

**Minutes of the Meeting of the Board of Directors
Retired Employees of Alameda County
Monday June 8, 2020, 9:30 A.M.**

Zoom Video Conferencing Board Meeting

Mary Miller, President of the Board, called the meeting to order at 9:30 A.M.

Roll Call: Mary Miller, Marian Breitbart, Paul Reeves, Suman Sharma, Renaye Johnson, Connie Land, Mike Smart, and Liz Koppenhaver were present. Nancy Reilly, REAC member and ACERA alternate retired board member, and Mike Fara, ACERA Staff Representative, were also present.

Minutes: Minutes of the May 11, 2020 were reviewed. No errors or corrections were noted. Connie motioned that the Minutes from the May 11, 2020 Board meeting be approved as submitted. Mike seconded the motion and the motion was approved.

Announcements: No announcements or communications were reported.

Reports

ACERA: Mike Fara reported on the June 3, 2020 Retirees Committee Meeting. There were four Action items and six Information items.

The first Action Item was the approval of payment for the Implicit Subsidy cost for 2019. ACERA staff provided a letter from the County stating that the final Implicit Subsidy amount for 2019 was \$6,446,702. This amount was verified by Segal, ACERA's Benefits Consultant. The Retirees Committee voted to approve a recommendation to the Board of Retirement that it authorize a payment of \$6,446,702 to cover the Implicit Subsidy for Plan Year 2019.

The second Action Item was a recommendation that the Retirees Committee recommend to the Board of Retirement that it adopts a Statement of Intent to continue the Implicit Subsidy Program for health Plan Year 2021, following a determination by ACERA at the end of Plan Year 2021 that the amount is not greater than the actual retiree Implicit Subsidy. The recommendation was approved.

The third Action Item was a report and possible recommendation on Dental Care Provider Request for Proposal (RFP) and Awarding Contract for Plan Year 2021. Segal, ACERA's Benefits Consultant, provided a presentation describing the process, which included the review and scoring of the RFP responses from the bidders, and the recommendation on the finalist. The Retirees Committee voted to recommend to the Board of Retirement that it approve staff's recommendation to continue ACERA's retiree dental care coverage through Delta Dental and to award the dental care coverage contract to Delta Dental for Plan Year 2021.

The fourth Action Item was a report and possible recommendation on Vision Care Provider Request for Proposal (RFP) and Awarding Contract for Plan Year 2021. Segal, ACERA's Benefits Consultant, provided a presentation describing the process, which included the review and scoring of the RFP responses from the bidders, and the recommendation of the finalist. The Retirees Committee voted to recommend to the Board of Retirement that it approve staff's recommendation to continue ACERA's

retiree vision care coverage through Vision Service Plan (VSP), and to award the vision care coverage contract to VSP for Plan Year 2021.

The first Information Item was a presentation and report on Health Care Inflation/Trends for 2020 and 2021. The trend assumptions provided have been reset to start at 6.75% for non-Medicare plans and 6.25% for Medicare Advantage plans. These trend assumptions will be further adjusted to reflect the repeal of the Health Insurance Tax (HIT), resulting in 5.55% (6.75% less 1.20% for the HIT) for non-Medicare plans, and 5.35% (6.25% less 0.90% for the HIT) for Medicare plans. The trend used for Dental and Vision is 4.00%. The trend used for Medicare Part B is 4.5%.

The second Information Item was a report of the projected Benefit Costs funded through the Supplemental Retiree Benefit Reserve (SRBR). The report indicates that the terminal year of Other Post-Employment Benefits (OPEB) is projected to be 2039 with full benefits paid through 2038, for a total of 19 full years and one partial year. The terminal year of the SRBR for non-OPEB is projected to be 2037, for a total of 17 full years and one partial year.

The third Information Item was a discussion of the Monthly Medical Allowance (MMS) for 2021. Each year, the Retirees Committee recommends to the Board of Retirement a suggested dollar amount to be contributed towards retiree health care costs. This dollar contribution is known as the Monthly Medical Allowance (MMA). The MMA is a non-vested retiree health benefit provided in agreement with ACERA's Participating Employers through the use of Internal Revenue Code 401(h) accounts. 401(h) benefits are funded by employer contributions. After contributions are made, in accordance with the County Employees Retirement Law of 1937, ACERA treats an equal amount of SRBR assets as employer contributions available for paying pension benefits. After some discussion, it was decided to have the discussion continued at the Retirees Committee meeting in July 2020, at which time the Committee will decide on at least two options. Option 1 is to not increase the MMA amount for 2021. Current annual cost plus potential increase due to premium increase is \$35,217,666. Option 2 is to increase the MMA by 50% of the health care trend, 2.68%, which creates a potential increase in cost to \$35,673,395 and a potential annual cost difference of \$455,729.

The remaining Information Items included a 2021 Medical plans update, a brief report on Health Reimbursement Arrangement Account (HRA) account balances, and a brief report on the impact of COVID-19 on ACERA. ACERA has extended the March 31st deadline for retirees to submit their 2019 Health Reimbursement Arrangement (HRA) account reimbursement requests.

Treasurer's Report: Suman presented the May 2020 Treasurer's Report. Receipts totaled \$8,472.60 and Disbursements were \$2,183.50. There were no unusual receipts, disbursements, and no outstanding checks. Marian moved that the May 2020 Treasurer's Report be approved as submitted. Renaye seconded the motion and the motion was approved.

CRCEA: There was no additional information to report.

SACRS: Liz reported that several of the sessions which would have been presented at the SACRS 2020 Spring Conference, will now be given virtually. SACRS has partnered with UC Berkeley to provide an online "Public Pension Investment Management Program" as well as producing a series of Webinars which will cover the following topics: "The Ever Changing Fixed Income Landscape, "Global Market

Recovery in the Face of a Global Pandemic”, and “ESG Improvers: A New Alpha Enhancing Factor.” Specific details and additional announcements can be viewed on the SACRS Website.

Retirement Board: There was no additional information to report.

Investment Committee: There was no new information to report.

Health Care: Rosalie was unable to attend today’s meeting and there was no new information to report.

Activities: Rosalie was unable to attend today’s meeting and no updates to report.

Membership and Recruitment: Connie reported that as of May 31, 2020 membership stood at 3,936 members.

REAC News: The next REAC News will include information regarding COVID-19, the hiring of a retiree to fill the Administrative Staff position, information from the Retirees Committee, and how retirees can join the Virtual REAC Board Meetings.

New Business: There was no new business to report.

Administrative Staff Position:

Mary reported that the Interview board interviewed three candidates for the Administrative Staff position. All three candidates were very good and very qualified. The Interview board, after much discussion, agreed to offer the Administrative Staff position to Ms. Maria “Charo” Panesi. Paul motioned that REAC hire, Ms. Maria “Charo” Panesi, to fill the Administrative Staff position. Renaye seconded the motion, and the motion was approved. Mary reminded the Board that Ms. Panesi will actually be hired through an Employment Agency and not hired directly by REAC. Connie and Ms. Panesi will be meeting shortly to work out the transition, time reporting, etc.

New Business: There was no new business to report.

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

Meeting adjourned at 11:00 a.m.

Respectfully submitted by Paul Reeves, Board Secretary

Next Meeting: July 13, 2020, 9:30 a.m. (Monday)

Zoom Video Conferencing