

Trustee Wood reported that the Investment Committee was presented with and discussed the following Information Items: *1) Status Update: Review of Asset Allocation Mixes; and 2) Education Session: Private Credit.*

Minutes of the meeting were approved as part of the Consent Calendar.

***Audit:***

Tarrell Gamble reported that the Audit Committee met earlier today and that the Audit Committee was presented with and discussed the audited Schedule of Employer Allocations and Schedule of Pension Amounts by Employer and the audited Schedule of Employer Allocations and Schedule of OPEB Amounts by Employer Based on the Governmental Accounting Standards Board (GASB) Statement No. 67 and Statement No. 74, as of December 31, 2023.

**24-35**

**It was moved by Tarrell Gamble and seconded by Jaime Godfrey that the Board adopt the audited Schedule of Employer Allocations and Schedule of Pension Amounts by Employer and the audited Schedule of Employer Allocations and Schedule of OPEB Amounts by Employer Based on the Governmental Accounting Standards Board (GASB) Statement No. 67 and Statement No. 74, as of December 31, 2023. The motion carried 7 yes (*Basgal, Bryant, Clippinger, Gamble, Godfrey, Rogers, Wood*), 0 no, and 0 abstentions.**

Staff presented and discussed the following Information Items at the Audit Committee meeting: *1) GASB Statement No. 68 and GASB Statement No. 75 Valuations and Employer Schedules as of December 31, 2023; 2) Progress report on the Internal Audit Plan; and 2) Review of Completed Audits.*

Minutes of the meeting will be presented to the Board for adoption on the Consent Calendar at the June 20, 2024 Board meeting.

**NEW BUSINESS:**

**Presentation and Discussion Regarding Managed Medical Review Organization's (MMRO) Medical Advisor Process – Doug Minke**

Doug Minke, Vice-President of Corporate Development and General Counsel for MMRO, gave an overview and provided historical information on MMRO and its Disability Retirement Process as follows: **1)** MMRO serves as Medical Advisor (MA) to various State, County and Municipal Retirement Systems/Funds across the Country, including ACERA; **2)** MMRO undergoes URAC Health Care Accreditation every three years; and **3)** MMRO undergoes SOC2/Type II Certification and Testing (IT Security/Internal Control Review) and internal security testing annually to ensure medical records and confidential information is safe and secure. MMRO physicians are trained in County Employees' Retirement Law (CERL) requirements and in service-connected disability and safety member presumption case analysis. Mr. Minke expressed his appreciation to Chief Counsel Jeff Rieger and to ACERA Disability Retirement Staff for their assistance in making sure MMRO physicians understand the newly enacted presumptions [**See** Disability Program Enhancements, Slide No. 13.] Mr. Minke reported that MMRO and ACERA Staff meet on a bi-weekly basis to discuss cases, issues, new statutory presumptions and/or any improvements that can be made to make the disability claims process more efficient.

Mr. Minke reported that in 2022, MMRO developed Program Enhancements that include: **1)** The use of physicians who specialize in a specific area (cardiologist for heart presumption, psychiatrist for PTSD, etc.) to perform clinical reviews and prepare reports as opposed to the use of general physicians. It was noted that the use of specialist physicians could limit the use of Independent Medical Examiners (IME) in certain cases; and **2)** As a result of the Legislator's enactment of the new statutory presumptions, MMRO has established a Clinical Escalation Committee, chaired by MMRO Associate Medical Director Michelle Brezinski, M.D., to ensure MMRO physicians understand the standard/requirements and to respond to physician reviewers' questions/concerns. It was noted that MMRO's panel of physicians must have a non-restricted license, have at least five years of full-time, professional experience/clinical care, have no history of sanctions or disciplinary actions and are Board Certified. It was also noted that a Quality Assurance Review is performed on every case to ensure that CERL requirements are being met.

Mr. Minke reported the status of ACERA's disability cases over the past 12 months and responded to Trustees' questions/concerns.

Dave Nelsen requested the Board's feedback about which documents they primarily focus on in cases that come to the Board after a hearing, as staff could potentially decrease the number of documents contained in the Disability Packets for the Board's review.

**Presentation and Discussion Regarding MMRO’s Medical Advisor Process (Continued)**  
**– Sandra Dueñas-Cuevas**

Benefits Manager Sandra Dueñas-Cuevas provided an update on MMRO’s performance for processing ACERA’s Standard and Non-Standard cases for the period of July 1, 2023 to the present reporting that ACERA’s Non-Standard cases take longer for MMRO to process because those cases may require: **1)** An IME, IPE or Peer Review; **2)** Submission of additional documents/information (e.g., Worker’s Compensation) for Employer Filed Applications; and/or **3)** A scheduled Disability Retirement Hearing because the case was contested by either the Employer or the Applicant.

Ms. Dueñas-Cuevas reported that in 2023, the total number of days on average for MMRO to process a Standard Case was 120 days. In 2024, the total number of days on average was reduced to 91 days – ACERA’s target for processing Standard cases is 90 days. Ms. Dueñas-Cuevas reported that ACERA Disability Staff monitors MMRO’s performance on a quarterly basis. However, MMRO and ACERA Staff are currently working together to reduce the 91-day processing time even further. Mr. Rieger reported that more contested cases are coming down the pipeline for the Board’s review. Chair Ophelia Basgal expressed her appreciation to Staff regarding the decrease in the turn-around-time for processing disability retirement cases.

**Technology Update**

Retirement Chief Technology Officer Vijay Jagar reported that Artificial Intelligence (AI) is being integrated at the application level as opposed to customers, businesses and organizations working with AI directly and that AI is integrated mostly into Microsoft Products (Windows 11). Mr. Jagar reported that ACERA Staff works with AI and any of ACERA’s Vendors who contract with ACERA, whether or not they use ACERA’s data, are required to sign ACERA’s Standard Agreement which now includes AI contract language.

Mr. Jagar provided an update on ACERA PRISM Department’s primary projects, which are: **1)** Pension Administration System, V3 (PAS), which is being totally redesigned (from the ground up) as a Web Based Program that will be remotely available and will be more secure than the current PAS, V2; **2)** OnBase Upgrade – storage of members’ files/information. The upgrade will include integrations from PAS, V3 and HR Workflows and will take place after the implementation of PAS, V3; **3)** Cloud File Storage - storage of ACERA’s working files in the Cloud. With Microsoft SharePoint capability, Staff will be able to easily access, share and search files remotely, Mr. Jagar explained how ACERA’s files will be backed up in the Cloud and stated those files will be more secure; and **4)** Windows 11, Mr. Jagar explained that Windows 11 include Cloud Desktops (remote), which can be accessed from any device with an internet connection. Mr. Jagar announced that ACERA PRISM Staff will implement Windows 11 at the same time as the OnBase implementation, which is scheduled for 2025. Mr. Jagar reported that these four projects are shared across all ACERA’s Departments.

Mr. Jagar reported that ACERA still has an active agreement for the vendors who currently house ACERA’s backed up Network files.

**Chief Executive Officer’s Report**

Mr. Nelsen presented his June 20, 2024 written CEO Report which provided an update on the following: **1)** Committee and Board Action Items; **2)** Conference/Event Schedule; **3)** Other Items: **a)** Business Planning; **b)** Legislation; **c)** Budget; **d)** Pension Administration System; and **4)** Key Performance Indicators.

Mr. Nelsen reported that the budget overage is coming down and anticipates that ACERA will be on budget very soon. Staff will continue to monitor the budget and will keep the Board apprised of the status.

Mr. Nelsen announced that that the Tax Initiative Bill (AB 817), that would make it more difficult for government bodies to initiate taxes, was struck down by the Supreme Court, ruled unconstitutional and will not be included on the ballot. Mr. Nelsen stated that the SACRS Legislative Committee is monitoring the bill which would have loosen up *Brown Act* requirement regarding remote meetings for advisory committees, unlike ACERA. It was noted that the Legislature is not in favor of loosening the *Brown Act* requirements to allow for more remote meeting participation.

Mr. Nelsen announced he will be on vacation for two weeks starting on Sat, Jun 22, 2024 and in his absence, Assistant CEO of Benefits Carlos Barrios will be in charge the first week and Assistant CEO of Operations Lisa Johnson will be in charge the second week. However, if any issues arise, Mr. Barrios/Ms. Johnson can contact Mr. Nelsen, as necessary.

Mr. Nelsen explained the purpose of SB 1189 (Ventura’s appointment of a Chief Technology Officer), which excludes the Chief Technology Officer from Ventura County’s personnel rules.

**CONFERENCE/ORAL REPORTS**

None.

**ANNOUNCEMENTS**

None.

**BOARD INPUT**

None.

To view the June 20, 2024 Board meeting YouTube video in its entirety, go to ACERA’s Website at: <https://youtu.be/s-rlBhyCB7Q>.

**ADJOURNMENT**

The meeting was adjourned at approximately 2:59 p.m.

Respectfully Submitted,



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David Nelsen  
Chief Executive Officer

07/18/24

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Date Adopted

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**APPENDIX A  
REPORT ON SERVICE RETIREMENTS**

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ALCOSER, Edward  
Effective: 3/31/2024  
Health Care Services Agency

CAREY, Cheryl  
Effective: 3/31/2024  
Social Services Agency

DOSSEY, Stephen  
Effective: 3/31/2024  
Public Works Agency

ALDAY, Josephine  
Effective: 3/30/2024  
Alameda Health System

CARTER-ELLERSON, Elizabeth  
Effective: 3/31/2024  
Alameda Health System

DUMATOL, Alan  
Effective: 3/30/2024  
Sheriff's Office

ANDONG-SAMPANG, Sofia  
Effective: 3/30/2024  
Treasure-Tax Collector

CASTANEDA, Daniel  
Effective: 3/30/2024  
Public Works Agency

DYQUIANGCO, Felian  
Effective: 3/30/2024  
Alameda Health System

ARANGCON, Teresa  
Effective: 3/30/2024  
Superior Court

CHADWICK, Cynthia  
Effective: 3/30/2024  
Library

EVANS, Craig  
Effective: 3/30/2024  
Sheriff's Office

BAILEY, Cassandra  
Effective: 4/13/2024  
Health Care Services Agency

CHAHAL, Jarnail  
Effective: 3/30/2024  
Zone 7 Water Agency

FELIX, Elva  
Effective: 3/30/2024  
General Services Agency

BEAN, Sandra  
Effective: 4/1/2024  
County Counsel

CHRISTIANSEN, Shawn  
Effective: 3/30/2024  
Sheriff's Office

FINNEGAN, David  
Effective: 3/31/2024  
LARPD

BOWN, Fred  
Effective: 3/30/2024  
Sheriff's Office

COLLINS, Billie  
Effective: 3/30/2024  
Social Services Agency

FLORES, Leticia  
Effective: 3/30/2024  
Assessor

BRANDT, Robert  
Effective: 3/30/2024  
Sheriff's Office

CRUZ, Maria  
Effective: 3/30/2024  
Social Services Agency

GALLEGOS, Alicia  
Effective: 3/31/2024  
Alameda Health System

BROWN, Linda  
Effective: 3/30/2024  
Auditor-Controller

DEBBS, Josephine  
Effective: 4/1/2024  
Alameda Health System

GERINGSON, Janetta  
Effective: 2/3/2024  
Alameda Health System

BRUNO, Harry  
Effective: 3/30/2024  
Sheriff's Office

DICKINSON, Tamur  
Effective: 3/30/2024  
Sheriff's Office

HALLORAN, Nancy  
Effective: 3/30/2024  
Health Care Services Agency

CAMPBELL, Connie  
Effective: 3/30/2024  
District Attorney

DIXON, Willie  
Effective: 3/13/2024  
Alameda Health System

HARDY-SHIELDS, Cara  
Effective: 3/30/2024  
Social Services Agency

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**APPENDIX A  
REPORT ON SERVICE RETIREMENTS**

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HARTNETT, Carol  
Effective: 3/30/2024  
Social Services Agency

KNOX, Wilhelmina  
Effective: 3/30/2024  
Social Services Agency

MAJEWSKI, Mark  
Effective: 3/28/2024  
Sheriff's Office

HATTAWAY, Jared  
Effective: 3/30/2024  
Sheriff's Office

KOO, Lisa  
Effective: 3/30/2024  
Alameda Health System

MANCUSO, Kristin  
Effective: 3/20/2024  
Alameda Health System

HEAD-LYONS, Roslyn  
Effective: 3/31/2024  
Alameda Health System

KOUBEK, Gregory  
Effective: 3/30/2024  
Housing & Community Development

MCDANIEL, Cynthia  
Effective: 3/30/2024  
Alameda Health System

HOFFMAN, Helena  
Effective: 3/30/2024  
Alameda Health System

KRIENKE, Matthew  
Effective: 3/30/2024  
Sheriff's Office

MCDONALD, Gerald  
Effective: 4/1/2024  
Alameda Health System

HUGHES, Terri  
Effective: 3/30/2024  
Alameda Health System

KROL, Christopher  
Effective: 3/30/2024  
Sheriff's Office

MITRY, Clint  
Effective: 3/30/2024  
Sheriff's Office

HUNTER, Edward  
Effective: 3/30/2024  
General Services Agency

LEE, So Young  
Effective: 3/31/2024  
Alameda Health System

MORINEAU, Michelle  
Effective: 3/30/2024  
Social Services Agency

JEAN, Sabrina  
Effective: 3/30/2024  
Social Services Agency

LEEPER, Keith  
Effective: 3/31/2024  
Sheriff's Office

NASSOR-OVINGTON, Masani  
Effective: 3/30/2024  
Social Services Agency

JOHNSON, John  
Effective: 3/30/2024  
Sheriff's Office

LEUNG, Frances  
Effective: 3/30/2024  
Health Care Services Agency

NISHIMURA, Kathryn  
Effective: 3/30/2024  
Social Services Agency

JOHNSON, Rudean  
Effective: 3/30/2024  
Sheriff's Office

LILLEY, Lorraine  
Effective: 3/30/2024  
Alameda Health System

PAYER, James  
Effective: 3/28/2024  
Sheriff's Office

JURADO, Jorge  
Effective: 3/30/2024  
Alameda Health System

LITTLE, Kimberly  
Effective: 3/30/2024  
Social Services Agency

PEL, Davith  
Effective: 3/30/2024  
Social Services Agency

KNOX, Russell  
Effective: 3/29/2024  
Superior Court

MAGADAN, Eliberto  
Effective: 3/30/2024  
Alameda Health System

PEREZ, Fina  
Effective: 3/30/2024  
Probatio

**APPENDIX A  
REPORT ON SERVICE RETIREMENTS**

PI, Chung-Ron  
Effective: 4/1/2024  
Superior Court

SALIMI, Margaret  
Effective: 3/30/2024  
Social Services Agency

TAYLOR, Latrica  
Effective: 3/28/2024  
Sheriff's Office

PINEDA, Merlin  
Effective: 3/18/2024  
Alameda Health System

SANDBACH, Alyce  
Effective: 3/30/2024  
District Attorney

TILFORD, Tammi  
Effective: 3/30/2024  
Child Support Services

POBRE, Perla  
Effective: 3/30/2024  
Auditor- Controller

SANTA MARIA, Ernani  
Effective: 3/28/2024  
Sheriff's Office

UFLAND, Evon  
Effective: 3/30/2024  
Social Services Agency

POLLAK, Jody  
Effective: 3/30/2024  
Human Resource Services

SHAMBAUGH, Teresa  
Effective: 3/30/2024  
Social Services Agency

UNG, Teresa  
Effective: 3/30/2024  
Social Services Agency

REAL, John  
Effective: 3/30/2024  
General Services Agency

SHELSTAD WATTS, Dawn  
Effective: 3/30/2024  
Social Services Agency

WEI, Elizabeth  
Effective: 3/30/2024  
Auditor-Controller

RHEINOR, Eric  
Effective: 3/30/2024  
Sheriff's Office

SIMS, John  
Effective: 3/6/2024  
Sheriff's Office

WILLIAMS, Deborah  
Effective: 3/16/2024  
Superior Court

ROBERTSON, Joyce  
Effective: 3/30/2024  
Social Services Agency

SMITH, Tammy  
Effective: 3/30/2024  
Public Defender

WILLIAMS, Horace  
Effective: 3/30/2024  
Social Services Agency

ROBLES, Amada  
Effective: 3/30/2024  
Social Services Agency

SUEZAKI, John  
Effective: 3/30/2024  
Sheriff's Office

WILLIAMS, Timothy  
Effective: 3/30/2024  
Sheriff's Office

ROOZE, Tom  
Effective: 3/30/2024  
Zone 7 Water Agency

SYMONDS, Ardelle  
Effective: 3/31/2024  
Sheriff's Office

WONG, Kenneth  
Effective: 3/30/2024  
Assessor

RUIZ, Arthur  
Effective: 3/30/2024  
Public Defender

TABILI, Daisy  
Effective: 3/30/2024  
Health Care Services Agency

WOODS, Marynella  
Effective: 3/30/2024  
Public Defender

ZAFIRATOS, Agnes  
Effective: 3/30/2024  
Superior Court

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**APPENDIX B  
LIST OF DEFERRED RETIREMENTS**

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ALVAREZ, Alejandro  
First 5 Alameda County  
Effective Date: 3/11/2024

ARGUIJO, Ariana B.  
Alameda Health System  
Effective: 1/19/2024

BERNINZON, George E.  
Social Services Agency  
Effective: 3/4/2024

BOHANON, Michanne E.  
Social Services Agency  
Effective: 3/1/2024

CORREIA, Kyle J.  
Sheriff's Office  
Effective: 3/30/2024

CORTES ZERMENO, Raul  
General Services Agency  
Effective: 4/19/2024

COX, Carrie A.  
Sheriff's Office  
Effective: 3/27/2024

DAVIS, Kayla  
Superior Court  
Effective: 3/22/2024

EGWUATU, Nonso N.  
Alameda Health System  
Effective: 3/1/2024

ESPINEDA, Christopher M.  
Alameda Health System  
Effective: 2/29/2024

FANG, Hillman  
Superior Court  
Effective: 3/1/2024

FAY, Megan E.  
Alameda County Health  
Effective: 3/29/2024

GIFFORD, Elizabeth D.  
Alameda Health System  
Effective: 3/15/2024

GOMEZ, Maria D.  
Alameda Health System  
Effective: 3/8/2024

HANSEN, Adryane L.  
Alameda Health System  
Effective: 3/15/2024

HENDERSON, James  
Community Development Agency  
Effective: 3/15/2024

JACKSON, Emmanuel D.  
Health Care Services Agency  
Effective: 3/11/2024

JIMENEZ RUIZ, Jessica J.  
Sheriff's Office  
Effective: 3/29/2024

LATOURELLE, Marie  
Alameda Health System  
Effective: 3/1/2024

MANSOURIAN, Amir  
Alameda Health System  
Effective: 3/4/2024

MAQSOODI, Mehrdad  
Alameda Health System  
Effective: 3/1/2024

MOONEY, Michael R.  
Alameda County Health  
Effective: 3/29/2024



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**APPENDIX B  
LIST OF DEFERRED RETIREMENTS**

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MUSGRAVE, Jenny L.  
Sheriff's Office  
Effective: 3/14/2024

SCOTT, Lynsey M.  
Superior Court  
Effective: 3/1/2024

NASSIRRUDDIN, Saida  
Auditor-Controller  
Effective: 3/29/2024

SCOTT, Pierre  
Alameda Health System  
Effective: 3/22/2024

NAVARRO, Erika  
Superior Court  
Effective: 3/18/2024

STRANDBERG, Lindsey K.  
Alameda Health System  
Effective: 2/27/2024

OSTLUND, Kristyn M.  
Sheriff's Office  
Effective: 3/30/2024

TRUONG, Rebecca  
Superior Court  
Effective: 3/5/2024

PULLMAN, Jason C.  
Alameda Health System  
Effective: 3/8/2024

VAUGHN, Kevin E.  
Social Services Agency  
Effective: 3/5/2024

SANTANA, Miranda B.  
Social Services Agency  
Effective: 3/8/2024

ZHENG, Kelly  
Auditor-Controller  
Effective Date: 3/29/2024

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**APPENDIX C  
LIST OF DECEASED MEMBERS**

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ADAMS, Bruce A.  
General Services Agency  
5/4/2024

DEAN, Miranda J.  
Social Services Agency  
5/4/2024

CARTER, Johnny R.  
Community Development Agency  
5/18/2024

EBERLE, Patricia J.  
Alameda Health System  
4/30/2024

CHUMLEY, Delia E.  
Sheriff's Office  
5/13/2024

EDELHOFER, Satomi  
Behavioral Health Care Services  
5/14/2024

COUNTS, Walter  
Probation  
4/23/2024

ENNIS, Janice C.  
District Attorney  
5/9/2024

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**APPENDIX C  
LIST OF DECEASED MEMBERS**

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FREEMAN, Betty J.  
Social Services Agency  
4/22/2024

PALMER-SILVA, Katherine I.  
Behavioral Health Care Services  
5/24/2024

FRIEDEBERG, Ursula  
Public Health  
4/28/2024

PRESTOZA, Bernarda D.  
Assessor  
5/12/2024

GRACIAS, Joaquina B.  
Public Health  
5/12/2024

SHEA, Michael P.  
General Services Agency  
4/19/2024

LEWIS, Paul A.  
Sheriff's Office  
4/30/2024

SHIU, Matthew H.  
General Services Agency  
5/13/2024

LUNDBERG, Leonard S.  
Social Services Agency  
4/25/2024

SILVA, Cesar A.  
Community Development Agency  
5/6/2024

MARR, Diane M.  
Superior Court  
5/14/2024

SILVERIO, Felipe M.  
Alameda Health System  
5/22/2024

MARTINEZ, Vincent  
Public Defender  
5/16/2024

SMALL, Leslie B.  
Non-Member Survivor of James Pointer  
4/25/2024

MONTALVO, Adam C.  
Public Works Agency  
5/5/2024

SMITH, Teresa M.  
Probation  
5/3/2024

MOYA, Gilbert U.  
Non-Mbr DRO recipient of Dora P. Moya  
5/20/2024

SOO, Marieann  
Sheriff's Office  
5/8/2024

NUNES, Donald R.  
Library  
5/27/2024

WILLIAMS, Lindnell  
Superior Court  
4/29/2024

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**APPENDIX E**  
**APPROVE UNCONTESTED STAFF RECOMMENDATIONS ON**  
**DISABILITY RETIREMENTS AND DEATH BENEFITS**

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**Name:** Amason, Cynthia  
**Type of Claim:** Non-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. Amason’s application for a non-service-connected disability, and waiving annual medical examinations and questionnaires.

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

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**Name:** Cabotage, Marcene  
**Type of Claim:** Earlier Effective Date

Staff’s Recommendation:

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

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**Name:** Lieu, Thanh  
**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. Lieu’s application for a service-connected disability, and waiving annual medical examinations and questionnaires.

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**APPENDIX E**  
**APPROVE UNCONTESTED STAFF RECOMMENDATIONS ON**  
**DISABILITY RETIREMENTS AND DEATH BENEFITS**

---

**Name:** Santamaria, Luis  
**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. Santamaria's application for a service-connected disability, and requiring annual medical examinations and questionnaires.

Pending decision on the earlier effective date.

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**Name:** Shamblin, Julie  
**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. Shamblin's application for a service-connected disability, and waiving annual medical examinations and questionnaires.

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**MINUTES OF JUNE 20, 2024 AUDIT COMMITTEE MEETING**

Date: June 20, 2024  
To: Members of the Audit Committee  
From: Tarrell Gamble, Vice-Chair  
Subject: **Summary of the June 20, 2024 Audit Committee Meeting**

The Audit Committee Vice-Chair, Tarrell Gamble called the June 20, 2024, Audit Committee meeting to order at 12:34 p.m.

**ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE**

Committee members present were George Wood, Jaime Godfrey, and Tarrell Gamble. Other Board members present were Elizabeth Rogers, Ophelia Basgal, Ross Clippinger, and alternate Cynthia Baron. Alternate Kevin Bryant arrived after roll call.

Staff present were David Nelsen, Chief Executive Officer; Lisa Johnson, Assistant Chief Executive Officer; Carlos Barrios, Assistant Chief Executive Officer; Harsh Jadhav, Chief of Internal Audit; Erica Haywood, Fiscal Services Officer; Vijay Jagar, Chief Technology Officer; Betty Tse, Chief Investment Officer; Jessica Huffman, Benefits Manager. Sandra Duenas, Benefits Manager; attended via Zoom.

**PUBLIC COMMENT**

None

**ACTION ITEMS**

*External Audit*

- 1. Review and possible motion to adopt the audited Schedule of Employer Allocations (Pension and OPEB) and the audited Schedule of Pension and OPEB Amounts by Employer based on addenda to the Governmental Accounting Standards Board (GASB) Statement No. 67 and Statement No. 74, valuations as of December 31, 2023**

ACERA and Williams Adley staff presented and discussed the audited Schedule of Employers Allocations (Pension and OPEB) and the audited Schedule of Pension and OPEB Amounts by Employer based on addenda to the GASB Statement No. 67 and Statement No. 74, valuations as of December 31, 2023. It was moved by Trustee Godfrey and seconded by Trustee Rogers that the Audit Committee recommend that the Board of Retirement adopt the audited Schedule of Employer Allocations and Schedule of Pension Amounts by Employer and the audited Schedule of Employer Allocations and Schedule of OPEB Amounts by Employer Based on the GASB Statement No. 67 and Statement No. 74, as of December 31, 2023.

The motion carried 7 yes (*Basgal, Bryant, Clippinger, Gamble, Godfrey, Rogers, Wood*), 0 no, 0 abstentions.

**INFORMATION ITEMS**

*External Audit*

**1. Presentation and discussion of GASB Statement No. 68 and GASB Statement No. 75 Valuations and Employer Schedules as of December 31, 2023**

ACERA and Segal representatives presented the GASB Statement No. 68 and Statement No. 75 Valuations and Employer Schedules as of December 31, 2023.

*Internal Audit*

**1. Progress report on the Internal Audit Plan**

Staff provided a progress report on the Internal Audit Plan.

**TRUSTEE INPUT AND DIRECTION TO STAFF**

None

**FUTURE DISCUSSION ITEMS**

None

**ESTABLISHMENT OF NEXT MEETING DATE**

October 17, 2024 at 12:30 p.m.

**MEETING ADJOURNED**

The meeting adjourned at 1:14 p.m.



**MINUTES OF JULY 3, 2024 RETIREES COMMITTEE MEETING**

To: Members of the Retirees Committee  
From: Elizabeth Rogers, Chair  
Subject: **Summary of the July 3, 2024 Retirees Committee Meeting**

Committee Chair Elizabeth Rogers called the July 3, 2024 Committee meeting to order at 9:30 a.m.

**ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE**

Committee members present were Elizabeth Rogers, Ross Clippinger and Henry Levy. Also present were Jaime Godfrey and alternate members Cynthia Baron and Kevin Bryant. Committee member Keith Carson, and Ophelia Basgal and Tarrell Gamble joined the meeting after roll call.

Staff present were Carlos Barrios, Assistant Chief Executive Officer; Erica Haywood, Fiscal Services Officer; Jessica Huffman, Benefits Manager; Harsh Jadhav, Chief of Internal Audit; Vijay Jagar, Chief Technology Officer; Lisa Johnson, Assistant Chief Executive Officer; Jeff Rieger, Chief Counsel; and Betty Tse, Chief Investment Officer.

**PUBLIC INPUT**

None.

**INFORMATION ITEMS**

Chair Rogers moved the following information item to the top of the agenda to allow time for Trustee Basgal to arrive before considering the action items:

**1. Report on Dental and Vision Plans Experience and Utilization**

Segal, ACERA's Benefits Consultant, provided information on ACERA's dental and vision plans experience, utilization, dental annual maximums by network, and VSP's loss ratio by plan.

In response to Trustee Rogers questions and comments, Sharen Stanek-Lowe, ACERA's Delta Dental account representative provided the following information:

- The impact of the COVID-19 pandemic and Delta Dental's market fee adjustments on the increase in the non-contracted provider utilization rates.
- Additional factors impacting the dental industry were dentists reviewing their business models due to their financial status after the pandemic, and deciding to

- either go insurance independent; or moving out of the state, retiring, or closing their practice.
- Delta Dental has created a provider advisory council to get feedback from its current contracted dentists to expand provider tools to support the dentists; as well as a welcome back campaign to contact those dentists who have left Delta Dental's network.

In response to Trustee Basgal's question and comment regarding the low eye exam utilization, Segal and Staff will check with VSP and Kaiser Permanente to get additional information on eye exam utilization.

### **ACTION ITEMS**

#### **1. Adoption of 2025 Monthly Medical Allowance for Group Plans**

Staff presented group plans Monthly Medical Allowance (MMA) cost comparisons for the 2024 and 2025 Plan Years. Staff recommended increasing the 2025 Group Plan MMA in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$662.37 for the Plan Year 2025.

It was moved by Ophelia Basgal and seconded by Henry Levy that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2025 Group Plan Monthly Medical Allowance (MMA) by 4.25% for eligible retirees in the group plans, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$662.37 for the Plan Year 2025. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

The motion carried 9 yes (*Baron, Basgal, Bryant, Carson, Clippinger, Gamble, Godfrey, Levy, Rogers*), 0 no, 0 abstentions.

#### **2. Adoption of 2025 Monthly Medical Allowance for Early Retiree Individual Plans**

Staff presented early (non-Medicare) retiree Individual Plans Monthly Medical Allowance (MMA) costs for the 2024 Plan Year based on the maximum MMA provided. Staff recommended increasing the 2025 Individual Plan MMA, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$662.37 for the Plan Year 2025.

It was moved by Ophelia Basgal and seconded by Henry Levy that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2025 Individual Plan Monthly Medical Allowance (MMA) by 4.25% for eligible qualified early (non-



Medicare) retirees enrolled in individual plans through the Health Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$662.37 for Plan Year 2025. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

The motion carried 9 yes (*Baron, Basgal, Bryant, Carson, Clippinger, Gamble, Godfrey, Levy, Rogers*), 0 no, 0 abstentions.

### **3. Adoption of 2025 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans**

Staff presented Medicare eligible retiree Individual Plans Monthly Medical Allowance (MMA) costs for the 2024 Plan Year based on the maximum MMA provided. Staff recommended increasing the 2025 Individual Plan MMA, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$507.43 for the Plan Year 2025.

It was moved by Ophelia Basgal and seconded by Henry Levy that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2025 Individual Plan Monthly Medical Allowance (MMA) by 4.25% for qualified Medicare eligible retirees enrolled in individual plans through the Medicare Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$507.43 for Plan Year 2025. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

The motion carried 9 yes (*Baron, Basgal, Bryant, Carson, Clippinger, Gamble, Godfrey, Levy, Rogers*), 0 no, 0 abstentions.

### **STAFF UPDATE**

Staff provided an update on the Patelco Credit Union's security breach that occurred on June 29<sup>th</sup> and its potential impact on ACERA retirees. Currently, 195 of ACERA members receive retiree benefit payments through direct deposit with Patelco Credit Union. ACERA successfully submitted members' direct deposits on June 28<sup>th</sup>, the day before the breach. The funds were completely out of ACERA's custody and with Patelco. ACERA's website has been updated to provide a link to Patelco's website, which has information and daily updates regarding the breach.

**TRUSTEE REMARKS**

None.

**FUTURE DISCUSSION ITEMS**

- Adoption of Dental Plan Contributions for 2025
- Adoption of Vision Plan Contributions for 2025

**ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for August 7, 2024 at 9:30 a.m.

**MEETING ADJOURNED**

The meeting adjourned at 10:01 a.m.



**MINUTES OF THE JULY 3, 2024, INVESTMENT COMMITTEE MEETING**

To: Members of the Board of Retirement  
From: Jaime Godfrey – Chair  
Subject: Summary of July 3, 2024 Investment Committee Meeting

The Investment Committee (“Committee”) met on Wednesday, July 3, 2024, at 10:30 a.m. The Committee members present were, Ophelia Basgal, Keith Carson, Ross Clippinger, Tarrell Gamble, Jaime Godfrey, Henry Levy, and Elizabeth Rogers. Also present were Alternate General Member Cynthia Baron and Alternate Safety Member Kevin Bryant. ACERA Senior Managers and Presenting Staff present were, Lisa Johnson –Assistant Chief Executive Officer, Jeff Rieger – Chief Counsel (via Zoom), Harsh Jadhav – Chief of Internal Audit, Julius Cuaresma – Investment Analyst, Clint Kuboyama – Investment Officer, John Ta – Investment Officer, Betty Tse – Chief Investment Officer, and Susan Weiss – Investment Counsel (via Zoom).

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

1. Discussion and Possible Motion to Recommend that the Board to Adopt an Asset Allocation Mix

- At our last ICM, NEPC representatives presented the result of an Asset Liability Study for Mix C. In addition, NEPC also presented three proposed Mixes D, E and F for the Committee’s consideration. Since then and after incorporating input from trustees, staff, and after completing the Asset Liability Studies for Mixes D and G (new Mix since the June ICM), NEPC added Mix G in lieu of Mixes E and F for today’s discussion.
- NEPC worked collaboratively with Staff and Callan towards a consensus recommendation. All three alternatives Mixes C, D, and G are clearly superior to the current Asset Allocation Policy Targets in terms of expected returns, Sharpe ratio, and risk-adjusted return. All three Asset Allocation Mixes C, D, and G are prudent options for ACERA. However, both NEPC and the CIO agree Mix C exhibits a relatively higher risk-adjusted return profile than Mixes D and G and should be considered more favorably.
- Trustee Rogers moved, seconded by Trustee Clippinger, to recommend that the Board Adopt Mix C based on the relatively higher risk-adjusted return profile and Sharpe ratio.
- The motion carried with 8 Yes (Basgal, Baron, Bryant, Carson, Clippinger, Godfrey, Levy, and Rogers), 1 No (Gamble), and 0 Abstention.

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

1. Semiannual Performance Review for the Period Ending December 31, 2023 – Real Estate

- Callan provided a review of ACERA's Real Estate portfolio for the period ending 12/31/2023. General market commentary was provided along with an overview of the Real Estate portfolio performance and diversification.
- For the last 6-months ending 12/31/2023, ACERA's Real Estate portfolio had a net return of -4.86%, outperforming the NFI-ODCE benchmark return of -7.00%.
- For the trailing 1-year period, ACERA's Real Estate portfolio had a net return of -10.53% outperforming the NFI-ODCE benchmark return of -12.73%.

2. Semiannual Performance Review for the Period Ending December 31, 2023 – Private Equity

- As of 12/31/2023, the Private Equity Portfolio had a total market value of \$1.15 billion, which represented 10.2% of the Total Fund in comparison to its 11.0% asset class target. For the one-year period ending 12/31/2023, the Private Equity Portfolio returned a net IRR of 13.04% vs the Refinitiv C|A Global All Private Equity Benchmark net IRR of 5.89%. For the three-year period ending 12/31/2023, ACERA's Private Equity Portfolio returned a net IRR of 15.08% vs the Refinitiv C|A Global All Private Equity Benchmark net IRR of 11.15%.

3. Semiannual Performance Review for the Period Ending December 31, 2023 – Private Credit

- As of 12/31/2023, the Private Credit Portfolio had a total market value of \$314.61 million which represented 2.8% of the Total Fund (asset-class target is 4.0%). Since the Private Credit Portfolio's inception through 12/31/2023, the Portfolio's net IRR was 8.52%, 2.25% above the same cash flows invested in the Morningstar LSTA Leveraged Loan Index of 6.27%.

4. Semiannual Performance Review for the Period Ending -March 31, 2024 – Absolute Return

- As of 03/31/2024, the Absolute Return Portfolio had a total market value of \$947.39 million, which represented 8.1% of the Total Fund (asset-class target is 8.0%). For the 3-month and 1-year periods ending 03/31/2024, the Absolute Return Portfolio produced net returns of 4.3% (vs its benchmark return of 4.2%) and 11.1% (versus its benchmark return of 9.7%), respectively.

5. Semiannual Performance Review for the Period Ending December 31, 2023 – Real Assets

- As of 12/31/2023, the Real Assets Portfolio had a total market value of \$665.72 million, representing 5.91% of ACERA's Total Fund (asset-class target is 6.0%). For the one-year period ending 12/31/2023, the Real Assets Portfolio produced a 5.12% net IRR versus its blended benchmark (60% S&P Global Infrastructure Index/35% Global LargeMidCap Commodity and Resources Index/5% Bloomberg Commodity Index) return of 3.23%. For

the three-year period ending 12/31/2023, ACERA's Real Assets Portfolio's net IRR was 10.29% versus its blended benchmark return of 8.75%.

#### 6. Status Update for the Emerging Markets Equity Manager Search

- Staff gave a quick overview of the Emerging Markets Equity Manager Search. This RFI Search, approved in June 2023, is part of the Phased Implementation Transition Plan for the Modified International Equity Structure. However, this Search was put on hold in the third quarter of 2023 due to the near completion of the General Investment Consultant ("GIC") Search.
- Now, with due diligence and contributions from ACERA's new GIC, NEPC, Staff and NEPC updated the Committee about the estimated target allocation and the projected timeline for the RFI Search.

#### **PUBLIC INPUT**

CIO Betty Tse informed the Committee that Clint Kuboyama and John Ta have been promoted to the newly created Senior Investment Officer job classification effective June 9, 2024.

#### **TRUSTEES INPUT:**

**None**

#### **FUTURE DISCUSSION ITEMS**

None

#### **ESTABLISHMENT OF NEXT MEETING DATE**

Wednesday, August 7, 2024

#### **ADJOURNMENT**

The meeting ended at 12:04 p.m.

To view the July 3, 2024 Investment Committee Meeting in its entirety, click on the link below: <https://www.youtube.com/watch?v=-6lUiw3izN0>



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MEMORANDUM TO THE BOARD OF RETIREMENT

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DATE: July 18, 2024

TO: Members of the Board of Retirement

FROM: Erica Haywood, Fiscal Services Officer *EH*

SUBJECT: Year-to-Date Operating Expenses & Budget Summary for May 31, 2024

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ACERA's year-to-date operating expenses are \$44K over budget for the period ended May 31, 2024. Budget overages and surpluses worth noting are as follows:

**Budget Overages**

1. *Staffing*: Staffing remains \$154K over budget. The year-to-date for May is comprised of overages in temporary staffing of \$128K, and 5% staff vacancy adjustment of \$367K, and offset by surpluses in salaries & wages expenses of (\$221K), and fringe benefits of (\$120K).
2. *Member Services*: Member Services are \$55K over budget. This amount comprised overage in disability medical expenses of \$62K, offset by surplus in disability legal arbitration & transcripts of (\$1K), disability claim management of (\$4K), and members' printing & postage of (\$2K).
3. *Systems*: Systems are \$18K over budget. This amount comprised overages in business continuity expense of \$10K, minor computer hardware of \$13K, and the right to use licensed software GASB 96 of \$35K, offset by surplus in software maintenance & support of (\$40K).
4. *Depreciation*: Depreciation expense is \$5K over budget from purchase of new equipment.

**Budget Surpluses**

1. *Staff Development*: Staff Development is \$55K under budget for staff training and conferences.
2. *Professional Fees*: Professional Fees are \$45K under budget. This amount comprised surplus in actuarial fees of (\$23K), and legal fees of (\$22K).
3. *Office Expense*: Office Expense is \$28K under budget. This amount comprised surpluses in bank charges of (\$5K), equipment lease and maintenance of (\$11K), minor equipment and furniture of (\$5K), office supplies and maintenance of (\$3K), and printing and postage of (\$4K).

## Operating Expenses Budget Summary for the period ended May 31, 2024

4. *Board of Retirement:* Board of Retirement is \$60K under budget. This amount comprised surpluses in board compensation of (\$5K), board conferences & training of (\$49K), board miscellaneous expenses of (\$5K), and board software maintenance and support of (\$1K).

**Staffing Detail**

Vacant positions as of May 31, 2024:

Department	Position	Qty	Comments
Administration	Supply Clerk	1	Vacant - currently budgeted for the year
Benefits	Retirement Benefits Specialist	1	Vacant - currently budgeted for the year
Benefits	Retirement Benefits Specialist	1	Vacant - currently budgeted for the year
Benefits	Retirement Support Specialist	1	Vacant – currently budgeted for the year
Benefits	Senior Retirement Technician	1	Vacant – currently budgeted for the year
Investment	Investment Officer	1	Vacant - currently budgeted for the year
	<b>Total Positions</b>	6	

Pension Administration System Project - as of May 31, 2024					
	Year-To-Date			2024 Budget	2019-23 Actual
	Actual	Budget	Variance		
<b>Consultant Fees</b>					
Levi, Ray and Shoup	\$1,479,402	\$812,500	\$666,902	\$1,950,000	\$3,231,571
Segal and other consultant fees	313,654	247,083	66,570	593,000	2,323,470
Other expenses	-	-	-	-	1,500
Leap Technologies	-	-	-	-	98,970
Total	1,793,056	1,059,583	733,473	2,543,000	5,655,511
<b>Staffing</b>	322,931	321,250	1,681	771,000	2,845,789
<b>TOTAL</b>	<b>\$2,115,987</b>	<b>\$1,380,833</b>	<b>\$735,154</b>	<b>\$3,314,000</b>	<b>\$8,501,300</b>

Attachments:

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



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

YEAR TO DATE - ACTUAL VS. BUDGET					
<u>May 31, 2024</u>					
	<u>Actual</u>	<u>Budget</u>	<u>YTD</u>	<u>2024</u>	<u>% Actual to</u>
	<u>Year-To-Date</u>	<u>Year-To-Date</u>	<u>(Under)/Over</u>	<u>Budget</u>	<u>Annual Budget</u>
Staffing	\$ 7,121,121	\$ 6,966,150	\$ 154,971	\$ 17,032,000	41.8%
Staff Development	73,608	128,570	(54,962)	351,000	21.0%
Professional Fees (Next Page)	452,502	497,550	(45,048)	1,141,000	39.7%
Office Expense	170,536	198,150	(27,614)	468,000	36.4%
Insurance	257,951	258,650	(699)	637,000	40.5%
Member Services	283,595	228,890	54,705	608,000	46.6%
Systems	522,615	504,500	18,115	1,288,000	40.6%
Depreciation	51,017	46,470	4,547	112,000	45.6%
Board of Retirement	256,359	316,200	(59,841)	707,000	36.3%
Uncollectable Benefit Payments	-	-	-	78,000	0.0%
<b>Total Operating Expense</b>	<b>\$ 9,189,304</b>	<b>\$ 9,145,130</b>	<b>\$ 44,174</b>	<b>\$ 22,422,000</b>	<b>41.0%</b>





ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
PROFESSIONAL FEES

YEAR TO DATE - ACTUAL VS. BUDGET

May 31, 2024

	<u>Actual Year-To-Date</u>	<u>Budget Year-To-Date</u>	<u>YTD Variance (Under)/Over</u>	<u>2024 Annual Budget</u>	<u>% Actual to Annual Budget</u>
<b>Professional Fees</b>					
Consultant Fees - Operations and Projects <sup>1</sup>	\$ 140,000	\$ 139,900	\$ 100	\$ 356,000	39.3%
Actuarial Fees <sup>2</sup>	150,298	173,750	(23,452)	490,000	30.7%
External Audit <sup>3</sup>	121,500	121,500	-	145,000	83.8%
Legal Fees <sup>4</sup>	40,704	62,400	(21,696)	150,000	27.1%
<b>Total Professional Fees</b>	<b>\$ 452,502</b>	<b>\$ 497,550</b>	<b>\$ (45,048)</b>	<b>\$ 1,141,000</b>	<b>39.7%</b>

	<u>Actual Year-To-Date</u>	<u>Budget Year-To-Date</u>	<u>YTD Variance (Under)/Over</u>	<u>2024 Annual Budget</u>	<u>% Actual to Annual Budget</u>
<b><sup>1</sup> CONSULTANT FEES - OPERATIONS AND PROJECTS:</b>					
Benefits					
Alameda County HRS (Benefit Services)	52,500	52,500	-	126,000	41.7%
Segal (Benefit Consultant/Retiree Open Enrollment)	55,416	55,400	16	133,000	41.7%
Total Benefits	107,916	107,900	16	259,000	41.7%
Fiscal Services					
Cashlog	-	-	-	20,000	0.0%
Total Fiscal Services	-	-	-	20,000	0.0%
Human Resources					
Lakeside Group (County Personnel)	32,084	32,000	84	77,000	41.7%
Total Human Resources	32,084	32,000	84	77,000	41.7%
<b>Total Consultant Fees - Operations</b>	<b>140,000</b>	<b>139,900</b>	<b>100</b>	<b>356,000</b>	<b>39.3%</b>
<b><sup>2</sup> ACTUARIAL FEES</b>					
Actuarial Valuation	43,750	43,750	-	87,500	50.0%
GASB 67 & 68 Valuation	-	-	-	53,500	0.0%
GASB 74 & 75 Actuarial	-	-	-	16,000	0.0%
Actuarial Standard of Practice 51 Pension Risk	-	-	-	30,000	0.0%
Supplemental Consulting	84,048	107,500	(23,452)	258,000	32.6%
Supplemental Retiree Benefit Reserve valuation	22,500	22,500	-	45,000	50.0%
<b>Total Actuarial Fees</b>	<b>150,298</b>	<b>173,750</b>	<b>(23,452)</b>	<b>490,000</b>	<b>30.7%</b>
<b><sup>3</sup> EXTERNAL AUDIT</b>					
External audit	102,000	102,000	-	122,000	83.6%
GASB 67 & 68 audit	9,500	9,500	-	11,000	86.4%
GASB 74 & 75 audit	10,000	10,000	-	12,000	83.3%
<b>Total External Audit Fees</b>	<b>121,500</b>	<b>121,500</b>	<b>-</b>	<b>145,000</b>	<b>83.8%</b>
<b><sup>4</sup> LEGAL FEES</b>					
Fiduciary & Litigation	9,904	25,000	(15,096)	60,000	16.5%
Tax and Benefit Issues	2,381	10,400	(8,019)	25,000	9.5%
Miscellaneous Legal Advice	28,419	27,000	1,419	65,000	43.7%
<b>Total Legal Fees</b>	<b>40,704</b>	<b>62,400</b>	<b>(21,696)</b>	<b>150,000</b>	<b>27.1%</b>

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
TOTAL EXPENDITURES VS. PRIOR YEAR ACTUAL  
For the Five Months Ending 5/31/2024

	<u>For the Month of May 2024</u>	<u>For the Month of May 2023</u>	<u>Variance</u>	<u>Year-To-Date 2024</u>	<u>Year-To-Date 2023</u>	<u>Variance</u>
STAFFING						
Salaries	928,492	910,032	18,460	4,534,220	4,270,020	264,200
Fringe Benefits	477,023	449,139	27,884	2,375,020	2,168,001	207,019
Temporary Staffing Cost	43,467	38,161	5,306	211,881	196,135	15,746
Staffing Total	<u>1,448,982</u>	<u>1,397,332</u>	<u>51,650</u>	<u>7,121,121</u>	<u>6,634,156</u>	<u>486,965</u>
STAFF DEVELOPMENT	19,808	15,035	4,773	73,608	57,891	15,717
PROFESSIONAL FEES						
Actuarial Fees	3,021	666	2,355	150,298	153,589	(3,291)
Consultant Fees - Operations	28,000	27,667	333	140,000	145,109	(5,109)
Consultant Fees - Legal	411	5,570	(5,159)	40,704	39,713	991
External Audit	23,500	24,100	(600)	121,500	120,500	1,000
Professional Fees Total	<u>54,932</u>	<u>58,003</u>	<u>(3,071)</u>	<u>452,502</u>	<u>458,911</u>	<u>(6,409)</u>
OFFICE EXPENSE						
Bank Charges & Misc. Admin	6,165	10,111	(3,946)	29,731	29,360	371
Building Expenses	2,748	3,382	(634)	13,009	9,179	3,830
Communications	12,360	7,305	5,055	51,307	42,884	8,423
Equipment Lease/Maintenance	9,984	9,449	535	47,386	44,671	2,715
Minor Equipment and Furniture	55	1,156	(1,101)	104	7,515	(7,411)
Office Supplies/Maintenance	8,033	6,647	1,386	23,208	17,336	5,872
Printing & Postage	1,119	1	1,118	5,791	4,370	1,421
Office Expense Total	<u>40,464</u>	<u>38,051</u>	<u>2,413</u>	<u>170,536</u>	<u>155,315</u>	<u>15,221</u>
INSURANCE	51,590	46,924	4,666	257,951	234,621	23,330
MEMBER SERVICES						
Disability - Legal Arbitration & Transcripts	14,850	0	14,850	32,508	(3,283)	35,791
Disability Medical Expense	34,030	6,000	28,030	137,255	49,450	87,805
Disability Claims Management	0	3,850	(3,850)	15,400	19,250	(3,850)
Health Reimbursement Acct. (HRA)	5,808	5,301	507	29,699	27,842	1,857
Member Training & Education	1,252	599	653	3,760	2,470	1,290
Printing & Postage - Members	4,761	4,539	222	37,806	13,827	23,979
Virtual Call Center	5,427	5,422	5	27,167	27,050	117
Member Services Total	<u>66,128</u>	<u>25,711</u>	<u>40,417</u>	<u>283,595</u>	<u>136,606</u>	<u>146,989</u>

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
TOTAL EXPENDITURES VS. PRIOR YEAR ACTUAL  
For the Five Months Ending 5/31/2024

	<i><b>For the Month of May 2024</b></i>	<i><b>For the Month of May 2023</b></i>	<i><b>Variance</b></i>	<i><b>Year-To-Date 2024</b></i>	<i><b>Year-To-Date 2023</b></i>	<i><b>Variance</b></i>
<b>SYSTEMS</b>						
Business Continuity Expense	19,234	15,619	3,615	104,899	107,601	(2,702)
County Data Processing	11,404	10,859	545	57,123	54,406	2,717
Minor Computer Hardware	7,133	18,028	(10,895)	30,660	43,510	(12,850)
Intangible right to use SBITA - GASB96	7,348	0	7,348	35,472	0	35,472
Software Maintenance & Support	57,359	58,606	(1,247)	294,461	308,843	(14,382)
Systems Total	<u>102,478</u>	<u>103,112</u>	<u>(634)</u>	<u>522,615</u>	<u>514,360</u>	<u>8,255</u>
<b>DEPRECIATION</b>						
Depreciation Expense	10,203	9,961	242	51,017	49,808	1,209
<b>BOARD OF RETIREMENT</b>						
Board Compensation	2,400	2,100	300	7,400	9,500	(2,100)
Board Conferences & Training	64,311	19,450	44,861	80,170	99,301	(19,131)
Board Employer Reimbursement	31,570	29,660	1,910	158,150	152,900	5,250
Board Miscellaneous Expense	1,233	2,866	(1,633)	4,145	9,224	(5,079)
Board Software Maint. & Support	1,335	1,042	293	6,494	2,083	4,411
Board of Retirement Total	<u>100,849</u>	<u>55,118</u>	<u>45,731</u>	<u>256,359</u>	<u>273,008</u>	<u>(16,649)</u>
<b>GRAND TOTALS</b>	<u><u>1,895,434</u></u>	<u><u>1,749,247</u></u>	<u><u>146,187</u></u>	<u><u>9,189,304</u></u>	<u><u>8,514,676</u></u>	<u><u>674,628</u></u>



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*Office of the Chief Executive Officer  
Office of Administration*

DATE: July 18, 2024  
TO: Members of the Board of Retirement  
FROM: Dave Nelsen, Chief Executive Officer *DN*  
SUBJECT: **AB 2284**

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**Summary**

Current law defines “compensation earnable” for the purpose of calculating benefits to mean amounts a member earns during the normal work hours of persons in the same grade or class of positions (emphasis added). There is no definition of “grade” in the CERL but “grade” has largely been interpreted as an interchangeable term with “class,” meaning the employer’s designation of a job classification.

AB 2284 would authorize a county retirement system, to the extent it has not defined “grade,” to define “grade” to mean a number of employees considered together because they share similarities in job duties, schedules, unit recruitment requirements, work location, collective bargaining unit, or other logical work-related group or class. A single employee could not constitute a group or class. Defining a “grade” narrower than a “class” could increase the compensation earnable of employees in a “grade” when the normal working hours of the “grade” are greater those of other employees in the “class.” The current version of the bill states that this new role for a retirement board would be operative only after the county board of supervisors makes it operative.

The bill’s sponsor, the California Professional Firefighters Association, argues there is ambiguity in the CERL regarding the term “grade” that has limited compensation elements from being included in pension calculations. The bill has been formally supported by the Association of Orange County Deputy Sheriffs and other law enforcement associations.

**Operational Impacts**

AB 2284 may result in more pay items being designated as compensation earnable by a retirement system and thereby increase the final compensation used in the calculation of a retirement allowance. Consequently, members may receive higher retirement allowances. Since these pay items have not been compensation earnable throughout a career, inclusion of them now for mid and late career employees could result in increased unfunded liabilities to the system.

Additionally, by requiring the system to make the determination of “grade,” AB 2284 might put ACERA in the position of determining compensation for employees based upon work duties, etc. This is not an area of expertise for ACERA, and access to the information needed to make these determinations would be challenging. We currently rely on the employer’s clearly adopted classifications to determine compensation earnable. It is not the role of the retirement board to determine classification groups or “grades.” For example, Government Code Section 25300 puts the responsibility of employee classification squarely with a county’s board of supervisors: “*The board of supervisors shall prescribe the compensation of all county officers, including the board of supervisors, and shall provide for the number, compensation, tenure, appointment and conditions of employment of county employees.*” (See also *Stevenson v. Board of Retirement of the Orange County Employees’ Retirement System* (2010) 186 Cal.App.4th 498, 509.)

The bill may lead to more litigation. AB 2284 would create major inconsistencies among the 20 counties operating retirement systems under the CERL. This would likely spawn litigation as some retirement systems could boost members’ pensions by lumping them into job categories despite the Memorandums of Understanding or contracts they were hired under while other systems continue to base calculations on job categories legally established and negotiated by their member agencies. There is a pending lawsuit on this issue in Orange County Superior Court (*Szewczyk and Morikawa v OCERS*). This bill interferes with that lawsuit. It could also lead to litigation between employers and retirement systems if employers believe retirement boards have recognized “grades” in a way that leads to pension spiking (especially non-county employers that had no choice in adopting the new rule). Public interest groups might pursue similar litigation.

This bill conflicts with the spirit of legislative amendments in 2012 that were at issue in the *Alameda* litigation. The Legislature amended the “compensation earnable” definition to directly address pension-spiking issues. These prohibited pay items related to earnings outside of normal working hours, such as standby pay and on-call pay. Creating a pathway through this bill to allow overtime and overtime-related earnings to be used in pension calculations, under the guise of “grade or class” definition, runs counter to the legislative intent in 2012, as interpreted in the *Alameda* decision.

This bill may create ambiguity that leads to litigation regarding the definition of “pensionable compensation” for PEPRA members. While the bill amends the definition of “compensation earnable,” it does so by giving a retirement board the ability to define a “grade.” The word “grade” also appears in Section 7522.34 (defining “pensionable compensation”) for the same reason it appears in Section 31461. PEPRA members may argue that a retirement board’s definition of a grade also impacts the definition of “pensionable compensation” for members in that “grade.” It appears that AB 2284 is intended to impact only Legacy members, but that point is not clear enough in the current legislation to avoid disputes.

**Recommendation**

For bills that impact the County Retirement Systems, the legislature looks to these systems for input and guidance. While SACRS may provide input and take positions on bills, legislators and staff have encouraged input from individual systems as well. On this bill, LACERA, San Bernadino CERA, and KCERA Boards have all taken an oppose position. The SACRS Legislative Committee has recommended that SACRS take an oppose position on this bill, and the SACRS Board will deliberate this at their next board meeting on July 18.

I recommend that the Board take an oppose position on AB 2284, and a letter be drafted and delivered to the legislature explaining that position.



*Office of the Chief Executive Officer*

DATE: July 18, 2024  
TO: Members of the Board of Retirement  
FROM: Dave Nelsen, Chief Executive Officer *DN*  
SUBJECT: **Chief Executive Officer’s Report**

**Senior Manager Recruitment**

None

**Committee/Board Action Items**

**ASSIGNED FOLLOW-UP ITEMS**

<b>Follow-Up Board Item</b>	<b>Assigned Senior Leader</b>	<b>Estimated Completion Date</b>	<b>Completion Date</b>	<b>Notes</b>
Off-Site Meeting	Dave Nelsen	Summer 2024		We will be gathering input and scheduling a Board Off-Site meeting for later this year.

**Conference/Event Schedule**

None

**Other Items**

*Business Planning Update*

See Attached Memo regarding 2024 Business Plan.

*Legislative Update*

Attached is the monthly Legislative Update from the SACRS Lobbying Firm which discusses bills of interest and their status.

*Other Items*

Pension Administration System: We begin parallel processing on the new system in August. This is essentially going live, except that we will be syncing the information from the new system PG 3 with our old PG 2 system and reconciling the outputs. Beginning in October, we will shut down PG 2 and only work in the new system. We had an employer training event that was very well received by the employers, and individual employer training will take place in August. This is the final step in a project we began in early 2020. A tremendous amount of work has been accomplished to get us to this point. I will present some numbers at the Board meeting, but I would like to recognize all our team members who have participated in design meetings, verified test scenarios, prepared

training materials, and documented processes, many while continuing to perform daily work tasks. No project ever implements without some hiccups, and we will likely encounter some here, but I am confident we have the training, expertise and attitude necessary to address the issues that may arise and move forward productively.

Budget: The monthly budget snapshot showed an overage of nearly \$300,000 for the month of January. This was primarily due to an unbudgeted increase in health care premium costs, which increased our fringe benefit costs significantly, as well as vacation sells that were either unanticipated or were budgeted for later in the year.

As of the end of May, we are over budget by 0.48%, which is about \$44,000. We are continuing to reduce the amount and anticipate that we will be able to recover from the first month without budget adjustments. We will continue to monitor this and report to the Board on the results.

**Key Performance Indicators**

Below are the high-level performance indicators for ACERA, with the latest scores included:

Scorecard KPI	2022 Performance Goal
<b>PRUDENT INVESTMENT PRACTICES</b>	
<b>Portfolio Performance vs. Policy Benchmark</b>	<i>Annualized 10-year return will meet or exceed Policy benchmark at the total fund level</i> As of May of 2024: 10 year return 7.38%, policy index 7.51%.
<b>EFFECTIVE PLAN ADMINISTRATION</b>	
<b>Actual Spent vs. Approved Budget</b>	<i>On budget or 10% below 2024 approved budget</i> As of May of 2024: 0.48% over budget.
<b>COMPREHENSIVE ORGANIZATION DEVELOPMENT</b>	
<b>Employee Engagement Survey Results</b>	<i>80% of responses in top two rating boxes on the question: "Is ACERA a great place to work?"</i> As of the latest survey (October of 2023): 73%.
<b>SUPERIOR CUSTOMER SERVICE</b>	
<b>Service Excellence Survey</b>	<i>80% of responses in top two rating boxes on the question: "Did ACERA meet or exceed my expectations for my customer service experience?"</i> For 1st Quarter of 2024: 100%.



# **ACERA 2023-2024 BUSINESS PLANNING PROJECTS UPDATE**

**1. Comprehensive Pension Administration System PG3 Training  
Goal 2 (May 2023 – Fall 2024)**

All final drafts of job aids scheduled to be delivered pre-go-live of PGV3 are complete. The second round of the four Standard Operating Procedures is in the final stages of review. A milestone decision regarding standard operating procedures that are currently available and the content of the current version of standard operating procedures will be added to the ACERA Intranet Training Page as is. A Benefits Training Library of Pension Gold V3 training materials were added to the SharePoint Agency Intranet as scheduled in late June. Fiscal services will add training materials in Q4 2024. QA testing of these materials will commence during parallel and after go-live of PGV3.

**2. PGV3 Upgrade  
Goal 2 (October 2024) & Goal 3**

A cross-departmental Employer Reporting training manual is complete. ACERA Employer Training to introduce the Employer Portal is scheduled for this month. User Acceptance Testing on the Final Deliverable will wrap up on 7/12/24. Discussions on security permissions are under way and will be submitted for development for Parallel Processing on 8/1.

**3. OnBase Case Manager and PG-OnBase Integration Activity:  
Goal 2 (Complete in August 2024) & Goal 3**

Cutover readiness planning to the V3 environment for the Case Managers continues with a target finish of late June 2024 as scheduled. OnBase resources will be engaged in the PGV3 Support Stand Up Meeting for Parallel Processing of PGV3 for document management processes. Design decisions for the HR Training module were finalized in June. Training of the new tool with ACERA functional managers is next in the process.

**4. Investment License Services For Private Market & Subscription  
Goal 1 (March 2023 – September 30, 2024)**

As part of monthly reporting and Total Fund snapshot reports to the Board, Investments produces materials that report performance of funds compared to the appropriate benchmarks. However, Investments does not have the license to access Private Market benchmarks and has not been able to include the benchmark data.

Investments has been researching vendors and will obtain direct access to the Cambridge Associates Private Benchmark data through S&P Dow Jones Indices. This vendor can provide ACERA and the State Street Bank Performance team with the necessary access to aid in providing timely benchmark performance reporting monthly. Staff have completed several actions related to this project, including meeting with NEPC and receiving pricing options from the vendor. The vendor has provided their Pricing Schedule and a quote for the annual fee. Investments has completed a review of the pricing document and ACERA legal is currently reviewing the document. The project is at about 60%.

**5. WFE Phase II**

**Goal 2 (Complete in October 2024)**

OnBase will be the platform used for Workforce Excellence materials, namely evaluations and coaching tracking. It will house the needed files, allow for access by appropriate team members to complete these tasks, and it will automatically calculate the related metrics for ACERA-wide KPIs. Currently, HR is being trained and user documentation is being developed.

**6. Agency Intranet Solution Implementation**

**Goal 2 (September 2024)**

Phase 1 implementation of the SharePoint Intranet with Pension Gold V3 content is officially live. Training labs were successfully conducted with PGV3 end users on managing content in the Department Libraries. User feedback will be discussed in a meeting scheduled in mid-July prior to expanding our user audience for adoption.

Surveys will be sent out this month to collect user input for ACERA’s Intranet Name, and ACERA Home Page wish list. Design discussions for ACERA Home Page graphical displays begin in late July.

Phase II: Content planning and organizational work is moving along well, towards the goal. PRISM will conduct an internal test run on migration of its network files this month in preparation for the migration in August.

**7. Expense Submission Phase II - Software Training**

**Goal 3 (March 2024 through May 2024)**

Expensify software subscription was tested and selected during Phase I, research segment of the project during 2023. Phase II training sessions with the Trustees are complete.

Full adoption has been achieved for all users with attendance at conferences this year. The training phase of this project is now complete.

**8. Great Plains Update Planning and Process Improvement Review**

**Goal 3 (March 2024 – December 2024)**

During calendar year 2024, Accounting processes and interfaces will be reviewed for process improvement opportunities. The technology and fiscal services teams will work together to research the best tools and technology for upgrades in this area. The processes fiscal services will continue to review are primarily around Accounts Payable.

# **LEGISLATIVE UPDATE**



July 9, 2024

**TO:** State Association of County Retirement Systems  
**FROM:** Cara Martinson, Public House Consulting  
Laurie Johnson, LJ Consulting & Advocacy  
**RE:** Legislative Update – July 2024

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### **State Capitol Update**

On July 3<sup>rd</sup>, the Legislature adjourned for their summer recess, after passing a budget, and several initiative measures for the November general election ballot. This date also marked the calendar deadline for policy committees to hear bills. With over 2600 bills introduced this session, only a fraction remains active. The state's budget woes forced committees to either pare down or completely stall a good portion of bills this year. When the Legislature returns on August 5<sup>th</sup>, Appropriations Committees will take up the remaining measures and the Assembly and the Senate will have until August 31<sup>st</sup> to hear all remaining bills before they adjourn for the 2023-24 legislative session.

### **Budget**

On June 26<sup>th</sup>, the Legislature passed a budget agreement that was subsequently signed by the Governor on the 29<sup>th</sup>. This deal represents a compromise between both legislative leaders and the Governor after weeks of negotiations. The \$297 billion spending plan addresses the \$56 billion revenue gap over the next two years. This plan relies on reserves, spending deferrals and claw backs of unappropriated funds. In addition, the plan includes \$16 billion in cuts, including a blanket 7.95% reduction in funding for nearly all state departments and the elimination of thousands of vacant positions, which are collectively expected to save nearly \$3.7 billion.

The Governor and legislative leaders focused their budget on core program priorities, including an expansion of Medi-Cal, behavioral health programs and homelessness funds for local governments. The budget deal also outlines future legislation that will require the state to set aside a portion of future projected surpluses so that it cannot be spent until the money is collected – addressing some of the key structural budget issues the state has faced. The package also includes a 2026 constitutional amendment to increase California's main reserve account.

In addition, the state plans to use its rainy-day fund, pulling out more than \$12 billion over the next two years to address the fiscal shortfall. The budget agreement will also suspend the net operating loss for companies with more than \$1 million in taxable income and limit business tax credits to \$5 million annually.



## Initiatives

The Legislature is also putting priority issues before the voters this November. Voters will decide on ten ballot measures (several more were pulled from the ballot at the last minute). In addition, one measure that we have previously reported on – the Business Roundtable sponsored Taxpayer Protection and Government Accountability Act- was pulled from the ballot by the California Supreme Court. This measure would have increased the voter threshold for state, local governments and agencies to raise taxes and revenues. On June 20<sup>th</sup>, the Court unanimously voted to reject the measure from going to the ballot, citing the proposed language as unconstitutional.

The following are the Initiatives that will go before voters in November:

- Prop 2 – A \$10 billion bond to build schools - \$8.5 billion going to K-12 schools and the remainder to community colleges
- Prop 3 – Reaffirm the right of gay couples to marry
- Prop 4 – A \$10 billion climate bond for water, wildfires and other climate initiatives
- Prop 5 – Lower voter approval thresholds for local housing and infrastructure bonds
- Prop 6 – Limit forced labor in prisons
- Prop 32 – Raise the state minimum wage to \$18/hour
- Prop 33 – Allow local governments to impose rent control
- Prop 34 – Require certain health providers to use nearly all revenue from a federal prescription drug program on patient care
- Prop 35 – Create a permanent tax on managed care health plans
- Prop 36 – Increase penalties for theft and drug trafficking

## SACRS Bill Tracking:

- **SB 1189 (Limon)** – This bill authorizes the Ventura County Employees' Retirement Association to appoint a Chief Technology Officer. Status: This bill was enrolled on 7/2 and is awaiting action by the Governor.
- **AB 2284 (Grayson)** – The bill amends the definition of “compensation earnable” to define a work classification “grade” to mean a number of employees considered together because they share similarities in job duties, schedules, unit recruitment requirements, work location, collective bargaining unit, or other logical work-related grouping. The bill was amended on 6/27 to include a provision that requires the Board of Supervisors to pass a resolution to allow for the language to become operational within the jurisdiction. The SACRS Board will be taking this bill



up for a position at their July 18<sup>th</sup> Board meeting. Status: This bill passed out of the Senate Labor, Public Pension and Retirement Committee and is awaiting action on the Senate Floor.

- **AB 2301 (Nguyen)** – This bill, the Sacramento Area Sewer District Pension Protection Act of 2024, provides for the continuation of benefits and pension obligations for employees transferring from the County of Sacramento to the Sacramento Area Sewer District. Status: This bill was signed by the Governor on 7/2.
- **AB 2474 (Lackey)** – This is a SACRS-sponsored bill and was amended in Committee to allow LACERA-only to deposit retirement allowances into prepaid accounts until January 1, 2028, as a pilot program. The bill also provides clarity regarding the ability of a system to deposit pension payments in a member’s living trust bank account. The bill also clarifies potential consequences when a retiree exceeds the 960-hour post-retirement employment limit and provides systems with administrative flexibility on that matter. This bill was enrolled on 7/3 and is awaiting action by the Governor.
- **AB 2770 (Committee on Public Employment and Retirement)** – This is the annual housekeeping bill that includes various technical amendments for CalPERS, CalSTRS, and ’37 Act systems. SACRS is a co-sponsor of the bill. The bill removes the “return receipt” requirements as part of current procedures in statute that systems must follow to locate members and beneficiaries. The bill also conforms the sunset date of January 1, 2025, to the Labor Code for the recently added disability presumption for post-traumatic stress disorder. Status: This bill was enrolled on 6/25 and is awaiting action by the Governor.
- **AB 3025 (Valencia)** – This bill creates a framework for making benefit corrections and contribution refunds when disallowed compensation is inadvertently included in pension calculations. This bill includes a penalty to be paid by the employer to the member if compensation is later determined to be disallowed. The bill also includes language that is intended to protect a system’s *Alameda* correction process currently underway. The SACRS Legislative Committee is working with the bill’s author and sponsor to ensure ’37 Act systems can properly implement the bill, consistent with IRS regulations. The bill was amended on 6/27 to expressly state that confidential information is not subject to the California Public Records Act. Status: The bill passed out of the Senate Labor, Public Employment and



Retirement Committee and the Senate Judiciary Committee and is awaiting action on the Senate Floor.

**SACRS is also monitoring the following bills that do not impact the '37 Act systems but are of interest:**

- **SB 252 (Gonzalez)** – This bill prohibits CalPERS and CalSTRS from making new investments in a fossil fuel company and requires those systems to divest from fossil fuel companies by July 1, 2031, unless the board determines in good faith that the action is inconsistent with the board’s fiduciary responsibilities. Status: Dead. This bill was not taken up by the Assembly Public Employment and Retirement Committee.
- **SB 537 (Becker)** – This bill provides flexibility for local government agencies to conduct remote meetings under Open Meeting laws and exempts multijurisdictional, cross county local agencies from certain Brown Act provisions. Status: Dead. This bill was amended into a different measure unrelated to Open Meetings laws.
- **AB 817 (Pacheco)** -. The bill would have provided flexibility for local government agencies to conduct remote meetings under Open Meeting laws. Specifically, this bill would have allowed a subsidiary body of a local agency to teleconference their meetings without having to publicly notice or make all locations publicly available. Status: Dead. This bill did not pass out of the Senate Local Government Committee.
- **SB 1240 (Alvarado-Gil)** – This bill provides for the continuation of pension benefits for employees of El Dorado County Fire Protection District and the Diamond Springs Fire Protection District under a new consolidated district. Status: This bill passed out of the Assembly Public Employment and Retirement Committee and is now awaiting action on the Assembly Floor.
- **AB 2715 (Boerner)** – This bill allows a legislative body to discuss a threat to critical infrastructure controls or critical infrastructure information relating to cyber security during a closed session. Status: This bill passed out of the Senate Judiciary Committee and is awaiting action on the Senate Floor.