

Minutes of the Meeting of the Board of Directors

Retired Employees of Alameda County

Monday, May 13, 2019

Health Care Services Agency Building, Room 200B, 1000 San Leandro Blvd., San Leandro, CA

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

Roll Call: Mary Miller, Marian Breitbart, Paul Reeves, Renaye Johnson, and Connie Land were present. Nancy Reilly, REAC member and ACERA alternate retired board member, Pete Albert, ACRE President, and Phil Wolsong, member (via phone), were also present.

Minutes: Minutes of the April 8, 2019 Board meeting were reviewed. A motion was made by Marian and seconded by Renaye, that the minutes be approved as submitted. The motion was approved.

Announcements: Paul reported that he received several calls from members regarding the proposed dues increase. A few of those calls were against raising the dues, but the majority were in favor of raising the dues.

Reports

ACERA: The May 1, 2019 Retirees Committee meeting was cancelled.

Treasurer's Report: Mary distributed copies of the April 2019 Treasurer's report. Receipts totaled \$4,667.56 and Disbursements were \$3,409.46. There were no unusual receipts or disbursements. Connie moved that the April 2019 Treasurer's report be approved as submitted, Paul seconded the motion and the motion was approved.

Mary reported that we filed for an extension for the 2018 Income Tax reporting. The IRS granted the request for the extension and we expect to complete and file our 2018 Income Tax by the end of either June 2019 or July 2019. Since REAC is not required to pay anything, the delay in filing does not create any problems for REAC.

CRCEA: The CRCEA report, on the CRCEA 2019 Spring Conference, was carried over to the June 10th REAC Board meeting.

SACRS: Paul reported that he was unable to attend the SACRS 2019 Spring Conference. Nancy reported that both she and Liz were able to attend and that they both found the conference to be helpful and informative. A lot of the discussions focused on topics related to the China Tariff issues and the impact that those issues have had, and will potentially have, on the US economy. Additional items included discussions related to long term vs. short term investments, how unanticipated changes tend to negatively impact long term investments, and a broader view of how global issues impact our investment portfolio.

Pete asked Nancy if she attended the Legislative Committee meeting and what did she think of it. Nancy reported that she did attend the meeting and found it interesting. A lot of the discussions focused on the various law suits which seek to change the "California rule." The general consensus was that any final

decisions regarding those law suits would not be made until 2020 at the earliest. The guest speakers were Mike Robson and Trent Smith, SACRS Legislative Advocates.

Retirement Board: There was no additional information to report.

Investment Committee: Marian reported that she attended the April 17, 2019 Investment Committee meeting. There were no action items, and two information items. The first information item concerned Asset-Liability Integration and the second information item focused on a discussion regarding establishing a working group to evaluate a possible ESG policy. The work group will try to determine where ACERA's resources need to be invested. Items to consider include climate change issues, alternative power sources, reliance on oil, and how to make investment decisions that still maximize the return on our investments and protect our resources for future retirees.

Health Care: Rosalie was unable to attend today's board meeting so the item was carried over to the June 10th board meeting.

Activities: Pete mentioned that ACERA did have their wellness walk around Lake Merritt, and that he thought as many as 70 individuals did participate. During the balance of 2019 ACERA will be hosting 5 wellness events and 2 additional wellness walks.

Membership and Recruitment: Connie reported that as of April 30, 2019 membership stood at 4,086 members. The Director Recruitment item was carried over to the June 10th board meeting.

REAC News: Mary reported that she will be on vacation and unable to work on her portion of the REAC Newsletter. Marian agreed to cover for her.

Old Business: Membership and possible dues increase. Connie distributed five document Options which REAC could use to notify member of a dues increase. Each of those Options would also provide those members who no longer wish to be members, an easy way to opt out of the dues increase and notify REAC and ACERA of their decision. Connie also informed the Board about the cost of each of the five Options. The cost of the options ranged from a low of \$2,000.00 for Option 1, to a high of \$4,700.00 for Option 5.

After some discussion, the board felt that Option 1 would be the least confusing, the most cost effective, and the easiest to work with. The Board also discussed giving retirees more advance notice by making the effective date August 1st. Mary moved that the REAC dues be increased from its current \$1 dollar per month to \$2 dollars per month and that the effective date of the increase be 8/1/2019 with the change being reflected in the 8/31/2019 payroll. Renaye seconded the motion and the motion was approved with one nay vote.

Marian moved that Option 1 be used as the notification document, and that the funding associated with Option 1 also be approved. Renaye seconded the motion and the motion was approved.

Pete mentioned that REAC also needed to update its recruitment letter to reflect the change in the dues amount. Connie also mentioned that the payroll authorization cards would need to be changed to reflect the new \$2 dollar per month dues amount. In order to continue to use the current card supply, Mary agreed to contact Mike Fara of ACERA and ask if ACERA will accept payroll authorization cards which

have had hand written changes to the dues amount. Marian moved that Connie be authorized to have the new payroll authorization cards created. Renaye seconded the motion and the motion was approved.

Mary will also ask Mike if ACERA can provide us with a list of the individuals who signed the \$1 authorization cards **after** the May list of new members is given to REAC. Those individuals may fall in a gap, having authorized \$1 when the dues amount has actually been changed to \$2. We will need to send those individuals a dues increase letter.

Old Business: 2019 Goals & Objections – Item carried over to the June 10th Board meeting.

New Business: Spring Luncheon – Invited guests. REAC has had a long standing practice of inviting various guests, on a complimentary basis, to the REAC Spring Luncheon. Typically, the guests who are invited have helped or supported REAC in some fashion during the preceding year. The last review of the list of invited guests was made in 2013. With that in mind, the REAC Board has decided to review the current list and determine if any changes should be made to the list. Renaye has agreed to review the list and to make recommendations to the Board regarding possible changes, if any.

For the Good of the Order: Nancy mentioned that a member had asked a question regarding the ACERA Statement of Reserves for the six months ending December 31, 2018. The specific question was about the negative amount reflected in the line for Net Contributions Benefits, refunds and transfers.

Nancy contacted ACERA for an explanation. According to ACERA, the net amount represents contributions received from the employers, less retirement benefits and refunds paid out, and the transfer between the reserves (Such as between the SRBR and Employer Advance Reserve for 401(h) contribution and the implicit subsidy) as well as transfers from member and employer advance reserves to retired member reserves at the time of members' retirements throughout 2019. The negative number at the bottom represents the bulk of the negative drawdowns/liquidity.

Meeting adjourned at 11:30 a.m.

Respectfully submitted by Paul Reeves, Board Secretary

Next Meeting

June 10, 2019, 9:30 a.m. (Monday)
Health Care Services Agency Building, Room 135
1000 San Leandro Blvd, San Leandro