

**Minutes of the Meeting of the Board of Directors  
Retired Employees of Alameda County  
Monday, June 10, 2024, 9:31 A.M.**

**Zoom Video Conferencing Board Meeting**

Alicia Baptista, President of the Board, called the meeting to order at 9:31 AM

**Roll Call:** Alicia Baptista, Dawn Stevenson, Cynthia Baron, Kathy Foster, Liz Koppenhaver, Linda Slater, and Marsha Rice were present. Charo Panesi-Guerra, REAC Member and Administrative Assistant, and Pete Albert, ACRE President, were present. Michael Fara, ACERA Communications Manager, Betty Tse, ACERA Chief Investment Officer, Agnes Ducanes, ACERA Staff, Norma Williams, Member, and Vera Franklin, Member were also present.

**Excused absences:** Connie Land, Paul Reeves

**Minutes:** Minutes of the May 13, 2024, REAC Board meeting were reviewed. Kathy Foster moved that the May 13, 2024, REAC Board Minutes be approved as submitted. Cynthia Baron seconded the motion and the motion was approved.

**Announcements & Communications:** Alicia talked to Dave Nelsen, the CEO of ACERA and he has volunteered to come and talk to us on any topic that we would like. She would like to add Dave to the agenda on a recurring basis, at least once a year. Think about topics for his presentation and then we can extend an invitation to him.

Alicia has spoken to Dave Grier at Red Arrow and to Gina Palmer, our layout person, about the newsletter. Last month's newsletter went out late. It was a long 10-page newsletter. There are rules regarding what can be put in the mail. Alicia will strive to keep her President's message at a decent length, while including important information. The standard for the newsletter has been 6 pages, and that is the easiest to get out. The longer the newsletter, the longer it's going to take to get it out.

**ACERA Investment Update – Betty Tse – ACERA Chief Investment Officer:** Betty began by saying it is a good report. The last report results in late 2023 were not as good because 2022 was a tough year. The Total Fund for 2023 has performed well. This investment update further confirms that ACERA's diversification approach to the Total Fund is working. For the year ending December 31, 2023, the Total Fund returned 12.7% and ended with a market value of \$12.25 billion dollars. The fourth quarter of 2023 was a particularly strong quarter with the total over 7% for that quarter alone. Three out of the four quarters of the year were good quarters in terms of return. Paper earnings for the last twelve months are over \$997 million dollars. This is a strong return when you consider that number is calculated after paying for administrative expenses and members' benefits.

The one-year Total Fund returns of 12.7% outperformed ACERA's policy index by 130 basis points. This return indicates the Total Fund has exceeded ACERA's 7% actuarial return assumptions and has helped to improve the fund's status to 88% from the previously recorded 86.9%. The Total Fund's strong performance helped place ACERA in the upper 28<sup>th</sup> percentile in our Peer Universe.

Real Estate as an Asset Class outperformed its benchmark by 119 basis points. The most impressive Asset Class in 2023 relative to benchmark was scored by Private Equity which returned 9.31%.

There was one underperformer, U.S Equity, in the Asset Class Performance, which underperformed by about 13 basis points compared to its benchmark.

In conclusion, the continued diversification of the Total Fund is an important tool in helping to meet policy goals in the long run. With the help of NEPC, Betty is confident that ACERA will be able to achieve policy goals on our behalf.

Linda asked if the Allocations would remain the same or no change. Betty explained that for now, Allocations are to remain the same.

Alicia asked Betty about the “Peer Universe” and if it is the 37-Act Counties or if it is larger. Betty indicated it is larger. It is peer funds of similar size to our size across the country.

**ACERA:** Michael Fara, ACERA Communications Manager, provided his report on the June 5, 2024, Retirees Committee meeting. There were two Action Items and eight Information Items.

The first Action Item was a discussion and possible motion to recommend that the Board of Retirement approve payment for Implicit Subsidy Costs for 2023. After the discussion, the Retirees Committee voted to recommend to the Board of Retirement an authorization for Staff to transfer \$4,037,312 from the Supplemental Retiree Benefit Reserve account to the County Advance Reserve for Plan Year 2023.

The second Action Item was a discussion and possible motion to recommend that the Board of Retirement adopt a Statement of Intent to fund the Implicit Subsidy program for Plan Year 2025. After the discussion, the Retirees Committee voted to recommend to the Board of Retirement the adoption of a Statement of Intent to continue the Implicit Subsidy Program for health Plan Year 2025, following a determination by ACERA at the end of Plan Year 2025 that the amount is not greater than the actual retiree Implicit Subsidy.

The first Information Item was a Presentation and Report on Health Care Inflation Trends. The purpose of the Presentation and Report was to provide ACERA with recommended assumptions to be used for the December 31, 2023, Supplemental Retiree Benefit Reserve (SRBR) Valuation for projecting benefits based on ACERA’s substantive plan. The near-term trend assumptions will increase to 8.50% for non-Medicare plans and 16.47% for Medicare Advantage plans. The annual trend assumptions for dental and vision remain at 4.00%. However, due to the two- year 2024 rate guarantee for dental, and the five-year 2021 rate guarantee for vision, the first year of trend rates will be 0.00%. The trend used for Medicare Part B will remain at 4.50%. Segal, ACERA’s Actuary, is using the lowest trend of 8.50% for medical inflation as the most conservative approach. Therefore, based on the substantive plan design, a 4.25% increase would be applied to the projections for the MMA for the December 31, 2023, SRBR Valuation.

The second Information Item was a Preliminary Report on Projected Benefit Costs Funded through the SRBR. The purpose of the presentation by Segal, ACERA’s Actuary was to provide a Preliminary Report of the SRBR financial status, and in preparation for setting the Monthly Medical Allowance (MMA), and Vision and Dental subsidies for 2025.

Every year, projections and valuations are made so the Board can keep track of how much is going out of the SRBR, how much is coming in, and how much the Actuaries future predictions of the lifespan of the SRBR is projected to be. The Board sets its line at 15 years for SRBR lifespan, if not more. If the

Actuary predicts less than 15 years, that is when the Board – in the past – has made adjustments to the Benefits so that they can increase the lifespan and continue to offer these Benefits into the future. The official valuation was done in September/October 2023 for Fall and the lifespan decreased by 4 years from 27 years to 23 years.

The two categories paid out of the SRBR are the Other Post-Employment Benefits (OPEB) and the Non-OPEB. Projections on these categories are done separately. OPEB benefits are going up and the Non-OPEB benefits was going down. They asked the Board if they wanted to equalize the two by taking some money from the OPEB side and putting it into to the Non-OPEB side to equalize the sufficiency period between the two. The Board chose to equalize the sufficiency and that is the reason for the 27 years going down to 23 years.

The third Information Item was a presentation to provide background information on the MMA benefit paid from the SRBR, and the substantive plan definition for Group and Individual Plans cost comparisons for the 2024 and 2025 Plan Years.

Each year, the Retirees Committee recommends to the Board of Retirement (Board) 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. 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.

Non-Medicare eligible retirees (early retirees) have the option of enrolling in Kaiser Permanente or UnitedHealthcare SignatureValue HMO or UnitedHealthcare SignatureValue Advantage HMO group plans. Medicare eligible retirees have the option of enrolling in the Kaiser Senior Advantage group plan. Group plan premiums are deducted from the retirees' monthly payroll amounts and offset by the MMA subsidy amount, which is based on years of service.

For early retirees, the premium exceeds the current MMA, which results in an out-of-pocket cost. For Medicare eligible retirees, the MMA covers the group plan premium for those with 15 years or more of service. Those with less than 15 years of service pay an out-of-pocket cost.

Retirees may enroll in an individual plan on the Medicare Exchange and receive an MMA based on years of service. The individual plan MMA provides reimbursement through a Health Reimbursement Arrangement (HRA) for premiums, co-pays and deductibles, but is limited to an annual amount.

Alicia asked Mike how REAC should provide recommendations to the Board. Mike replied that when it is an Action Item, the Committee Chair will ask if there are any comments before voting and that is the time to make any comments.

Pete suggested sending an email in advance of the meeting to the Chair, Elizabeth Rogers.

The fourth Information Item was a presentation for 2025 Medical Plans Update/Renewal Requests of ACERA/County of Alameda. The presentation was on the medical plan renewal requests of ACERA and the County of Alameda for Plan Year 2025, for Kaiser and UnitedHealthcare coverages.

With these renewal requests, ACERA focuses on getting different cost amounts for possible enhancements. The main focus this year is costing out the premium rate increases for hearing aid benefits for the Kaiser plan. Also, an update on the cost for continuing the Silver&Fit plan for the next year.

The fifth Information Item was a presentation on the Health Reimbursement Arrangement Account Balances and Reimbursements. The purpose of this presentation was to see how sufficient the MMA is to pay the costs of people enrolled in individual plans.

351 of the Medicare eligible retirees used all of their funds which is 25%.

160 20-year retirees used all of their funds which is 18%.

123 early retirees used all of their funds which is about 25.8%

The sixth Information Item was a presentation on Over Age 65 Medical Plan Compliance. The purpose of the presentation was to provide information regarding over age 65 retirees who are not in compliance. ACERA passed a Medicare mandate for ACERA retirees who want to seek medical coverage through an ACERA plan. Members have to choose a Medicare plan if aged 65 or older. The mandate has not been enforced. It's more expensive for the member and for ACERA if they stay on the early retiree plan. There are higher premiums and a Kaiser surcharge. Premiums go up for everyone. In the analysis, there were 85 retirees over the age of 65 in the early retiree plan. Through multiple avenues of contact, 7 are left in the early retiree plan. Their group plan coverage will be ending through ACERA, July 1, 2024. They are still Medicare eligible. This will be a qualifying event and they will have 30 days to get enrolled in one of the group plans. If that is not done, then they can make selections during Open Enrollment in November.

The seventh Information Item was a presentation on Plans for Open Enrollment and Retiree Health and Wellness Fair. The purpose of the report was on the planning for ACERA's annual Open Enrollment and Retiree Health and Wellness Fair. The annual Retiree Enrollment Guide, which includes all plan information and premiums for ACERA-sponsored plans, will be mailed out early October with ACERA's Open Enrollment period occurring in November. ACERA is holding their first hybrid Retiree Health and Wellness Fair this year where retirees can attend either in-person or via Zoom.

The eighth Information Item was a Report on the Annual Health Care Planning Meeting with Retiree Groups. Staff will provide a report on its annual meeting with retiree representatives regarding ACERA-Sponsored health plan issues. The following items were on the agenda: presentations by Segal regarding legislative/regulatory updates; health care market overview; and an overview of ACERA's dental and vision plans. Presentations made by ACERA staff were: an update on ACERA's wellness program; information on DocuSign forms; a new member services portal "MemberDirect"; and, information on ACERA-sponsored medical plans.

Alicia asked a question about two of the ACRE/REAC Discussion Topics that representatives from the retiree associations requested Staff to consider. Check to see if Kaiser's Silver&Fit program contract allows the retiree to pay the difference between the gym's membership fee and the amount that Kaiser/Silver&Fit reimburses the gym. Update – the contract does allow retirees to pay the difference. She then heard Trustee Ophelia Basgal say the gym must be a member of the program. Mike then

clarified that it can only happen with a Premium Gym in the Silver&Fit rules. There are search instructions on the Silver&Fit page for Standard and Premium Gyms, <https://www.acer.org/silverandfit> If your gym is not included, "Request Your Gym Be Included" <https://www.silverandfit.com/ash-networksearch-engine/nomination>

Explore providing reimbursement for medical insurance coverage for retirees who live outside of the United States. Alicia heard Carlos say that there was a way for this to happen, but she was unclear as to how that would happen. Kathy said that Carlos talked to VIA Benefits, and they can reimburse for a foreign plan. She is not sure if there would have to be Board involvement to change the SRBR policy with the MMA. The documentation from the foreign carrier has to be interpreted by VIA Benefits. It should be easy to review and identify premium information to set up the reimbursement. It sounds like it can be done with the right verification from the foreign carrier. Alicia mentioned a REAC member has been inquiring about this topic. Kathy suggested the member should contact Carlos now, for maybe next year's coverage. Alicia will contact Carlos before referring the member.

Alicia moved that the MMA is increased for 2025 at the specified rate of 4.25%. Liz Koppenhaver seconded the motion and the motion was approved.

**Treasurer's Report:** Liz presented REAC's May 2024 Treasurer's Report. The beginning Interest Privilege Account balance was \$25,130.57. Receipts totaled \$8,024.51 and included \$500.00 from our 1st United Credit Union advertisement, \$7,524.00 from membership dues, and \$0.51 in interest. Disbursements totaled \$7,989.76 and included \$2,322.71 to Red Arrow for the Newsletter, and \$114.34 for condolence cards, \$590.83 for postage, \$850.00 for officer monthly stipends, reimbursements for \$832.26, Select Staffing for \$1,462.88 which included a \$6.51 pay increase, the surplus is \$34.75. The ending Interest Privilege Account balance was \$25,165.32 and total assets were \$249,080.64. Linda Slater moved that the May 2024 Treasurer's Report be approved as submitted. Dawn Stevenson seconded the motion and the motion was approved.

**CRCEA (California Retired County Employees Association):** Alicia reported that Marsha Rice has agreed to be the CRCEA Alternate Delegate effective immediately.

Marsha provided the CRCEA report for Connie Land. The May Executive Committee meeting was cancelled. The next meeting is June 19, 2024.

CRCEA sent a request, on behalf of Association of Mendocino County Retired Employees (AMCRE), for information regarding each association's records retention policy. Before responding, need help to know if REAC has a records retention policy and if so, provide the location. If none, suggest we address this matter at an upcoming meeting. Paul has mentioned to Alicia that REAC has a retention policy. She will confer with Paul for assistance.

REAC 2025 Fall Conference Planning Committee Update: The Planning Committee will meet on June 14<sup>th</sup> to discuss the proposals received from DoubleTree Newark and Pleasanton. Next steps are to review proposals and review the CRCEA Conference Manual. This committee meets monthly via Zoom.

**SACRS (State Association of County Retirement Systems):** There was no new information to report.

**Retirement Board:** SEE ABOVE: ACERA

**Investment Committee:** SEE ABOVE: ACERA Investment Update

**Health Care (Centers for Disease Control and Prevention):** Linda reported that there is not much going on with COVID-19 or other diseases in Alameda County. Allergies are the biggest issue right now. ACERA had an interesting article about depression and your oral health <https://www.acera.org/wellness/depression-and-your-oral-health>

**Activities:** Alicia stated that the next big activity is the Fall Luncheon on October 21, 2024. She has spoken to Yolanda Smith at Kaiser who will present on Silver&Fit, as well as other benefits that Kaiser's Senior Advantage members have not been taking advantage of, like glasses and other topics. The luncheon committee, Alicia, Charo, and Dawn will meet later this month to finalize details. The registration form will be in next month's newsletter.

**Membership and Recruitment:** Charo reported that as of May 31, 2024, membership stood at 3,763 members, which is slightly lower than the previous month.

**REAC Website Update:** Alicia presented the report for Connie Land. The Web Redesign project is complete. No requests for any new updates.

Here is a report from our Web Designer providing the activity to our website.

Over the past 28 days, there have been 273 unique visitors (different) people to the REAC website. This is a slight decrease from last month for which it was 287. The average time spent on the site was 4 minutes and 37 seconds. The most-visited pages this month were the Member Resources, followed by the Membership page and the What We Do page.

**REAC News:** The REAC News will contain the ACERA Investment Update, highlight some of the updates from Mike, especially our recommendation to increase the MMA, and a few other things that were mentioned.

**Other Reports:** There was no new information to report.

**Old Business:** Alicia would like all of the officers present to discuss REAC's 2024 Goals and Objectives. There is an updated list from Paul. What should be our priority, she has chosen, number 1: Membership Drive. Number 2: the Membership Survey, how many people are using the \$500.00 See's discount that we are paying for annually. We will discuss it next month.

**New Business:** Linda asked with the hybrid ACERA health fair, is REAC planning to have a table. Alicia would like to do something at the event.

Kathy mentioned that ACERA will send out an invitation to previous vendors and participants

**For the Good of the Order:** No information to report.

Meeting adjourned at: 11:42 a.m.

Respectfully submitted by Dawn Stevenson, Vice President

**Next Board Meeting: Monday, July 8, 2024, 9:30 am**  
**Zoom Video Conferencing Board Meeting**