

## **Minutes of the Meeting of the Board of Directors Retired Employees of Alameda County**

Monday, January 9, 2017

*Health Care Services Agency Building, Room 242, 1000 San Leandro Blvd., San Leandro, CA*

The meeting was called to order at 9:30 AM by Jon Orellana, vice president and acting president of the board.

**Roll Call:** Present were Jon Orellana, Paul Reeves, Jerry Jacobs, Jessie Guiton, Marian Breitbart, Rosalie Masuda, Mike Smart, and Liz Koppenhaver. Gerry Dunn was excused. Also present were Michael Fara, ACERA staff member; Steve Hatton, member; Nancy Reilly, member and newly elected ACERA alternate retired board member; and Pete Albert, ACRE president.

**Minutes:** The minutes of the December 12, 2016, board meeting were reviewed. It was moved by Jessie Guiton and seconded by Jerry Jacobs that the minutes be approved as submitted. The motion was approved with one abstention.

**Announcements and Communications:** Jon spoke briefly regarding the passing of Gerry Dunn's spouse. After a brief discussion, the board voted to make a donation in her name to their favorite charity. Rosalie agreed to contact Gerry to determine the name of the charity and then let Jessie know so she can make the donation.

Jon reported that the 2017 IRS standard mileage rate decreased from 54 cents per mile to 53.5 cents per mile.

Jon also mentioned that the new ACERA board members, who include Nancy Reilly, are likely to be sworn in at the next ACERA board meeting, which would normally take place on January 19, 2017. Liz Koppenhaver also thought that they will be sworn in very soon, but stated that no firm date has been announced. She encourages anyone who is interested in seeing the ceremony to attend.

### **Reports**

**ACERA:** Michael Fara reported on the January 4, 2017, Retirees Committee meeting. There were no action items and four information items. The first information item was the 2017 Annual Retirees Committee Work Plan Review. The plan includes a month-by-month breakdown of the items the Retirees Committee will review and evaluate each month. Items scheduled for February 2017 include the annual supplemental COLA adjustments and the annual health care planning meeting with retiree groups. Items scheduled for July 2017 include the adoption of the 2018 Monthly Medical Allowance (MMA) for group plans, early retiree individual plans, and Medicare eligible retiree individual plans. Keenan & Associates will be providing quarterly health care reform updates beginning in March 2017.

Jon stressed the importance of providing retiree input during the annual health care planning meeting. Jon mentioned that he, Mike Smart, and Rosalie Masuda will be attending the meetings

and providing input and that the board should bring forward any issues that they feel should be discussed to get a board consensus. Jon also noted that it is important that REAC follow and provide input on all issues that will potentially impact our members and current and future retirees.

The second information item was a report on the issuance of the 2016 1099-R forms. The 1099-R form is provided to all ACERA payees in January of each year. Printing of the 1099-Rs will begin the week of January 16; mailing is scheduled for the week of January 23, and it will be available on the ACERA web site by January 25.

The third information item was a report on the results of the Retiree Health Fair and Open Enrollment activity. There were 301 Retiree Health Fair Surveys completed. One hundred and thirty-three individuals attended the health fair to seek information from ACERA; sixty-five individuals wanted information from other vendors present; and 136 stated that it was an opportunity to see past coworkers. There were ninety-eight responders who participated in qigong or yoga.

Of the 419 Open Enrollment changes, sixty-one were for medical, 102 for dental, and 256 for vision. Two hundred and six members signed up for the VSP Premium Voluntary Buy Up Plan. Confirmation of Change letters were completed on December 23, 2016.

The fourth information item was miscellaneous updates. One of those updates included information about OneExchange call handling. The OneExchange abandoned call rate for the entire Open Enrollment period averaged 3.71 minutes, compared to last year's rate of 7.65 minutes. This year's average speed to answer was 1.35 minutes, compared to last year's rate of 11.47 minutes.

There was also a report on early retiree's specialty drugs usage. There were 147 prescriptions filled for specialty drugs from July 1, 2015 through June 30, 2016 at an average cost of \$6,500.28. There were 21,252 prescriptions filled for non-specialty drugs during the same period at an average cost of only \$70.23.

***Treasurer's Report:*** Jessie distributed copies of the REAC Proposed Annual Budget for 2017. She has been working with Jon and James Hartnett to refine the budget proposal. As more information becomes available, the budget will be revised accordingly. It was noted that under the estimated income section, a correction needed to be made. The correct number for newsletter advertisement should be \$500 per month, rather than \$550 per month. It was also noted that some costs, such as conference expenses, will likely increase slightly, while other miscellaneous expenses are likely to decrease slightly. Jessie used 2016 actual income and 2016 actual expenditures to create the 2017 proposed budget. Jessie mentioned that our income estimates remain relatively the same, but that our expenditures are continuing to gradually increase. While we had hoped more individuals would opt to receive the newsletter online, thereby reducing those costs, that has not yet happened in significant numbers. The proposed annual budget

estimated income is projected as \$62,800, and the proposed annual budget estimated expenditures are also projected as \$62,800.

Jerry Jacobs moved that the 2017 proposed annual budget be adopted as corrected. Rosalie Masuda seconded the motion, and the motion was approved. Jessie reported that the December 2016 Treasurer's Report will be ready for review and approval at the February 2017 REAC board meeting.

**CRCEA:** Jerry Jacobs reported that preparation for the upcoming CRCEA 2017 Fall Conference is going well. Michael Fara is helping him with the development of the brochures, which will be used to advertise the conference as well as provide all necessary information. Jerry wanted to know if anyone has an electronic copy of the REAC logo. Paul agreed to check his files and see if he has one.

Jerry continues to work on developing the conference agenda. He requested suggestions for guest speakers and presenters. A number of names were discussed, and the board will contact those individuals to see if they are available at that time. Jerry will also create a list of the specific ancillary tasks, which must be completed prior to and during the conference. He will use the list to assign tasks, such as working the registration desks, creating badges, arranging for audio, and so on.

Jerry also reminded the board that we need sufficient resources readily available to cover the upfront costs for the conference. Jessie reminded the board that one of our CDs matures on February 9, 2017. Steve Hatton suggested that we consider having smaller CD amounts, rather than one large one, so that when the need arises to cash one out, we will not suffer such a large penalty in the loss of the last quarter's interest.

Jerry also mentioned that he was planning on attending the April 2017 CRCEA Conference in Ventura, California. The conference will be held from April 24–26. Rosalie moved that Jerry be allowed to attend as the REAC representative and be reimbursed for his expenses. Mike Smart seconded the motion, and the motion was approved.

**SACRS:** There was no new information to report. Jon reminded the board that we need to have additional discussions regarding attendance at SACRS meetings. He believes that SACRS is a valuable organization and that REAC will benefit by continuing to attend their meetings. He hopes that a member of the board will agree to attend as his replacement. If that is not possible, he will consider attending as a REAC member.

**Retirement Board:** Liz Koppenhaver reminded the board that the assumption rate issue would be up for discussion again at the retirement board. The assumption rate is of critical importance so she recommends that the REAC board follow those discussions and make our position known. The assumption rate is the anticipated investment earning's rate that impacts the contributions required by the employers and employees. The rate is adopted by the ACERA Board of Trustees after considering recommendations from their actuary based on projections of investment earnings.

**Investment Committee:** Marian Breitbart previously sent the board her report on the Investment Committee meeting, which was held on December 14, 2016. Her report included information on ACERA's PEARLS Investment-Debt Related/Special Situations fund, a report of the proposed timeline and search criteria for ACERA's emerging markets manager search, and a quarterly performance review for the third quarter of 2016—Equities and Fixed Income. Marian mentioned that ACERA was meeting or exceeding benchmarks in some categories, but still under the 7.6% overall fund targeted return.

**Heath Care:** Rosalie continued to stress the importance of getting flu shots through March 2017. She reported that there were two flu-related deaths in the Bay Area since flu season began. Jon will include information regarding flu shots in the next *REAC News*.

**Activities:** Rosalie reported that planning for the REAC Spring Luncheon is going well. We still needed to make a decision as to who the guest speaker will be. Several names were suggested, and the board will contact those individuals to see if they will be willing to attend. The luncheon will be held immediately following the REAC Annual Membership meeting on March 13, 2017. It will be held at the Meadows at Redwood Canyon Golf Course (formerly Willow Park).

**Membership and Recruitment:** Membership at the end of December 2016 stood at 4,092.

**REAC News:** Jon reported that the next *REAC News* will continue to include information regarding the need for flu shots, the REAC Annual Membership Meeting, the retirement board, and the upcoming REAC board vacancy.

**Other Reports:** There was no additional information to report.

**Old Business:** There was no additional information to report.

**New Business:** Jon suggested that the board develop formal planning objectives for 2017. His suggestions include the following:

- Monitoring the California Supreme Court decisions on pension reform
- Engaging in discussions with ACERA regarding health plans options, including the Monthly Medical Allowance (MMA) planning
- Evaluating the need for additional administrative support for the board
- Discussing and resolving the imbalance between REAC income and REAC expenditures

Pete Albert commended REAC for going above and beyond in providing support for our members. He is not aware of any other volunteer board that is as dedicated as the members on the REAC board. The board thanked him for his kind comments.

**For the Good of the Order:** There was nothing new to report.

Jon adjourned the meeting at 11:30 AM.

Respectfully submitted by Paul Reeves, Board Secretary

**Next Meeting**

Monday, February 13, 2017, 9:30 AM

Health Care Services Agency Building, Room 242, 1000 San Leandro Blvd., San Leandro, CA