

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

Tuesday, February 13, 2018

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

Marian Breitbart, Vice President of the board, called the meeting to order at 9:15 a.m.

Roll Call: Marian Breitbart, Mary Miller, Renaye Johnson, Mike Smart, Jerry Jacobs, Rosalie Masuda, Paul Reeves, and Liz Koppenhaver were present. Jon Orellana, director emeritus, REAC member Wayne Templeton, and Tom Taylor ACERA Investment Officer, were also present.

Minutes: Minutes of the January 8, 2018 meeting were reviewed. A motion was made by Renaye and seconded by Liz to approve the minutes as submitted. The motion was passed with one abstention.

Announcements: Liz reported that she received a communication from a member who was having difficulty getting reimbursed from OneExchange. She was able to address the members concerns and will follow-up with Ish Pina to insure the issue has been corrected. Rosalie reported that she has received calls regarding Medicare & Kaiser coverage differences. She provided the members with information regarding the various coverage options.

Reports

ACERA: Tom Taylor, ACERA Investment Officer, provided the Board with a brief update on ACERA Investments, and his role with ACERA. Tom mentioned that his primary role is to oversee staff on the investment side of ACERA. He also reported that during the last 7 weeks the market has given back about 7% of its value. However, since the market will see both increases and decreases in value, over time the market value of the ACERA portfolio will retain stable. Between March 2009 and September 2017, the market value of the ACERA portfolio increased by \$4.3 Billion. In March 2009 the market value of the fund was \$3.5 Billion; by September 2017 the market value of the fund had increased to \$7.8 Billion.

Through September 30, 2017, ACERA's annualized 5-year and 10-year gross portfolio returns of 9.8% and 5.9% rank it in the 16th and 20th percentiles, respectively, of similar funds in the InvestorForce Universe over these time periods. For the 1-year period ending September 30, 2017, the total portfolio rose 15.5% and outperformed the policy index by 0.2%.

Tom also reported that they just concluded their search for a new Equity Manager. It took them longer than expected because of delays caused by the extensive background checks. This will facilitate the approved transition of much of the portfolio to passive investments from actively managed.

Treasurer's Report: Mary distributed copies of REAC's January 31, 2018 Treasurer's Report. The checkbook balance stands at \$5,085.71 and total assets at \$84,163.39. Receipts were \$8,816.47 and Disbursements were \$7,368.95. The only unusual expenses were a \$3,000.00 payment to the Postmaster and a \$500.00 payment to Fairview Metro for the spring luncheon.

Mary also reported that she transferred \$5,000.00 from the CRCEA Conference account to cover additional expenses. Rosalie motioned that the January 31, 2018 Treasurer's report be approved as submitted. Marian seconded the motion and the motion was approved.

CRECA: Jerry reported that the CRCEA spring conference will be held in Santa Barbara, California, from April 16-18, 2018. Rosalie volunteered to attend. Mike motioned that Rosalie be approved to attend as REAC's representative/delegate and that she be reimbursed for her expenses. Renaye seconded the motion and the motion was approved.

Jerry also reported that he has supplied, in the past, the county specific information which is contained in the CRCEA Publications. He agreed to supply them with REAC's information for their April 2018 publication.

Jerry also mentioned that he will have the CRCEA conference expense reconciliation completed and ready for the Board's review by the end of March 2018.

SACRS: Paul reported that the SACRS spring conference will be held at the Anaheim Marriott in Anaheim, California, from May 15-18, 2018. He will look at the conference agenda, and attend the conference if the agenda includes appropriate and current topics.

Retirement Board: Mike reported that the February 7, 2018 Retirees Committee meeting included one action item and two informational items. The action item was a discussion of the possible adoption of the annual Supplemental Cost of Living Adjustment for 2018. The committee voted to recommend to the Board, that they adopt 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, 1998, effective with the April 1, 2018 monthly retirement allowance. The annual supplemental benefit is a non-vested benefit, paid for out of the SRBR, and is meant to maintain retiree purchasing power at no less than 85% of the member's original benefit.

The two information items included information regarding the annual COLA for 2018 and the annual health planning meeting. All Tier 1 and Tier 3 retirees/payees will receive a COLA increase of 3.0%. All Tier 2 and Tier 3 retirees/payees will receive a COLA increase of 2.0%. ACERA's annual health planning meeting with retiree representatives, Benefit Consultants, and the County of Alameda will be held at ACERA, on March 15th.

Investment Committee: Marian gave a report on the January 10, 2018 Investment Committee. The meeting included ACERA's interview of the General Investment Consultant finalists. Three firms made presentations, Mekta Investment Group, NEPC, LLC and ACERA's current advisory Versus Advisor, INC. The committee voted to recommend to the Board of Retirement, that they continue with Versus as ACERA's advisor.

The committee also discussed the possibility of investing up to \$44 million with Sycamore Partners III, L.P. as part of ACERA's Private Equity Investment Portfolio-Buyouts. The committee voted to recommend to the Board investing up to \$44 million.

Health Care: Rosalie reported that the CDC is still recommending that people get their flu shots. There are still weeks of flu activity to come, so people still need to be vaccinated.

Activities: Rosalie gave a brief update on the Spring Luncheon and Annual Board meeting, which will be held on March 12th, at the Fairview Metropolitan Golf Course on 10051 Doolittle Drive, in Oakland. Thus far she has received checks from 36 members who will be attending. She also reported that the menu has been finalized and that everything else is going very well.

Membership and Recruitment: Jerry reported that there are currently 4120 members. Jerry will also meet with ACERA staff to discuss what sort of options, like an “opt-out” type option, might be available for members, if there were to be a dues increase at some point in the future.

REAC News: Mary will include information on accessing the various websites and what type of information is available. Mary will also include information on the REAC Board’s March 12th Annual Membership Meeting, and the Cost of Living Increases.

Paul mentioned that he noticed, in the most recent Newsletter, that a large number of the members listed in the “In Memoriam” section of the Newsletter had “Alameda County” listed as their last place of employment, rather than a specific county department. He wanted to know if that was a change, a one-time thing, or an error. Jerry will discuss the issue with ACERA and report back to the Board.

Old Business: Paul handed out copies of the most recent job descriptions for REAC Officers and Staff. He requested that each board member review the job descriptions and provide him with feedback by March 1st. In addition to information regarding the various job functions and responsibilities, he wanted the board to also include estimates regarding the amount of time each function or responsibility took each month.

New Business: There is no new business

For the Good of the Order: There are no additional items to report.

Meeting adjourned at 11:15 a.m.

Respectfully submitted by Paul Reeves, Board Secretary

Next Meeting

March 12, 2018, 9:30 a.m. (REAC Board Meeting)
Fairview Metropolitan Golf Course, 10051 Doolittle Drive, San Leandro, CA

March 12, 2018, 11:00 a.m. (REAC Annual Membership Meeting)
Fairview Metropolitan Golf Course, 10051 Doolittle Drive, San Leandro, CA