

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

Monday, July 11, 2016

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 Paul Reeves, board secretary, in the absence of Jon Orellana, vice president and acting president of the board.

Roll Call: Present were Paul Reeves, Jessie Guiton, Jerry Jacobs, Gerry Dunn, Mike Smart, Marian Breitbart, and Rosalie Masuda. Excused were Jon Orellana and Liz Koppenhaver. Also present were Michael Fara, ACERA staff member, and Steve Scheinman, director emeritus.

Minutes: The minutes of the June 13, 2016, board meeting were reviewed. It was moved by Jerry Jacobs and seconded by Jessie Guiton that the minutes be approved as submitted. The motion was approved.

Announcements and Communications: Steve reported that the member who recently filed an appeal with the retirement board regarding ACERA's decision to not reimburse her for previously paid Medicare Part B premiums, and who accepted the retirement board's decision to deny her appeal, has followed up with ACERA to ensure the process is improved and retirees understand the actions necessary to receive this benefit. Steve also reported that ACERA has made changes as a result and will create a special newsletter to help explain the process retirees must follow in order to receive reimbursement.

Paul discussed Jon's e-mail response to a member who was concerned about ACERA's portfolio management. Jon explained that the REAC board has been monitoring and interacting with the ACERA investment staff for many months and that ACERA's staff has been open and responsive to all of our questions and concerns. Jon went on to explain that the ACERA consultants were paid a flat fee, that ACERA currently has limited exposure to hedge funds, and that REAC felt that ACERA was doing its due diligence in managing the portfolio.

Paul reported that he received two requests for membership cards and that he forwarded those requests to Jerry Jacobs for disposition. Jerry indicated that all communications and requests from members need to include at least the member's name and address in order to provide sufficient information to confirm their REAC membership and to allow for a response.

Reports

ACERA Staff Member: Michael Fara reported on the July 6, 2016, Retirees Committee meeting. There were four action items, three of which were related to the 2017 Monthly Medical Allowance (MMA), which is an amount retirees receive, paid for out of the Supplemental Retiree Benefit Reserve (SRBR), to offset all or part of their monthly medical plan costs. This action is taken every year. Two alternatives were considered: 1) keeping the subsidy the same as 2016; 2) increasing the MMA subsidy by 3.375%, which is one-half of the projected inflationary increase

in premiums, the maximum allowed under ACERA board policy. Because approximately 70% of members in the ACERA health plans are in Kaiser Senior Advantage and because Kaiser premiums are lower than the MMA, the subsidy from the SRBR will still increase even if there is no MMA increase in order to cover the increase in Kaiser premiums so long as they are equal to or lower than the MMA. The increase in the subsidy from the SRBR in order to cover premiums was estimated at \$768,315, and the increase to cover premiums and a possible 3.375% increase in the MMA was estimated at \$1,095,048. The Retirees Committee decided to recommend to the Board of Retirement that there be no increase in the MMA due to funding sustainability concerns.

There was a great deal of discussion regarding the fact that the Retirees Committee, and ACERA, did not request REAC's input regarding this recommendation. There was not, however, any consensus to send a letter to the ACERA board in support of the alternative to increase the MMA.

The other action item was a change in the SRBR policy, which would require payment of a minimum death benefit of \$750 regardless of whether the member received a death benefit from another entity with reciprocity with ACERA. This change was approved, but will be discussed further at next month's meeting. Marian moved to not support the change to the policy; Jerry Dunn seconded the motion, and the motion passed.

There was one information item from Keenan regarding the vision and dental plans. Over 50% of members use Premier plan dentists versus approximately 20% who use PPO plan dentists and only 3.5% who use non-contracted dentists. Jerry Jacobs moved to support a recommendation increasing the maximum reimbursement for members using Premier plan dentists to \$1,300, which would match the maximum reimbursement of \$1,300 for members using PPO plan dentists. Rosalie Masuda seconded the motion, and the motion was approved. The VSP vision plan is currently running a surplus of \$104,254, which will be carried over to the subsequent year.

ACERA is still looking at the possibility of changing the venue of the annual Retiree Health Fair.

Treasurer's Report: Jessie will provide both the June and July 2016 Treasurer's Report at the August 2016 board meeting.

The transition to the new treasurer is still in process to ensure Jessie has full access to all accounts and statements. Jessie will also send copies of the financial statements provided by the credit union to the board president. A brief discussion took place regarding the preferred payment process for both the web site development costs and the web site maintenance costs. It was agreed that Jessie needs a final invoice from the web site developer for the web site development project completion and monthly invoices for the monthly maintenance work.

CRCEA: Jon sent CRCEA a letter indicating that REAC's contribution to hosting the 2017 annual conference was limited to \$10,000 and based on current cost estimates, REAC would not be able to host the conference absent an additional subsidy from CRCEA. We are awaiting a response from CRCEA as well as a response from ACRE as to whether they could contribute an

additional amount as well. Jerry agreed to continue looking at options for reducing conference costs.

SACRS: There was no new information to report.

Retiree Committee: There was no additional information to report.

Investment Committee: Marian Breitbart attended the Investment Committee meeting and has forwarded her report for the board's review.

Heath Care: Rosalie reported on a personal experience with a Kaiser member who experienced an emergency while away from California, and Kaiser's response was outstanding, including medivac assistance by air to return the member to a Kaiser hospital in California.

Activities: REAC's Fall Luncheon will be held on Monday, October 10, 2016, at the Redwood Canyon Golf Course and Event Center. Paul Reeves moved, and Gerry Dunn seconded, the motion to invite Diane Sturgeon (*REAC News*) and Lori Vandermeir (web site consultant) to the luncheon and pay for their lunch. Motion carried.

Jerry Jacobs indicated that the Costco in Hayward had a PA system on sale for \$200. REAC currently rents a system for \$150 for each event. Rosalie agreed to check to see if the Redwood Event Center has yet acquired a system we can use. Paul Reeves moved, and Rosalie Matsuda seconded, the motion that Jerry be authorized to purchase a sound system that meets our criteria for up to \$300 if Redwood does not have a system available. The PA system must have speakers on both sides of the banquet room. Motion passed.

Membership and Recruitment: Membership at the end of June 2016 stood at 4,123. Jerry will be giving ACERA recruitment packets, which they can distribute at their Ready to Retire seminars. Jerry indicated that it is important for people to provide their name and address when they call so he can confirm that they are in the database.

REAC News: There was no additional information to report.

Other Reports: There were no other reports.

Old Business: Paul reported that the web site is going very well. He also reported that we have added an application called *MailChimp*, which is basically an e-mail marketing service that REAC will use for collecting member e-mail addresses and then using those e-mail addresses to send out communications. The REAC newsletter will include a request for member e-mail addresses.

New Business: No new business was reported.

For the Good of the Order: Nothing to report.

Paul adjourned the meeting at 11:37AM.

Respectfully submitted by Marian Breitbart, Director

Next Meeting

Monday, August 8, 2016, 9:30 AM
Health Care Services Agency Building, Room 242
1000 San Leandro Blvd., San Leandro, CA