

**Minutes of the Meeting of the Board of Directors
Retired Employees of Alameda County
Monday July 12, 2021, 9:30 A.M.**

Zoom Video Conferencing Board Meeting

Marian Breitbart, President of the Board, called the meeting to order at 9:32 A.M.

Roll Call: Marian Breitbart, Paul Reeves, Suman Sharma, Connie Land, Mike Smart and Alicia Baptista were present. Dave Nelsen, ACERA Chief Executive Officer, Mike Fara, ACERA Representative, Nancy Reilly REAC Member and ACERA Retiree Alternate, Charo Panesi-Guerra, REAC Member and Administrative Assistant, Pete Albert ACERA Board President, Alice Westbrooks, REAC Member, and Rosalie Masuda, REAC Member, were present.

Minutes: Minutes of the June 14, 2021, meeting were reviewed. Suman moved that the Minutes from the June 14, 2021 Board meeting be approved as submitted. Marian seconded the motion and the motion was approved.

Announcements & Communications: Marian reported that the Retirement Board wanted us to include an announcement regarding the upcoming election to the Retirement Board Seat 2 in the REAC Website. After some discussion it was decided that we would include that information in our Website.

ACERA: Dave Nelsen, ACERA Chief Executive Officer, provided an update and some history on the 2012 “Vested Rights” Lawsuit. In 2020, the California Supreme Court published their decision on litigation that started in 2012 over changes to the state pension law affecting “legacy members” of ACERA and two other county retirement systems. Legacy members generally are those who have entry dates into ACERA membership prior to January 1, 2013, which was the effective date of the California Public Employees’ Pension Reform Act (PEPRA). This lawsuit related only to legacy members who retired on or after January 1, 2013.

ACERA has complied with the PEPRA ruling as of 2014. However, there is still the concern regarding a benefit provision generally referred to as “straddling” that may be eliminated. Straddling allows some members to cash out vacation twice, and have those additional benefits included in their benefit calculation. Alameda County is the only county currently using this provision. The State Attorney General was not supportive of that provision, and wanted the court to make a ruling which would eliminate that as an option. The Attorney General (AG) also wanted the court to make the order retroactive back to 2013 and require ACERA to recoup those funds. After some discussion, there was an agreement, that if ACERA would prospectively eliminate that benefit provision for new retirees, the AG would likely no longer push to have retroactivity included in the final decision, thus protecting all retirees from having their pensions potentially lowered and overpayments collected.

Mike Fara reported on the July 7, 2021, Retirees Committee meeting. There were three Action Items and two Information Items.

The first Action Item was the adoption of the 2022 Monthly Medical Allowance (MMA) for Group Plans. ACERA staff recommended that the Retirees Committee recommend to the Board of Retirement a motion to increase the 2022 Group Plan MMA by 3.125% for eligible retirees in the group plans, in accordance

with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary which results in a MMA maximum of \$596.73 for the Plan Year 2022. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve (SRBR) assets as employer contributions for pensions. The Retirees Committee voted to approve the ACERA staff recommendation.

The second Action Item was the adoption of the 2022 Monthly Medical Allowance (MMA) for Early Retiree Individual Plans. ACERA staff recommended that the Retirees Committee recommend to the Board of Retirement a motion to increase the 2022 Individual Plan Monthly Medical Allowance (MMA) by 3.125% for eligible qualified early (non-Medicare) retirees enrolled in individual plans through the Health Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$596.73 for Plan Year 2022. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve (SRBR) assets as employer contributions for pensions. The Retirees Committee voted to approve the ACERA staff recommendation.

The third Action Item was the adoption of the 2022 Monthly Medical Allowance (MMA) for Medicare Eligible Retiree Individual Plans. ACERA staff recommended that the Retirees Committee recommend to the Board of Retirement a motion to increase the 2022 Individual Plan Monthly Medical Allowance (MMA) by 3.125% for qualified Medicare eligible retirees enrolled in individual plans through the Medicare Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$457.13 for Plan Year 2022. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve (SRBR) assets as employer contributions for pensions. The Retirees Committee voted to approve the ACERA staff recommendation.

The first Information Item was a report, by ACERA's Benefits Consultant, The Segal Group, on Dental and Vision Plans Experience and Utilization. In addition, information regarding the dental and vision plans monthly premiums was also provided in preparation for next month's recommendation to adopt the dental and vision plans contributions for Plan Year 2022.

Dental Plans have a three year premium rate guarantee which covers February 1, 2021 through January 31, 2024. The Delta Dental PPO is \$44.15 and the DeltaCare USA is \$22.18. Those rates will not change for Plan Year 2022.

The Vision Plan has a five year premium rate guarantee which covers February 1, 2021 through January 31, 2026. The Base Plan is \$3.97. That rate will not change for Plan Year 2022.

The dental and vision plan utilizations, and the total paid claims, experienced a reduction due primarily to the suspension of non-essential health care services during the COVID-19 pandemic. The utilization rates are now experiencing a steady increase as things return to normal.

Mike also reported that ACERA has begun to allow, when necessary, in-person appointments. They will still encourage members to use phone or video appointments, but will allow in-person appointments on Tuesday and Thursdays.

Nancy mentioned that the Retirement Board would be having a hybrid meeting and that people could attend virtually or in person. Dave reported that there will be limited seating, because of the social distance requirement, but two of the Board Trustees are planning to attend in person, and he assumes other trustees will attend virtually. The first hybrid meeting will take place this week, July 15th, 2021

Nancy asked Betty Tse, ACERA's Chief Investment Officer, if she could have an investment representative attend our REAC Board Meetings on a quarterly basis, beginning with the September 13th Board meeting. Betty agreed to have one of her staff attend quarterly.

Paul asked Mike if there was still a concern, on the part of ACERA, with retirees enrolling in REAC electronically, which would not contain their signature. Mike mentioned that ACERA was updating their forms, and that their update would contain DocuSign which would meet any concern regarding a signature. Charo asked Mike if their new forms would include an "Opt-Out" box. When the employee retired, and decided to join REAC, they would automatically begin receiving our Newsletter online, unless they chose to Opt-Out. Mike thought that would not be a problem, but he would check on that and let us know.

Treasurer's Report: Suman presented the April-June 2021 Quarterly report. Receipts totaled \$24,893.20 and total Disbursements totaled \$13,255.61. There were no unusual receipts during the second quarter. The only unusual disbursement was the \$225.00 Web Hosting payment and the \$8.71 "1&1" charge for not using the most recent PHP software.

Suman then presented June 2021 Treasurer's report. Receipts totaled \$8,297.16 and total Disbursements totaled \$4,429.71. Suman asked Paul if REAC was going to be reimbursed for the \$8.71 charge from "1&1" for not using the most recent PHP software. Paul reported that the issue has been resolved and that "1&1" would reimburse us for the \$8.71 charge for June 2021 and the \$8.71 charge for July 2021. Paul contacted "1&1" and sent them a document which showed that we downloaded the most recent PHP software at the beginning of June, and therefore charging us for June & July was incorrect.

Paul motioned that the June 2021 Treasurer's report and the April-June 2021 Quarterly report be approved as submitted. Connie seconded the motion and the motion was approved.

CRCEA: Connie reported that there was no change from last month, so there was nothing new to report. Paul will notify CRCEA that Connie will now be REAC's CRCEA representative.

SACRS: Paul reported that there will be an in-person SACRS Fall Conference. It will be held on November 9-12, 2021 at the Lowes Hollywood Hotel. He will be attending as the REAC representative.

Retirement Board: There was no additional information to report.

Investment Committee: Marian reported that the Investment Committee meeting will be held this coming Wednesday, July 14, 2021. Marian reported that she might be able to attend. She also mentioned that she was curious as to how ACERA actually values for non-traded investments such as private equity or determines how well they were actually doing.

Health Care: Rosalie mentioned that she obtained most of her information regarding health care issues directly from the CDC website. Mike agreed to begin following health care information and then reporting back on any information which would impact retirees.

Activities: There was no new information to report.

Membership and Recruitment: Charo reported that as of June 30, 2021, membership stood at 3,911 members which was a slight increase over last month's numbers. Charo reported that we still needed to finish the new member recruitment letter and then have ACERA include it in a special mailing. Paul agreed to complete a draft and send to the Board prior to the next meeting. Paul will also make it a separate agenda item.

Administrative Staff Updates Charo reported that Ish Pena, ACERA Staff, suggested that we automatically send our Newsletter to all new members. The Board agreed, and she will send a welcoming letter to each new member and attach the most recent Newsletter. She also reported that the number of members who want to receive the Newsletter online has increased.

REAC News: The next REAC Newsletter will include information about the "Straddling" issue Dave reported on, an Investment Report, the MMA information, and requesting feedback on the REAC website.

Other Reports: There was no other information to report.

New Business: There was no new business to report.

Old Business: Revisions to the REAC Bylaws – Paul reported on the draft changes he made to the bylaws. Paul agreed to resend the draft documents to the Board, and carry over the item to the August 2021 Board Meeting.

Marian reported that Linda Barbaro recommended Linda Slater as someone who would be a good asset to the Board of Directors. Both Renaye and Paul also worked with her in the past and felt she would be a good addition to the Board. Once she has attended the required number of Board meetings, the Board can then vote to appoint her to the Board.

Election of REAC Officers – The Vice President positions remains open.

For the Good of the Order: Alicia mentioned that Alice Westbrooks left a comment before she signed off. She was receiving both a paper copy of the Newsletter and the electronic version. Alicia mentioned

that she also received both copies for well over a year. Charo will review both lists and make sure that our retirees are only receiving one copy.

Pete mentioned that ACRE was currently not planning to go back to live events and they are therefore not planning to hold a holiday luncheon. It is still being discussed, but thus far they are not considering holding live events. He wanted to know if we were considering holding live events. Marian told him we were not currently considering holding any live events and would also not hold a live holiday celebration.

Meeting adjourned at 11:06 A.M.

Respectfully submitted by Paul Reeves, Board Secretary

Next Meeting: August 9, 2021, 9:30 a.m. (Monday)
Zoom Video Conferencing