

**Minutes of the Meeting of the Board of Directors
Retired Employees of Alameda County
Monday April 11, 2022, 9:30 A.M.**

Zoom Video Conferencing Board Meeting

Paul Reeves, Secretary of the Board, called the meeting to order at 9:30 A.M.

Roll Call: Paul Reeves, Suman Sharma, Renaye Johnson, Alicia Baptista, and Connie Land were present. Mike Fara, ACERA Representative, Nancy Reilly, REAC Member and ACERA Retiree Alternate, Charo Panesi-Guerra, REAC Member and Administrative Assistant, and Frankie Lee, REAC Member.

Minutes: Minutes of the March 14, 2022 meeting were reviewed. Connie moved that the Minutes from the March 14, 2022 Board meeting be approved as submitted. Renaye seconded the motion and the motion was approved.

Announcements & Communications: Paul reported that he received several communications from members who expressed concern regarding the future use of the Supplemental Retiree Benefit Reserve (SRBR). The members were concerned that since the SRBR was now approximately \$1.1 billion, there might be a temptation to restore many of the benefits which were reduced during the last fiscal crisis. They wanted to make sure that the ACERA Board of Trustees considered the ups and downs of investment returns before they made any final decisions. Paul reminded them that ACERA was currently conducting a survey of ACERA members, to determine how our retirees ranked, in order of importance, the non-vested benefits that ACERA provides them and that no decisions would be made until the results of the survey are available.

One of their questions had to do with the death benefit which is paid for an active employee who passes away while employed. Nancy reminded the Board that the payment is actually for the employee's spouse or partner to help with expenses and not specifically for the active employee who passed away.

A few of the members also wanted to know if REAC had considered taking a position on the relative importance of the SRBR benefits. I informed them that the REAC Board had not yet discussed the issue and that the Board would wait until the results of the survey were made available before making any decisions.

ACERA: Mike Fara began his report on the April 6, 2022 Retirees Committee Meeting. There were no Action Items and four Information Items. The first Information Item was a report on the Statement of Reserves as of December 31, 2021 and a SRBR Status Report. The semi-annual interest crediting as of December 31, 2021, was completed on February 28, 2022.

For the six-month period ended December 31, 2021, approximately \$569.3 million of total interest (\$353.4 million in regular earnings and \$215.9 million in excess earnings) was credited to all the valuation reserves accounts, including the 401(h) account, the advance Unfunded Actuarial Accrued Liability (UAAL) contribution reserve and the SRBR.

- Regular earnings of \$353.4 million were credited to the valuation reserve accounts, the 401(h) account, the advance UAAL contribution reserve and the SRBR at one half of the assumed crediting rate of return of 3.5000%.
- 50% of the \$215.9 million earnings above the assumed rate of return (excess earnings) or \$108.0 million were posted to SRBR at the crediting rate of 10.6810%.
- The remaining 50% of the \$215.9 million earning above the assumed rate of return (excess earnings) or \$107.9 million were posted to the valuation reserve accounts.

The SRBR report included the 10-year history of SRBR activity through December 31, 2021. The December 31, 2021, ending balance of the SRBR account is approximately \$1.1billion.

The total interest credited to the SRBR for the six-month period ending December 31, 2021, was approximately \$35.4 million of regular earning and \$108.0 million of excess earnings. For the year ending December 31, 2021 approximately \$69.2 million of regular earnings and \$184.1 million of excess earnings were credited to the SRBR.

In looking at the 10-year history, the 2012 beginning balance of the SRBR was \$602,906,726 and the ending balance was \$570,878,929. The 2021 beginning balance of the SRBR was \$931,754,157 and the ending balance was \$1,131,048,474. The SRBR has gradually increased in value each year during the last 10 years. However, the amount of funds paid out of the SRBR has also increased each year. In 2021, an additional \$184,050,056 in excess earning was credited to the SRBR bringing the total value to \$1,131,048,474.

Another key element to consider is the annual sustainability measurement completed each year by ACERA's Actuary. The sustainability measurement measures how long the SRBR would be expected to last, at the current benefit level, if no additional revenues were added to the fund. The historical target has been 15 years. In 2006 it was expected to last 19 years, in 2007 it increased to 23 years, in 2011 & 2012 it decreased to 15 years, and from 2014 to 2020 it has hovered around 20 & 21 years. The 2020 projection was 21 years.

The second Information Item was the Via Benefits 2021 Year in Review. It's a standard annual report which reflects information regarding individual plan members rather than group plan members. According to ACERA's report, there are 1,737 members enrolled in Medicare individual plans, which are up from 1,200 in prior years. Of the total, 210 individuals were enrolled in the Medicare Advantage plan, and 1,530 individuals were enrolled in the Medicare Supplement plan.

The report also reflects customer service and satisfaction type information. During 2021, Via received 5,460 incoming calls and made 1,323 outgoing calls. The average time it took them to handle each call was 19 minutes and 14 seconds. The average time it took Via to answer each call was 3 minutes and 39 seconds. In 2020, the average customer satisfaction score was 4.35 out of 5. In 2021 the average customer satisfaction score was 4.23 out of 5. Via mentioned that the slight drop in customer satisfaction was due in part to staffing issues caused by the COVID-19 pandemic.

Lastly, the report contained funding account activity, including total reimbursements paid in 2021. The total amount paid was \$5,377,333.

The third Information Item was a report on the results of the SRBR benefits survey. The previous survey was conducted in 2019. The Board of Retirement wanted ACERA to conduct a survey which included the same type of information as in the previous survey, plus some additional information which was not included in the prior survey. For example, one of the questions asked members to specify what type of member were they? (Active, Deferred, ACERA retiree, but not Medicare-eligible, ACERA retiree and Medicare-eligible, Survivor, beneficiary and former spouse/domestic-partner) The response rate this year was very good. There were 2,608 responses out of 24,480 members, which is a response rate of 10.7%. In 2019 the response rate was only 6.7%. Of the total responses, 49.8% were retirees and 49.2% were active employees.

Members were asked Constant Sum Questions. Members were asked to allocate a total of 100 points among the various non-vested benefit options and were given a running total which forced members to allocate the total 100 points. The options included the Monthly Medical Allowance (MMA), Medicare Part B Reimbursement Plan (MBRP), Dental Coverage Subsidy, Vision Coverage Subsidy, Supplemental Cost of Living Adjustment (SupCola), and Lump Sum Death Benefit (LSDB). After members allocated the points between those options, they were asked to add the Active Death Equity Benefit (ADEB) to the list of options, and then reallocate the 100 points.

According to ACERA's report, the results of the first allocation were as follows: MMA received 40.6 points, MBRP received 17.3 points, Dental received 12.1 points, Vision received 8.0 points, SupCola received 17.3 points and LSDB received 4.6 points. After including the additional option of Active Death Equity Benefits, the point's allocation was as follows: MMA received 38.7 points, MBRP received 16.5 points, Dental received 11.0 points, Vision received 7.4 points, SupCola received 16.1 points, LSDB received 5.0 points, and ADEB received 5.3 points.

The members were also asked a series of hearing aid related questions. When asked if they would support ACERA adding additional coverage for hearing aids, even though it would likely raise the premium cost of their medical care plan by a few dollars per month, 58.4% said Yes.

The fourth Information Item was a Semi-Annual Report on ACERA's Wellness Program. Due to the continuation of the COVID-19 pandemic, ACERA has continued their 2021 wellness approach into 2022. They will not be holding any in-person wellness events this year. They will continue to offer members a variety of wellness resources for 2022. They will be sending postcards, emails, and wellness posts promoting programs like the Silver&Fit program, and they will host a virtual Health and Wellness Fair.

Nancy took a moment to encourage REAC and its members to provide ACERA with feedback regarding the Silver&Fit program. Renaye asked if it might be possible to keep just one of the options rather than both. If for example, people were not using the gym membership, but were using the Kaiser online exercises and the home fitness kits, would it be possible for Kaiser to modify the Silver&Fit program to just include the online exercises and home fitness kits? Mike felt that it might be possible, since that would be a significantly less expensive option for Kaiser. Connie asked if Mike had any information about the number of people who signed up for the gym membership and actually went to the gym and those members who signed up for the gym membership and did not go to the gym. Mike reported that for the first two months of the program, 128 individuals signed up for a gym membership, which is roughly 3% of those eligible. He also reported that there were 815 gym visits, which are about 3.2 visits per member per month.

Lastly, 138 individuals choose to get the home fitness kits. Since member could take both the gym membership and the home fitness kits, there could be some overlap in numbers.

Treasurer's Report: Suman presented the March 2022 Treasurer's Report. Receipts totaled \$8,199.96 and Disbursements totaled \$3,877.79. In the month of March 2022, REAC mailed members a post card asking members to consider joining the Board, and that additional cost, \$606.13, appears in the monthly disbursements for the month of March 2022. Red Arrow has not billed REAC for February or March. As a result, each of the last two months does not include Red Arrow's normal billing amount. He has spoken with Red Arrow and they hope to catch up this month. Suman also mentioned that the reimbursement amount for our administrative support, which includes \$500, was the gift cards Charo purchased for the Annual Membership Meeting.

Suman presented the January – March 2022 Quarterly Treasurer's Report. Receipts totaled \$24,641.95 and Disbursements totaled \$13,760.50. As he mentioned previously, the total disbursements do not reflect the amount REAC owes Red Arrow for their printing of the REAC Newsletter. Paul asked Suman if he could find out what the cost difference would be to use non-glossy paper for the REAC Newsletter rather than the normal glossy paper. Suman said he would find out and report back at the May 9, 2022 Board Meeting. Connie moved that both the March 2022 Treasurer's Report and the January – March 2022 Quarterly Treasurer's Report be approved as submitted, with the additional notation regarding the Red Arrow paper follow-up question. Alicia seconded the motion and the motion was approved.

Election of REAC Officers: In the interest of time, Paul moved the Election of REAC Officers agenda item to the next item to be discussed. Paul reminded the Board that the Bylaws require the Board to elect a new slate of officers during the April Board meeting. Paul was pleased to report that Alicia Baptista has agreed to serve as REAC Board President, if so elected, and that Renaye Johnson has agreed to serve as REAC Board Vice President, if so elected. Paul also informed the Board that he will serve another term as Board Secretary, if so elected, and that Suman has agreed to serve another term as Board Treasurer, if so elected.

Paul called for nominations. Connie moved that the slate of officers, as presented above, be appointed to serve another term. Paul seconded the motion, and the motion was approved.

Charo brought to the Board's attention that a non-Board member was in attendance. That person identified herself as Frankie Lee, a longtime REAC member. Ms. Lee joined the meeting nearly from the start. Paul thanked her for attending.

CRCEA (California Retired County Employees Association): Connie began her report by reminding the Board that she plans on attending the May 1-3, 2022 CRCEA Spring Conference, which will be the first ever Virtual Conference. She will register this week. The actual agenda is not yet available, but there are a number of interesting guest speakers. Connie also mentioned that there was no new information regarding the CalPERS lawsuit. Final approval by the court will be on June 8, 2022.

SACRS (State Association of County Retirement Systems): Paul reported that the SACRS Annual Spring Conference was still moving forward and will be held from May 10-13, 2022. Paul mentioned that SACRS did identify one of the guest speakers. Ms. Keisha Lance Bottoms, a CNN Political Commentator and former Mayor of Atlanta, will be speaking on "Leadership in the Toughest Time."

Paul reported that it will be an In-Person Conference and that he will not be attending. Both Nancy and Liz Koppenhaver will be attending.

Retirement Board: Nancy had no additional information to add, except to stress how important it was for REAC, and its members, to share any concerns they had regarding the future use of the SRBR.

Investment Committee: There was no additional information to report.

Health Care (Centers for Disease Control and Prevention): Renaye reported that the second booster shot was now available. The CDC is recommending that everyone get the shot. Renaye also stressed the importance of our membership using the Silver&Fit program. She also mentioned that ACERA plans on having all their wellness programs on-line.

Activities: There was no new information to report.

Membership and Recruitment: Charo reported that as of March 31, 2022, membership stood at 3,863. Renaye wanted to know if it would be possible to have a presentation given by ACERA, as to what their current intake process is, and, therefore, how we could modify our process to be more successful. Charo will contact Ish Pena at ACERA and make the arrangements.

REAC News: The REAC Newsletter will have information concerning REAC's new President and new Vice President as well as a short bio for both Alicia and for Linda. It will also contain information on the initial survey results. Charo also reminded the Board to put her name and contact information on the back of each REAC Newsletter.

Other Reports: There was no other information to report.

Old Business: Paul mentioned that he will be updating the Board's Goals & Objectives for 2022. A number of the goals from 2021 have already been completed and several are currently being worked on. Connie volunteered to help with updating the Website. Connie and Charo will look at the websites of the other 37 Act counties, as well as websites for other nonprofit organizations to determine how best to update the REAC Website.

New Business: There was no information to report.

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

Meeting adjourned at 11:30 am

Respectfully submitted by Paul Reeves, Board Secretary

Next Board Meeting: Monday, May 9, 2022, 9:30 am

Zoom Video Conferencing Board Meeting