

**Minutes of the Meeting of the Board of Directors
Retired Employees of Alameda County
Monday April 10, 2023, 9:30 A.M.**

Zoom Video Conferencing Board Meeting

Alicia Baptista, President of the Board, called the meeting to order at 9:30 AM

Roll Call: Alicia Baptista, Paul Reeves, Connie Land, Dawn Stevenson, Linda Slater and Liz Koppenhaver were present. Betty Tse, ACERA Chief Investment Officer, Michael Fara, ACERA Communications Manager, Charo Panesi-Guerra, REAC Member and Administrative Assistant, Elizabeth Rogers, Retirement Board Trustee, Seat 8, and REAC Member, Cynthia Baron, Retirement Board Trustee, Alternate Seat 8, and REAC Member, Kathy Foster, REAC Member, Marsha Rice, REAC Member, Barbara Becker, REAC Member, Agnes Ducanes, ACERA Staff, and Pete Albert, ACRE President, were also present.

Minutes: Minutes of the March 13, 2023 REAC Board meeting were reviewed. Connie moved that the March 13, 2023 REAC Board Minutes be approved as submitted. Liz seconded the motion and the motion was approved.

Announcements & Communications: Alicia reported that Suman Sharma, who is not present at today's meeting; let us know last week that he would be stepping down as the REAC Treasurer. At this point, we do not know if he is just stepping down as Treasurer and remaining on the Board, or stepping down and leaving the Board. Once we are able to speak with him, we will provide an update.

We definitely have two vacancies and we may end up with three. At this point we just don't know. However, as it turns out, we are blessed with an embarrassment of riches when it comes to members wishing to serve on the REAC Board. Darryl Walker, Barbara Becker, Cynthia Baron, Kathy Foster, and Marsha Rice have all expressed interest in serving on the REAC Board. Since we do not know how many vacancies we will end up with, we will have to delay our selection of new Board members until at least the May 8, 2023 Board meeting.

ACERA Investment Update: Betty Tse, ACERA Chief Investment Officer, began her report by saying the market value of the total fund has taken a significant down turn since her last update. That said, the total Fund has returned a value of 16% for the calendar year 2021. She presented a chart from the Wall Street Journal, dated July 2, 2022, which covered the first six months of 2022. The article was entitled "It Can Always Get Worse". The chart reflected commonly traded assets which have both lost and increased in value. Dow Industrials was down 15.3%, S&P 500 was down 20.6%, Nasdaq Composite was down 29.5%. On the plus side, Gasoline was up 63.8%. Much of the dramatic changes are driven by high inflation, aggressive Federal Reserve policies, and high levels of uncertainty. Many of those issues continue to negatively impact investments.

At the end of 2022, the total Fund value was approximately 10.3 Billion dollars which was down from the total Fund value at the end of 2021 which was 11.9 Billion dollars. The 1st Quarter return was down 3.21%, the 2nd Quarter return was down 8.83%, the 3rd Quarter return was down 4.97% and the 4th

Quarter return was up 5.44%. The total return for 2022 was down 11.48%. When compared to the losses reported in the Wall Street Journal, while our Total Fund lost value, it could have been much worse. ACERA is still consistently out performing other Funds in the Public Funds universe.

Betty pointed out that not all of their Asset Classes lost value. They continually adjust their Asset Class targets and adjust them up or down to maximize their return. When Betty first began to work for ACERA, there were only three Asset Classes. The three were US Equity, International Equity, and Fixed Income. Now there are 10 Asset Classes which allows for far more diversification.

Alicia asked Betty what the Asset Class Absolute Return included. Betty mentioned it was how they refer to Hedge Funds.

Paul asked Betty how often they change their Asset targets. Do they do it annually? Betty explained that they do not do it annually. The first thing they do is to perform an Asset Liability study. It is very detailed and very complex. The study is done every 5 years. However, when issues arise which can negatively impact their investments; they immediately evaluate if they need to make any changes, and then make recommendation to the Retirement Board.

Pete asked Betty how often they do rebalancing. They watch their investments daily, and shift when appropriate. As an example, in 2007, 41% of their investments were in U.S. Equity. At the end of 2022, only 24% of their investments were in U.S. Equity. So the rebalancing occurs as necessary.

Linda asked if all the Asset Classes have the same weight when they are making decisions. Betty explained that the changes considered, when making changes, were many and varied. So, in that sense, they did not have the same weight.

Betty proposed that her next report to REAC would be 6 months from now. Agnes then took a moment to mention the current members of the Retirement Board. The Board consists of Jaime Godfrey, Board Chair, Seat 5, Ophelia Basgal, 1st Vice Chair, Seat 4, Kellie Simon, 2nd Vice Chair, Seat 2, Henry Levy, Treasurer, Ex-Officio, Seat 1, George Wood, Seat 3, Tarrell Gamble, Seat 6, Ross Clippinger, Seat 7, Kevin Bryant, Alternate Seat 7, Elizabeth Rogers, Seat 8, Cynthia Baron, Alternate Seat 8, and Supervisor Keith Carson, Seat 9.

Agnes also reported that the Chair of the Investment Committee was Tarrell Gamble, and the Vice Chair was George Wood. Agnes reminded the Board that all the information she just reported is available on the ACERA Website. She also mentioned that this summer they would be concluding their search for a new Investment consultant.

ACERA: Michael Fara, ACERA Communications Manager, began his report on the April 2023 Retirees Committee meeting, which was held on April 5, 2023. There was one Action Item and two Information Items.

The Action Item was a proposed extension of the existing contract and negotiation of a new contract with Willis Towers Watson (Via Benefits) for individual medical plans coverage and services after review of the Request for Information (RFI) results. Staff recommended that the Retirees Committee recommend that the Board of Retirement (1) approve an extension to ACERA's existing contract with Willis Towers Watson (Via Benefits) to provide individual medical plans coverage and services for the

period January 1, 2024 to December 31, 2024, (2) approve negotiating a new contract for up to a five-year term effective January 1, 2025.

The RFI was conducted to identify viable Exchange alternatives and validate the competitiveness of Via Benefits. Six prospective Exchanges were invited to submit proposals, however, only 3 companies responded to the RFI. The Retirees Committee voted to recommend staying with Via Benefits, and to recommend approval of the requested extension.

The first Information Item was a report by Via Benefits which provided a review of 2022. Items discussed included the following topics. Participant and Client Experience Enhancements, Medicare, Individual and Family Plan/IFP (Pre-65), Customer Satisfaction, Funding Account Activity, Retiree Communications and What's New in 2023.

There are 11,845 members who are eligible for Medicare. Of that total, there are 1,774 members who are enrolled in Medicare plans through Via Benefits. Of the 1,774 members, 1,535 are enrolled in a Medicare Supplement and 247 are enrolled in a Medicare Advantage plan. During 2022, 447 members Aged-In to Medicare eligibility and 51 members enrolled in a plan through Via Benefits.

During the 1st Quarter of 2022 Via Benefits received 1,502, calls from members, during the 2nd Quarter they received 983 calls, during the 3rd Quarter they received 730 calls, and during the 4th Quarter, which is during Open Enrollment, they received 1,667 calls bringing the total to 4,882 calls for the year. The average call handling time ranged from a low of 17 minutes and 28 seconds to a high of 20 minutes and 2 seconds. The average speed to answer ranged from a low of 21 seconds in the 2nd Quarter to a high of 4 minutes and 21 seconds in the 1st Quarter. The average time for the year was 2 minutes and 6 seconds.

The report also included Customer Satisfaction numbers. Members were asked to complete a survey at the end of their call, and rank the service they received with a score of 1 to 5, with 1 being very dissatisfied and 5 being very satisfied. During 2021 the average score was 4.23/5 and the average score for 2022 was 4.24/5.

ACERA takes the Monthly Medical Allowance for those Via Benefits members who have Health Reimbursement Accounts (HRA) and has Via Benefits add that amount to the members HRA account. During the year when members incur medical expenses, Via Benefits reimburses those members for those costs out of their HRA account. At the end of 2022, 1,867 members used funds in their HRA accounts and had funds remaining, 277 members used none of the funds in their HRA accounts, and 102 members used all the funds in their HRA accounts. The total reimbursements for 2022 totaled \$5,585,357.00.

Alicia asked if the members who were not enrolled in a plan through Via Benefits, were enrolled in a Kaiser plan. Mike said the vast majority of our members were enrolled in Kaiser or were not using medical coverage through ACERA. Alicia also asked if the Customer Satisfaction report included information regarding the nature of the complaint. The report does not contain that information. The report does breakout the types of complaints, such as Knowledge and Training, Care and Concern, Courteous & Professional, and Inquiry Resolution. Kathy Foster mentioned that she has requested that sort of information before, and she will follow-up to see if it can be made available.

Cynthia mentioned that Via Benefits did make follow-up calls to those members who rated them low, to try and determine the reason for the low rating, and how they could remedy the issue or issues which caused the low rating.

The second Information Item was a report on the Supplemental Retiree Benefit Reserve (SRBR) financial status. The report reflects additions and deductions to the SRBR for the period ending December 31, 2022. Twice a year, Erica Haywood, ACERA's Fiscal Services Officer, presents a Statement of Reserves report to both the Operations Committee and the Retiree Committee. The report includes the projected sustainability of the SRBR and lists a 10 year history.

In 2013, the beginning balance was \$570,878,929 million. The deductions for 2013 were \$41,683,658 million. The deductions reflect the cost of the retiree benefits paid out during that year. The additions to the SRBR included \$38,786,516 million in Interest Credited to the SRBR and \$75,074,713 million in Excess Earnings Allocations. The ending balance of the SRBR at the end of 2013 totaled \$643,056,500 million.

In 2022, the beginning balance was \$1,131,048,474 billion. The deductions for 2022 totaled \$54,254,453 million and the additions totaled \$91,814,482 million. The ending balance at the end of 2022 totaled \$1,168,608,503 billion.

Linda asked what the SRBR paid for. The SRBR pays for the cost of the retiree non-vested benefits. It includes our Monthly Medical Allowance (MMA), our Medicare Part B Reimbursement Plan, our Dental Plan Subsidy, our Vision Plan Subsidy, our Supplemental COLA, our \$1000 Lump Sum Death Benefit, and payment of the Implicit Subsidy.

Kathy mentioned that Mike created a fact sheet which includes information regarding Vested Benefits, Non-Vested Benefits, Member Tiers, Retirement Eligibility, MMA, Vision, Dental, etc. Members can log on to ACERA.org, click on "About ACERA", scroll down to "Fact Sheet", click on "Benefits Fact Sheet", and they can see Mikes "Benefits at a Glance" information.

Mike reported that they placed an ad for the Grand Jury on the ACERA Website. The ad reads "Would YOU make a Good Grand Juror? The Alameda County Superior Court is seeking at least 30 nominees to serve on the Grand Jury – six from each Alameda County Supervisorial District. For additional information, you can send email questions to accivilgrandjury@alameda.courts.ca.gov or call (510) 924-3800.

Treasurer's Report: Suman was unable to attend today's Board meeting, however Connie graciously agreed to present the March 2023 Treasurer's Report. The beginning balance was \$105,429.38. We received \$500 from 1st United Credit Union for their advertisement, \$7,620 from membership dues, \$2.51 in interest, and \$1,676 from the Spring luncheon for a total Receipts of \$9,798.51. For monthly Disbursements, we paid out \$133.42 for mileage and postage reimbursement for our Admin Support, \$850 for REAC Officer Stipends, \$500 for Safeway gift cards for the Annual Membership Meeting, \$4,703.80 for costs related to the Spring Luncheon, \$2,268.05 for CRCEA Annual Dues/Conference Fees, \$362.50 to Creative Circle for Newsletter layout, \$576.28 to USPS for bulk mailing of the Newsletter, \$528.98 for Floral arrangements for the Spring luncheon, \$172.68 in reimbursement for Spring luncheon costs to our Admin Support, \$17.19 to Pay Pal for our Zoom Meeting, \$1,414.50 to Select Staffing for our Admin

Support, \$169.16 in reimbursement for mileage, and \$2,000.00 to our website developer for updates to the REAC website. Total Disbursements for March 2023 was \$13,696.56 which resulted in a deficit of - \$3,898.05. The ending balance was \$101,531.33. Including the three CDs we have, our assets totaled \$232,559.21.

Connie added two notes. The first note was an explanation of the Spring luncheon expenses. The Luncheon/Hall was \$4,703.80, the floral costs were \$528.98, and the cost of supplies were \$172.68 for a sub total of \$5,405.46. We received \$1,676.00 from attendee contributions, resulting in a total cost for the Spring luncheon of \$3,729.46. The second note concerned Red Arrow, the firm which prints our Newsletter. They are behind in invoicing for both February and March 2023. In addition, Select Staffing has not billed us yet for March 2023.

Alicia reported that this was the first month, during her tenure, in which REAC experienced a deficit. She explained that the Board made a conscious decision to only charge each member \$10 to attend the Spring Luncheon and the Board paid the balance. Since there were no luncheons during the pandemic, the board felt it was appropriate to share the cost of the luncheon, as a way of saying welcome back. Connie mentioned that part of the deficit was also a result of the Boards decision to upgrade our website, it was a budgeted item, and it was well worth the cost.

Connie then presented the REAC 1st Quarterly Report. Total Receipts for the 1st Quarter were \$26,129.29 and total Disbursements were \$24,086.23. The Quarterly receipts included \$22,946.00 from membership dues, \$1,500.00 from 1st United Credit Union for their advertisement, \$7.29 in interest, and \$1,676.00 from the Spring Luncheon.

The Quarterly disbursements included \$1,792.90 for the Newsletter, \$216.00 for the PO Box rental, \$1,712.05 for the Newsletter postage, \$1,087.50 for our Newsletter layout, \$2,225.00 for our website hosting/website update, \$250.00 for Website Domain fee, \$500 Safeway Gift Cards for our Annual Meeting, \$5,905.46 for the Spring Luncheon, \$2,118.05 for CRCEA dues, \$49.41 for our Zoom costs, \$2,550.00 for D&O Stipends, \$5,382.00 for Admin Support. \$341.53 for Mileage reimbursement, \$56.33 for other postage, and \$150.00 for Spring and Fall Conference fees.

Paul moved that both the March 2023 Treasurer's Report and the 1st Quarter Quarterly Treasurer's Report be approved as submitted. Linda seconded the motion and the motion was approved. The full Treasurer's Report is posted on the REAC Website (<https://reacsite.org> in the Members Only section).

CRCEA (California Retired County Employees Association): Connie provided her CRCEA report. During the month, CRCEA requested several reports. CRCEA requested a REAC Annual report, and they provided the areas the report should contain, i.e., # of Association retirees, total # of retirees in the County, etc. CRCEA also requested an updated REAC Roster for the CRCEA website. Lastly, they wanted each County Association to complete their Membership Survey. All three reports were completed, with Alicia's help, and were submitted by the timeline provided. In addition to the above, the responses to the CRCEA AD Hoc Committee Follow-Up Survey was completed and submitted. The survey results will be provided at the Spring Conference this month.

CRCEA Long Term Care Ad Hoc Committee. With the latest action by the court on the long term care lawsuit, the online petition work is on hold. Because the settlement offered in the court action did not

address the solvency of CalPERS, CRCEA has retained an attorney to seek actuarial and other data from CalPERS to assist our members in deciding the best way to respond to the latest correspondence from CalPERS.

There are three reminders: 1. It will be REAC's turn to host the Fall 2025 CRCEA Conference, so we need to start planning now. 2. The CRCEA 2023 Spring Conference will be held April 23, 2023 thru April 26, 2023 at the Ontario Airport Hotel. The extended date for Registration is April 10, 2023. 3. Save the Date!! The 2023 CRCEA Fall Conference will be held October 1- 4, 2023 at the Hilton Stockton. Additional information is forthcoming.

CalPERS Lawsuit Update: A new settlement, referred to as the "Second Settlement", received the court's preliminary approval on March 10, 2023. The Second Settlement provides current policy holders with two options: (1) surrender their policies in exchange for a refund of 80% of all premiums previously paid, or (2) keep their policies and receive a cash payment of \$1,000. For those keeping their policies, there will be a moratorium on future premium increases until November 2024.

The following dates have been established under the court order: 1. **April 7, 2023** Notice to class members of settlement terms. 2. **June 6, 2023** Last day to (a) opt out of the settlement, (b) complete elections form, and (c) written objections to the settlement. 3. **July 26, 2023** Final Fairness Hearing.

SACRS (State Association of County Retirement Systems): Paul gave a brief report. SACRS is really intended for Trustees and staff who are obligated to follow the Government Accounting Standards Board (GASB) regulations. So their conferences are really designed to help educate trustees regarding fiduciary responsibilities, investment requirements, and changes in legislation. With that in mind, the SACRS 2023 Spring Conference does not provide enough additional information to warrant our attendance this spring.

New Business: In the interest of time, Alicia decided to discuss New Business now. In April of each year, the REAC Bylaws require that the REAC Board elect their slate of officers. Since Suman has decided to step down as the REAC Treasurer, Connie has agreed to take the responsibility, in an interim capacity, not permanently, but for 2 or perhaps 3 months. We were not able to appoint a Vice President at today's Board Meeting, but we hope to have one before the end of this month. Alicia has agreed to stay as President, and Paul agreed to stay as Secretary. Paul motioned that the slate of officers be appointed as discussed, i.e. Alicia as President, Paul as Secretary, and Connie as Treasurer. Linda seconded the motion and the motion was approved.

The Board then discussed options related to how a member becomes a Board member. Is there a fixed number of months a Board member needs to attend meetings in order to become a Board officer, what changes should be made to the REAC Bylaws based on changes mandated by a pandemic, and are the requirements or processes still relevant. After some discussion Paul agreed to chair a committee, along with Liz, to look at what can be changed, what should be changed, and what does not need to be changed.

Alicia also discussed concerns she had regarding the heavy responsibilities associated with the position of Treasurer. Can some of those responsibilities be given to another officer, to relieve some of the pressure on the Treasurer, could some of those duties be shifted to our Administrative Support person,

what other efforts can be made to reduce pressure? She wants to form a committee to discuss the Treasurer position, but she will wait until she has time to discuss options with Suman. The Board agreed with Alicia's recommendations.

Retirement Board: There was no additional information to report.

Investment Committee: There was no additional information to report.

Health Care (Centers for Disease Control and Prevention): Alicia and Pete both attended the Health Care Planning meeting that took place on Wednesday, April 5, 2023. Telehealth, which was expanded for Medicare beneficiaries during the pandemic, will continue through 2024. In 2025, Telehealth coverage will no longer be available for individuals who live in most urban areas. The Inflation Reduction Act allows Medicare to negotiate costs for certain prescription drugs. By 2025, Out of Pocket expenses (OOP) for individuals on Medicare, will have their OOP expense allowance capped at \$2,000.00 which is really good news. Segal's claims analysis shows that medical claims costs are expected to increase by 7-8%, mostly due to new treatments, medical inflation and an aging population.

Pete added that this meeting was the beginning of negotiations for next year's plans. Concerns were expressed regarding the fact that Active members have a \$1900 Annual Dental Benefit, while retirees only have a \$1300 Annual Dental Benefit. In addition, a number of concerns were expressed concerning the limits to hearing aids, and the need to increase those options. Last year, a subsidy was approved for Early Retirees, but no subsidy was added for Medicare eligible retirees. In June 2023, Segal will present their preliminary report on the expected life time of the SRBR.

Alicia mentioned that Silver&Fit, which has been continued for 2024, increases the premiums of Kaiser Senior Advantage members by a little over \$2.00. She was curious about utilization. How many members are actually using the Silver&Fit options? Unfortunately, that information is ly not available. Kathy reported that they were able to get some numbers last year, but the company who Kaiser uses to track that sort of information, no longer provides it. It is the same situation they run into when trying to obtain information regarding Medicare. Kathy encouraged our members, who have run into difficulties with Silver&Fit, to let ACERA know. Often times, those issues can be resolved.

Activities: Charo gave a brief report on the success of the Spring Luncheon. 130 members signed up for the luncheon, 120 members attended. We had 11 guests from ACERA.

Membership and Recruitment: Charo reported that as of March 31, 2023, membership stood at 3,835 members, which was a slight increase from the February 2023 numbers.

REAC Website Redesign: Connie mentioned that they would be able to add the Treasurers report to the Website. They will retile the heading to Agenda, Minutes, & Treasurer's Report. Connie and Linda also mentioned that the new website is up and operational.

REAC News: The REAC Newsletter will include information regarding the election of the REAC Officers, the New Retirement Board members, and the Health Care meeting information.

Other Reports: No information to report.

Old Business: No information to report. .

For the Good of the Order:

Meeting adjourned at 12:05 PM

Respectfully submitted by Paul Reeves, Board Secretary

Next Board Meeting: Monday, May 8, 2023, 9:30 am
Zoom Video Conferencing Board Meeting