

**Minutes of the Meeting of the Board of Directors
Retired Employees of Alameda County
Monday October 9, 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, Dawn Stevenson, Paul Reeves, Connie Land, Cynthia Baron, and Marsha Rice were present. Betty Tse, ACERA Chief Investment Officer, Ish Piña, ACERA staff, Agnes Ducanes, ACERA Staff, Charo Panesi-Guerra, REAC Member and Administrative Assistant, and Pete Albert, ACRE President were present.

Minutes: Minutes of the September 11, 2023 REAC Board meeting were reviewed. Connie moved that the September 11, 2023 REAC Board Minutes be approved as submitted. Marsha Rice seconded the motion and the motion was approved.

Announcements & Communications: Alicia reported that Marsh Rice has been appointed to the REAC Board of Directors, filling the vacancy created by Suman Sharma's resignation.

Alicia reported that she has finally contacted someone in Select Staffing, which will be joining EmployBridge shortly, regarding their changes in invoicing and questions about the identity of our account manager. There have been multiple staff changes in recent months. After many emails, and many phone calls, she was finally able to speak with a staff person from Select Staffing. Select Staffing has assigned Sandra Carrion Guerrero as REAC's Account Manager. Ever since REAC hired an Administrative Assistant, Select Staffing has sent us monthly time sheets and invoices. However, Select Staffing recently began to send us both weekly and monthly time sheets. After Alicia's discussions regarding the problems we have been having with Select Staffing, they agreed to only send us monthly time sheets, which make our payment process much more efficient. EmployBridge also agreed to waive the late fees they were going to charge us. Our Administrative Assistant has now been paid, and we are current with Select Staffing.

ACERA: Ismael Piña, ACERA Staff, provided his report on the October 4, 2023 Retirees Committee meeting. There was an Information Item regarding the final stages of preparing communication pieces for ACERA's annual Open Enrollment for the Plan Year 2024, as well as the Virtual Retiree Health and Wellness Fair, which will be held on October 26, 2023. There will be several presentations, one of which will be provided by Kaiser and it will focus on issues related to back care for seniors. The Kaiser presentation will be given by Kevin, who was the same gentleman who did last year's presentation. There will also be presentations by Delta, VSP, and VIA Benefits. The website will be up and will include links to each of the items covered.

The Open Enrollment packets will be mailed out shortly. The Enrollment documents are currently on the ACERA website, so that you can download any of the flyers or Enrollment documents if you did not want to wait to receive the paper copies in the mail. In addition, all the presentations will be added to the website for those who miss the virtual event.

The Medicare Part D Certificates of Creditable Coverage will be printed and mailed out as soon as they are ready.

Cynthia reported that there were also two Action Items; The first Action Item was a discussion and possible motion to recommend that the Board of Retirement accept Segal's Actuarial Valuation of the Other Post Employment Benefits (OPEB) and the Non-OPEB Benefits provided by the Supplemental Retiree Benefit Reserve (SRBR), including Sufficiency of Funds, as of December 31, 2022. The Retirees Committee voted to recommend to the Board of Retirement a motion to accept the December 31, 2022 SRBR Actuarial Valuation prepared by Segal. Based on the Actuarial Valuation, the SRBR funding for the OPEB, which includes the medical premiums and the death benefit, is anticipated to last for 27 years, plus 1 partial year. The Non-OPEB benefit, which includes the annual COLA, has sufficient funds to last for 15 years, plus 1 partial year.

The second Action Item was a discussion and possible motion to recommend that the Board of Retirement adopt the amendments, if any, to the Supplemental Retiree Benefit Reserve Policy. The Retirees Committee voted to recommend to the Board of Retirement a motion to adopt the SRBR without revisions.

Cynthia also mentioned that once the latest Consumer Price Index (CPI) for the Bay Area is known, there may be additional discussions about the possibility of moving some funds from the OPEB allocation, which is anticipated to last for 27 years, to the Non-OPEB allocation which is anticipated to last only 15 years. At this point, it is only a discussion topic, and there are no plans to make any changes until the CPI is known.

Betty Tse, ACERA Chief Investment Officer, presented her Investment Update. Betty began by saying that since her last update, on April 10, 2023, the news is good. The total fund has performed very well: it has gained 79 basis points for the first 6 months of 2023, delivering a 7.46% return on investments, which exceeds the actuarial investment return assumption rate of 7.0%. It also exceeded the policy index of 6.67%. Most Asset Classes performed well, relative to their expected benchmark. For example, both International Equity and Private Equity exceeded 150 basis points compared to their benchmark.

We did have one under performer in the Private Credit Asset Class, which underperformed about 200 basis points compared to their benchmark. Betty pointed out that the total fund has earned, in the last six months, \$600 million dollars. However, in 2022, the total fund lost 11.5%, so the funds gains thus far in 2023 have not yet caught up. Looking at the 1-year history, as of June 30, 2023, the total fund outperformed the Policy Index by 40 basis points. However, we underperformed Median by 15 basis points. Looking at the 25-Year mark, our return was 7.14% which outperformed the Median which puts us in the 9th percentile.

ACERA consistently strives to diversify their investments. As an example, the target for the Private Equity Asset Class is 11.0% and the current actual is 9.5 %, so they are getting close to the desired outcome. Also, when looking at the Private Credit Asset Class, the target is 4.0% and the actual is 2.7%. The Board continues to add different Asset Classes to further diversify the total fund. Beginning in 2017, the PEARLS Asset Class was dissolved and replaced with Private Equity, Absolute Return, & Real Assets. In 2019, the Board added Private Credit as the most recent Asset Class.

In conclusion, for the period ending June 30, 2023, the portfolio's one year return was 7.73%, the policy index returned 7.33%, and the median plan returned 7.88%. Despite a volatile year in 2022, the ACERA portfolio has performed well during the 1st half of 2023 returning a positive 7.46%. The ACERA Total Fund continues to increase its exposure to alternative asset classes to enhance portfolio diversification and risk-adjusted returns.

Lastly, the ACERA Board adopted Staff's recommendation to select NEPC, formally known as New England Pension Consultants, as its next General Investment Consultant after a very comprehensive 12-month RFP process.

Treasurer's Report: Liz was unable to attend today's Board meeting and Connie presented both the September 2023 Treasurer's Report and the July-September 2023 Quarterly Report.

Starting with the September 2023 Treasurer's Report, the check book beginning balance was \$63,875.00. There were no unusual receipts, and the total receipts were \$8,125.02. There were no unusual disbursements. Liz wanted Connie to highlight the fact that there were no payments made to Red Arrow, who is again having difficulty with their billing process and sending us their invoices. Liz is aware of the problem and will keep us posted. We received membership dues totaling \$7,624.00 and \$500.00 from the 1st United Credit Union for their advertisement in the Newsletter. Disbursements included officer stipends, Newsletter Layout, and Select Staffing payments.

Liz was able to successfully transfer \$40,000.00 to a 1st United Credit Union Money Market Account. Disbursements for the Money Market Purchase and the normal monthly disbursements totaled \$42,932.65 leaving a check book balance of \$29,067.37. Total Assets were \$250,680.83.

Alicia reminded the Board that our Treasurer's Report for next month will contain the funds we spend for the Fall Luncheon, which include the rental of the facility, meals, gifts, flowers, etc. Some of those costs will be offset by the funds we receive from retirees who attend, but there will still be costs to us.

Connie presented the July-September Quarterly Report. This report reflects income and disbursements for the first nine months of 2023 and it provides a comparison of the amounts budgeted for that period and the actual year to date. Each budget line item should reflect income and disbursements relatively close to 75% as budgeted. Each exception to that standard is explained in the budget. For example, at the beginning of the year we were not certain that we would be able to host a Spring Luncheon, so we only budgeted \$1000 as a place holder. We did end up hosting a Spring Luncheon, so we spent 168.60% more than was budgeted. Our year to date income totaled \$74,908.88 which is 72.35% of the amount budgeted.

With respect to our disbursements, the only line item which is not close to the 75% target is Red Arrow. Red Arrow has delivered the service, but they have only billed us for 45.18% of what we owe them. Every other line item is relatively close to what we budgeted. In addition, many of the budgeted line items are normally paid during the last quarter of the year. Our year to date disbursements were \$55,329.78 which is 53.44% of the amount budgeted. Connie also pointed out that there were number signs (#) in 4 of the line item boxes at the bottom of the report. She mentioned that the actual numbers in those boxes exceeded the spaces allowed, so number signs appeared instead of numbers. The report will be corrected before it is added to the website. The year-to-date figures reflect the correct amounts. In the August column, on the very bottom of the report, in the Surplus/Deficit box, the actual figure is (\$49,137.55). In the September

column, in the New CD Purchase box, the actual figure is \$40,000.00. In the September column, in the Total Expenses plus CD Purchase box, the actual figure is \$42,932.65, and in the September column, in the Surplus/Deficit box, the actual figure is (\$34,807.63).

Paul moved that both the September 2023 Treasurer's Report and the July-September 2023 Quarterly Report be approved as submitted. Marsha seconded the motion and the motion was approved.

CRCEA (California Retired County Employees Association): Connie provided her CRCEA report. The September Executive Committee meeting was held on September 20, 2023. Meeting highlights: Contra Costa County is the host county for the 2024 Fall Conference. Negotiations are underway with the Embassy Suites-Walnut Creek. This is the same hotel they used before. Rates are reasonable. Work is continuing on other aspects for the conference. The CRCEA Conference Chair requested authorization to explore options with hotel chains for conferences. Generally, you can obtain better rates with this type of arrangement. The motion was approved. Progress updates will be provided at a future meeting. The Vice President and Secretary positions are up for election. Both incumbents have decided to run again. The Conference Brainstorming Subcommittee met 2 times. Since the sub-committee was comprised of a small representation of counties, it was decided to discuss the matter the first day of the Fall Conference. This way, each county in attendance could express their concerns. The matter was continued.

CRCES 2023 Fall Conference: The CRCEA 2023 Fall Conference was held on October 1 thru October 4, 2023 at the Hilton Hotel in Stockton, CA. The host county was Retired Public Employees of San Joaquin County (RPESJC). In addition to Connie, Kathy Foster attended.

The conference was well organized and informative. There was great sponsorship from the Affiliates, credit union and others. There were about 60 attendees from various counties. A number of counties had more than one attendee. There were sessions of serious importance, sessions of general interest and interactive sessions to give and receive ideas to help County Associations with the way they do business. Some of the sessions of serious importance were: Retirement Reimagined: Navigating an AI-Powered Future and Legislative Update.

Highlights: Retirement Reimagined: Navigating an AI-Powered Future was presented by San Joaquin County Employee Association – CEO.

Artificial Intelligence (AI) is intelligence demonstrated by machines, as opposed to natural intelligence. The study of how the brain actually works to help solve the world's most complex problems, probe security weakness, fight cyber wars, etc. San Joaquin is looking into ways of using AI in the areas of job tasks, document processing, and data analysis, etc. AI is being looked at in other counties as a means to streamline processes and be more efficient. AI does not remove the human element but helps with many of the routine repetitive processes.

Legislative Update: Very little is going on in the area of the public pension world. This is great news. Lots of discussion on climate change, housing and homeless, criminal justice, mental health act, and budget deficit.

General Interest Sessions: Senior Fraud and Prevention, Master Plan of Aging, Senior Homelessness, etc.

The Business Meeting was informative. Continued discussion from the Monday meeting where there was open discussion on future conferences. There were representatives from 16 of the 20 counties present. After a lengthy discussion, the following was decided:

Explore the option for the Spring 2024 Conference to be a hybrid (Zoom and in person). Identify issues/concerns and report back, perform test sessions, etc. Of particular concern were technical issues. The item was assigned to the CRCEA Technology Committee.

Explore regional conferences, focusing on destination sites; establish relationships with specific hotel group(s) in a destination site, etc. Target date for implementation: Spring 2026 Conference. This was assigned to the CRCEA Ad Hoc Conference Subcommittee.

Explore funding options i.e. increased dues per member per county association, flat fee per county association based on some equitable method, sponsorship, etc. REMINDER: CRCEA does not generate revenue; major source of revenue comes from association dues. This was assigned to the CRCEA Ad Hoc Conference Subcommittee.

Progress reports will be provided at each monthly CRCEA meeting.

Reminder: It's REAC's turn to host a CRCEA Conference in the Fall of 2025. The Planning Committee met on September 29, 2023. The committee members are Liz, Kathy and Connie. Identified a number of area hotels (more will be added) and discussed the CRCEA Sample Conference Checklist. A lot of ideas were picked up at the most recent conference. As a result of the Fall Conference, we will need to add to this Committee, a person who is comfortable with soliciting funds. Another meeting is scheduled for October 27, 2023,

CalPERS Lawsuit Update: The Settlement became Final on September 28, 2023. No appeals were filed. The website is updated with this current information. Under the term of the Settlement, your Final Settlement and Award amount will be determined as of this date. In January 2024, you will receive a mailing from the Settlement Administrator providing (1) notification of your Final Category and Award; (2) a Dispute Form; and (3) a check in the amount of your final award.

Policyholders are encouraged to check the website (<https://calpersItcclassaction.com>) frequently to stay updated or they can contact the Settlement Administrator at: 1 (866) 217-8058 (Toll Free)

SACRS (State Association of County Retirement Systems): Paul reported that Kathy will be attending the SACRS 2023 Fall Conference. She will give a report at the November 13, 2023 Board meeting.

New Business: There was no new business to report.

Retirement Board: There was no additional information to report.

Investment Committee: There was no new information to report.

Health Care (Centers for Disease Control and Prevention): Alicia reported that the CDC has determined that for the period from January through August of 2023, 90% of the COVID-19 related deaths were individuals who were 65 and over.

Activities: Charo reported that 138 individuals have signed up to attend the October 16, 2023 REAC Fall Luncheon.

Membership and Recruitment: Charo reported that as of September 30, 2023, membership stood at 3,816 members, which is slightly lower than the previous month.

REAC Website: There was no new information to report. Connie pointed out that we had several missing items on our website. Dawn also mentioned that she found links on the website which were out of date and should be removed. Paul agreed to research the issues and report back.

REAC News: The REAC News will contain recent COVID-19 information, luncheon news, and Marsha's appointment.

Other Reports: Paul reminded the Board that we needed to create a Goals & Objectives List for 2024. He wanted everyone to give some thought to what they thought our Goals & Objectives should be for 2024 and the item will be on the Agenda for the November 13, 2023 Board Meeting.

Old Business: No information to report.

For the Good of the Order: Alicia wanted to know how the Board felt about sending out Thank You cards and Sympathy cards. We all agreed that it was a great idea. The Board then discussed various options as to how we might do that, to whom should we should send them, and in what circumstances.

Alicia wanted to remind the Board that our Holiday Lunch was fast approaching, and that we needed to select the restaurant soon. She wanted us to think about other possible restaurants.

Meeting adjourned at: 10:48 a.m.

Respectfully submitted by Paul Reeves, Board Secretary

Next Board Meeting: Monday, November 13, 2023, 9:30 am
Zoom Video Conferencing Board Meeting