



The Official  
 Monthly Publication of the  
 Retired Employees of Alameda County, Inc.  
 P.O. Box 302, Oakland, CA 94604

# REAC NEWS

VOLUME 38 NUMBER 3

MARCH 2017

## DIRECTORS' COMMENTS *by Jon Orellana, Vice President/Acting President*

### 2017 REAC Spring Luncheon and Annual Meeting

This is a final reminder concerning the REAC annual membership meeting. This meeting is held in conjunction with the spring luncheon and will be held on Monday, March 13, 2017, at 11:00 AM at the Meadows at Redwood Canyon Golf Course, 17007 Redwood Road, Castro Valley, California.

The annual membership meeting is an important function of the corporation and provides an opportunity for the members to vote on the election of board members, make their voices known to the directors, and hear about the current activities of the retirement system and the association. In order to conduct business, a quorum of twenty members is required as well as five board members. This meeting is held immediately prior to the luncheon, and we need to make sure we have a quorum. Therefore, please make an effort to attend the meeting so that we are able to officially conduct the meeting.

Subsequent to the business meeting, the association will hold its semiannual luncheon. It offers an opportunity for you to spend time with retired colleagues and catch up on what is going on with them. In addition to a great meal, you will also be able to hear from our featured speaker, Ophelia Basgal. She is the immediate past chair of the Alameda County Employees' Retirement System (ACERA). She will include highlights of some of the important issues facing retirees and the retirement system.

We hope to see many of our members attend as it reflects the interest you have in the success of your association.

### Cost of Living Adjustments 2017

#### Annual Cost of Living

In accordance with Government Code Sections 31870 and 31870.1 of the County Employees Retirement Law of 1937, the ACERA Board of Directors is required to determine if there has been an increase or decrease in the cost of living as shown by the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U) in the area in which the county seat is situated. ACERA's actuary, Segal Consulting, compares the CPI, year over year, for the San Francisco–Oakland–San Jose area to determine the change in the cost of living. From December to December, the change in the CPI was 3.53%. The above sections also require the percentage change to be rounded to the nearest one-half of one percent. Therefore, the resulting change is considered to be 3.50%

The above sections also define the maximum allowable cost of living increase. These maximums apply to different Tiers. Section 31870 applies to retirees in Tiers 2 and 4, under which cost of living increases are limited to a maximum of 2.0%. Section 31870.1 applies to retirees in Tiers 1 and 3, under which cost of living increases are limited to a maximum of 3.0%. These increases will be effective April 1, 2017, and reflected in the April payment.

The above sections also direct ACERA on how to treat the difference between the calculated cost of living change and the maximum allowable cost of living increase. ACERA is required to track the difference and "bank" it for future use should the

### REAC BOARD MEETINGS

**March 13, 2017**

(Monday) 11:00 AM  
 The Meadows at Redwood Canyon Golf Course  
 17007 Redwood Road  
 Castro Valley

**April 10, 2017**

(Monday) 9:30 AM  
 Ala. Cty. Health Care #242  
 1000 San Leandro Blvd.  
 San Leandro

<http://reacsite.org>  
[reacwebsite@gmail.com](mailto:reacwebsite@gmail.com)

### ACERA TRUSTEES MEETINGS

**March 16, 2017**

(Thursday) 2:00 PM  
 475 14th Street, Oakland

**April 20, 2017**

(Thursday) 2:00 PM  
 475 14th Street, Oakland

[www.acera.org](http://www.acera.org)

### WELCOME NEW MEMBERS

Lawrence Blazer  
 Mary Felix  
 Audrey James  
 Mary Lou Mintzer-Kayko  
 Wilard Monroe  
 Pularithy Pou,  
 Catharine Ratto  
 Christine Roche  
 Cecilia Sanchez  
 Jean Shapiro  
 Kevin Tracy

*continued on page 2*

change in the cost of living be less than the maximum allowable in those years. Therefore, for 2017, Tiers 1 and 3 will bank 0.5%, the difference between the calculated cost of living change (3.50%) and the maximum allowable increase (3.0%); and Tiers 2 and 4 will bank 1.5%, the difference between the calculated change (3.50%) and the maximum increase (2.0%).

### Supplemental Cost of Living

The Board of Retirement also adopted the supplemental cost of living adjustment increase for Tier 1 members who retired on or before April 1, 1981, and Tier 2 members who retired on or before April 1, 1993, and who have an accumulated loss of purchasing power of 15% due to inflation. This increase will be effective with their April 1, 2017, monthly allowance. This annual supplemental benefit is non-vested and funded by the Supplemental Retiree Benefit Reserve (SRBR).

### ACERA Investment Report

ACERA reported in its January 2017 Performance Report that the fund had gained \$134,210,368. The total fund returned 2.14%. The total market value of the fund at the end of January was \$7,100,598,907.

### REAC Web Site

We have continued to see a gradual increase in the number of members that have agreed to receive the

electronic version of the newsletter. Approximately 200 of our 4,000 members have converted. Our goal is to achieve at least a 50% participation rate. This would mean a significant decrease in our postage and printing costs, which account for approximately 42% of our annual budget. Please be among those who help us reach our goal. If you choose this option, you will receive a monthly e-mail with a link to the *REAC News* for each new publication. You can then read it online. You will have access to the newsletter before the hard copies are mailed out, so you will be among the first to get the information. You can also read earlier editions on the web site.

To receive the newsletter online, go to the web site, [reacsite.org](http://reacsite.org) and follow the steps below:

1. Click on the **Members Only Resources** link
2. Enter the REAC password. (If you don't have the password, submit the information requested, and the password will be e-mailed to you.)
3. Scroll down to the bottom of that page, and you will find a section labeled **Electronic Newsletter**.
4. Type in your name and e-mail address, and then click on **Yes, count me in!**

This completes the registration process. Depending on the day of the month you choose this option, you may receive at least one additional newsletter in the mail.

### California Retired County Employees Association (CRCEA) 2017 Fall Conference

REAC will be hosting the 2017 CRCEA conference October 23–25, 2017, at the Hilton Garden Inn in Emeryville. CRCEA is a coalition of associations of retired county employees from the twenty California counties formed under the County Employees Retirement Law of 1937. CRCEA was originally formed over thirty years ago and is now organized as a nonprofit corporation representing over 110,000 retired county employees statewide. Its general purpose is to provide a central coordinating group through which the desires and objectives of the local county associations may be advanced.

REAC is a member, and it allows us to remain current on issues affecting 1937 Act counties' retirees and a way of monitoring and influencing statewide legislation that impacts our members. Jerry Jacobs is our representative to CRCEA and is coordinating the organization and implementation of the conference. The conferences are organized and managed by each association as its turn comes up. We have had some volunteers step forward to help with the organization, but we will need more help.

Jerry is currently developing a list of activities he will need help with. If you are willing to assist with the conference, please contact Jerry Jacobs at [jjmjacobs@comcast.net](mailto:jjmjacobs@comcast.net).

## MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE RETIRED EMPLOYEES OF ALAMEDA COUNTY, TUESDAY, FEBRUARY 14, 2017

The meeting was called to order at 9:30 AM by Jon Orellana, vice president and acting president of the board, at the Health Care Services Agency Building, Room 242, 1000 San Leandro Boulevard, San Leandro.

### Roll Call

Present were Jon Orellana, Paul Reeves, Jerry Jacobs, Jessie Guiton, Marian Breitbart, Rosalie Masuda, Mike Smart, and Liz Koppenhaver.

Also present were Ish Pena, ACERA staff member; Grant Hughs, ACERA Investments; Linda Barbaro, member; and Steve Scheinman and Jim Hartnett, directors emeriti and members.

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## Previous Meeting Minutes

The minutes of the January 9, 2017, board meeting were reviewed. It was moved by Mike Smart and seconded by Marian Breitbart that the minutes be approved as amended. The motion was approved.

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## Announcements and Communications

Jon welcomed Linda Barbaro to the board meeting and then reported that Linda has met the requirements outlined in Article VII, Section 1 (b) for a member who wishes to run for a seat on the board. Since Linda's application was the only one received, she, along with Jerry Jacobs and Paul Reeves, will be the only individuals standing for election at the March 13, 2017, annual membership meeting. Linda took a moment and provided the board with an overview of her work history and the reason she was passionate about joining the REAC board. The board is very pleased that she has decided to run for a seat on the board.

Jon then announced that he recently received Gerry Dunn's letter of resignation. With the passing of Gerry's spouse, along with his health issues, Gerry has reluctantly decided to resign from the board.

Jon announced that Don White, ex-officio member for seat one of the Board of Retirement, has decided to retire and will therefore be resigning from the Board of Retirement. Jon also reported that ACERA is hosting a reception for Don immediately following the February 16, 2017, Board of Retirement meeting.

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## Reports

**ACERA INVESTMENTS:** Grant Hughs, ACERA investment officer, provided an update on ACERA investments. Grant provided a number of investment charts, one of which provided an overview of ACERA's asset allocation. The fund balance, as of September 30, 2016, was \$6,947,581,532 and was allocated as follows: U.S Equity 32.5%, Internation-

al Equity 28.5%, Fixed Income 16.7%, Private Equity and Alternatives 10.8%, Real Estate 6.9%, and Real Assets 4.1%.

Grant's report also noted that through September 30, 2016, ACERA's annualized five-year and ten-year gross portfolio returns of 10.5% and 6% rank it in the twenty-first and twenty-seventh percentiles, respectively, of similar funds in the Investor Force Universe over these same time periods. For the one-year period ending September 30, 2016, the total portfolio rose 10%, underperforming the policy index by 2.1%. The ACERA total fund continues to increase its exposure to alternative asset classes to enhance portfolio diversification. PEARLS, real estate, and real assets represent 21.8% of ACERA's portfolio as of September 30, 2016, in comparison to the target of 31%. Grant was pleased with the retirement fund's performance thus far.

**ACERA:** Ish Pena reported on the February 1, 2017, Retirees Committee meeting. There was one action item and four information items. The first action item was a motion to adopt the annual supplemental cost of living adjustment (COLA) benefit for 2017 paid to eligible retirees. This benefit is to maintain retiree purchasing power at no less than 85% of the retiree's original benefit. This is a non-vested (non-guaranteed) benefit funded out of the Supplemental Retiree Benefit Reserve (SRBR). The Retirees Committee voted to recommend to the Board of Retirement that they adopt the supplemental COLA. Tier 1 members who retired on or before April 1, 1981, and Tier 2 members who retired on or before April 1, 1993, will receive the increase.

The first information item was a report on the annual COLA for 2017. All Tier 1 and Tier 3 retirees/payees will receive a COLA increase of 3%. Tiers 2 and 4 retirees/payees will receive a COLA increase of 2%. The Consumer Price Index calculation results in a change of 3.53%, which is rounded to the nearest one-half percent, which is 3.50%. The COLA increases are in accordance with Government Code Sections 31870 (Tiers 2 and 4: 2% maximum increase) and 31870.1 (Tiers 1 and 3: 3% maximum increase).

Tiers 1 and 3 will have .50% added to their bank, and Tiers 2 and 4 will have 1.50% added to their bank.

The second information item was the announcement of the Annual Health Care Planning meeting, which is scheduled for March 1, immediately following the Retirees Committee meeting. The meeting will include trustees, ACRE and REAC board members, ACERA's benefits consultant (Keenan & Associates), and the county Benefits Management team. The planning meeting is designed to discuss global issues affecting multiple members who are enrolled in medical, dental, and vision plans offered through ACERA or One-Exchange. The meeting is an opportunity for REAC and ACRE to express ideas and concerns and to make suggestions regarding future plan options that are important to retirees. Jon, Mike Smart, and Rosalie Masuda will attend the meeting and provide input.

The third information item was a report on the Benefits Consultant Services Request for Proposal (RFP) timeline. The current contract, with Keenan & Associates, comes up for renewal on July 1, 2017. ACERA will be sending out an RFP soliciting contract bids for the next contract period. ACERA currently has a list of thirteen potential consultants who might be interested in submitting bids for the contract to provide benefits consulting services.

The fourth information item was a miscellaneous update.

**TREASURER'S REPORT:** Jessie distributed copies of her January 2017 Treasurer's Report. Receipts were \$4,677.98, and disbursements were \$5,283.19. The only unusual item was \$265 for preparation of the 1099s. The report also reflected the \$10,000 CD, which will be used to cover the costs associated with the CRCEA Fall Conference that REAC is hosting. A labeling error was noted and corrected on the report. "Total Receipts for December" was corrected to read "Total Receipts for January." "Total Disbursements for December" was corrected to read "Total Disbursements for January." Jerry Jacobs moved that the January 2017 Treasurer's Report be

approved as corrected. Rosalie Masuda seconded the motion, and the motion was approved.

Jessie also handed out copies of the previously approved REAC Annual Budget for 2017. Total estimated income is \$63,100, and the total estimated disbursements are \$63,100.

**CRCEA:** Jerry Jacobs provided a brief report on the preparations for the upcoming CRCEA 2017 Fall Conference. He circulated a copy of the CRCEA conference flyer, which was created with the assistance of Mike Fara from ACERA. Jerry is still identifying potential speakers for the conference. He reported that the conference announcements will be out by August 15, and he also mentioned that Pete Albert, ACRE president, has been helping with the work.

**SACRS:** Jon reminded the board that the SACRS Spring Conference will take place May 16–19, 2017, at the Napa Valley Marriott. He would like to attend and report back to the board. Jerry Jacobs moved that Jon be reimbursed for his expenses while attending the conference; Rosalie seconded the motion, and the motion was approved.

**ANNUAL MEMBERSHIP MEETING AND SPRING LUNCHEON:** Jon reported that Ophelia Basgal, ACERA Board of Retirement member, seat four, and immediate-past chair of the ACERA board, will be the guest speaker at the REAC Spring Luncheon. Jon also reminded the board that flooding

occurred during the last storm at the Redwood Canyon Golf Course so we need to pay close attention to the weather as we get closer to the day of the luncheon.

The annual membership meeting agenda will be the same as last year. There will be a call to order, a certification of a quorum, approval of the previous year's minutes, the Nominating Committee report, election of directors, committee reports (Retirement Board, health, and membership), Treasurer's Report, old business, new business, good of the order, and adjournment.

**RETIREMENT BOARD:** Mike reminded the board that we need to give some thought to, and ask our members about, the issues we would like discussed at the Annual Health Care Planning meeting scheduled for March 1, 2017. Those issues and suggestions need to be sent to Jon before the meeting.

**INVESTMENT COMMITTEE:** Marian Breitbart previously sent the board her report on the Investment Committee meeting, which was held on February 8, 2017. Her report included information on 2017 capital market assumptions, a review of Heitman America Real Estate Trust and Value Partners–Real Estate, and a review of UBS Trumbull Property Fund–Real Estate. Details can be viewed on the REAC web site.

**HEALTH CARE:** Rosalie reported that the CDC continues to stress the importance of getting flu shots through the end of March of 2017.

**ACTIVITIES:** Rosalie reported that planning for the REAC Spring Luncheon has almost been completed. She has a few items yet to resolve, but is confident that they will be resolved in time. Linda Barbaro volunteered to assist Rosalie if she needs any additional help. Jon also acknowledged Jessie's participation in helping Rosalie with the pre-luncheon organization.

**MEMBERSHIP AND RECRUITMENT:** Membership at the end of January 2017 stood at 4,086.

**REAC NEWS:** Jon reported that the next *REAC News* will include information about the COLA increases as well as information regarding ACERA's investment performance.

**OTHER REPORTS:** There was no additional information to report.

**OLD BUSINESS:** There was no additional information to report.

**NEW BUSINESS:** Jon took a moment and suggested the board finalize formal board planning objectives for 2017. He previously sent the board a list of his suggestions. The board members will review, discuss, finalize, and approve board planning objectives at a future meeting.

**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

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## In Memoriam

*In deepest sympathy to the family and friends of the following retirees:*

**ASHWORTH, Bettie A.**  
1/23/2017  
Alameda Health System

**ATTENISIA, Rosemarie**  
1/22/2017  
Social Services Agency

**BANKS, Catherine**  
10/1/2016  
General Services Agency

**CAMPBELL, Preston A.**  
1/3/2017  
Survivor of Aloise Campbell

**COLE, Xerxes D.**  
1/19/2017  
Public Works Agency

**FORD, Don R.**  
1/7/2017  
Social Services Agency

**GUIDO, Buensuceso I.**  
1/9/2017  
Sheriff's Office

**HACKETT, Melvin**  
1/18/2017  
Alameda Health System

**HENDERSON, Wilma J.**  
1/9/2017  
Survivor of John G. Henderson

**HUTCHIN, Maxine E.**  
1/8/2017  
Sheriff's Office

**JOHNSON, Betty B.**  
1/14/2017  
Survivor of Richard B. Johnson

**KELLEY, Barbara J.**  
1/26/2017  
Social Services Agency

**LOO, Albert**  
1/9/2017  
Survivor of Alice G. Loo

**LOPEZ, Felicitacion**  
12/29/2016  
Survivor of Paul Lopez

**MOLINA, Eunice E.**  
1/16/2017  
Alameda Health System

**PEARSON, Susan**  
12/28/2016  
Social Services Agency

**STEWART, Eddie L.**  
1/5/2017  
Alameda Health System

**TOWNSEND, Jacqueline I.**  
11/30/2016  
Probation

**TURMAN, George B.**  
1/10/2017  
Social Services Agency

**VAN KIRK, Richard**  
12/29/2016  
General Services Agency

**WARD, Judith**  
12/28/2016  
Public Health

**WOLD, Jeanne P.**  
1/9/2017  
Survivor of Eugene E. Wold

The surviving spouse of a member is eligible for REAC membership. To enroll, call Jerry Jacobs, membership chair, at (510) 835-5493.

## Congratulations On Your Retirement

**BENTON, Anthony D.**  
Social Services Agency

**BREWER, Bonita A.**  
Zone 7

**BUTLER, Barbara A.**  
Alameda Health System

**CORNER, Charles**  
Sheriff's Office-DEF

**CROWDER, Gigi R.**  
Behavioral Health Care  
Services-DEF

**DEL ROSARIO, Carolina A.**  
Superior Court

**FINLAYSON, Janet C.**  
Human Resource Services

**FINN, Eric N.**  
Sheriff's Office-DEF

**FOLLARI, Joseph R.**  
General Services Agency

**GARCES, Lorraine**  
Social Services Agency

**IGNONT, JR., Clyde N.**  
Sheriff's Office

**JOHNSON, Florene**  
Social Services Agency

**LUM, Elsie W.**  
Human Resource Services

**MAHLER, Jay H.**  
Health Care Svcs Agency-DEF

**MARTELLACCI, Laurie D.**  
Library

**MC CARTHY, Daniel P.**  
Alameda Health System

**MC DONALD, Winifred C.**  
Public Health-DEF

**NITTA, Eri**  
Alameda Health System-DEF

**OH, Diana**  
Alameda Health System

**PIERANTONI, Eva**  
Alameda Health System

**STANGLAND, James R.**  
Social Services Agency-DEF

**STORY, Ronald P.**  
Probation-DEF

**UTPADEL, Kevin**  
Sheriff's Office-DEF

## REAC Officers and Directors

- **Vice President, Acting President:**  
Jon Orellana..... (925) 922-0907
- **Secretary:** Paul Reeves..... (510) 755-3740  
*bongsaw@gmail.com*
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Rosalie Masuda..... (510) 339-1307  
*rosaliemasuda@hotmail.com*
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Steve Scheinman..... (925) 570-5273  
James J. Hartnett, Jr..... (925) 935-3763

Editor: Diane Sturgeon; Membership: Jerry Jacobs, (510) 835-5493; Printing and Mailing: Red Arrow Printing

## REAC'S Mission

The purpose of the Retired Employees of Alameda County (REAC) is to promote the common good and general welfare of Alameda County retired employees, subject to the County Employees Retirement Act of 1937, by promoting the interests of its members throughout the community by means of social, political, and educational activities that advance the social welfare of such retirees.

***Moving? Please fill out and mail this notice to the following address:***

REAC, P.O. Box 302, Oakland, CA 94604  
or e-mail *jjmjacobs@comcast.net*

Name: -----  
New Address: -----  
City/State: ----- Zip Code: -----  
Date of Move: ----- Telephone: -----  
Old Address: -----  
3/2017

**Also send change of address to ACERA:**  
Alameda County Employees' Retirement Association (ACERA)  
475 14th St., Ste. 1000, Oakland, CA 94612

**Phone: 800-838-1932 or 510-628-3000**

*Select Option 1 for the Retiree Benefits Unit (health, vision, dental, etc.)*

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March 2017  
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