

**Minutes of the Meeting of the Board of Directors
Retired Employees of Alameda County
Monday September 12, 2022, 9:30 A.M.**

Zoom Video Conferencing Board Meeting

Alicia Baptista, President of the Board, called the meeting to order at 10:14 A.M.

Roll Call: Alicia Baptista, Renaye Johnson, Paul Reeves, Suman Sharma, Connie Land, Linda Slater, Liz Koppenhaver, and Dawn Stevenson were present. Clint Kuboyama, ACERA Investment Officer, Mike Fara, ACERA Representative, Charo Panesi-Guerra, REAC Member and Administrative Assistant, Pete Albert, ACRE Board President, and Marian Breitbart were also present.

Minutes: Minutes of the August 8, 2022 REAC Board meeting were reviewed. Connie moved that the August 8, 2022 REAC Board Minutes be approved as submitted. Linda seconded the motion and the motion was approved.

Announcements & Communications: There were no announcements or communications to report.

ACERA Investment Update: Clint Kuboyama began his presentation by reporting on the ACERA Total Fund performance through the 1st Quarter ending March 31, 2022. As a point of reference, the Total Fund refers to the Funds gross value, the Policy Index is a weighted average of the Fund's Asset classes and their respective benchmarks, the Median is the return of the Total Fund at the 50th percentile of the \$1 billion + Fund of the Public Funds Universe. At the end of the 1st Quarter, the total Fund balance was \$11.4 Billion, down from \$11.8 Billion, which was a loss of 3.13%. Looking at the Total Fund performance for the last year, the return was 7.83%, the Policy Index was 9.78%, and the Median was 7.39 %.

The International Equity Asset Class underperformed its benchmark by 4%. The Fund was overweight in the International Equity Asset Class, overweight in the US Equity Asset Class, and overweight in the Fixed Income Asset Class. Those Asset Classes were hit pretty hard during the first quarter by high interest rates, and higher than anticipated inflation rates. As a result, those Asset Classes performed poorly. The Fund was underweight in the Alternative Asset Classes (Private Equity, Private Credit, Real Estate, and Absolute Return.). While those Alternative Asset Classes performed well, it was not enough to offset the entire losses.

Linda asked how important is looking at just the most recent one-year period? Clint mentioned that in the big picture, looking at the most recent one-year period is not that important, however it creates a framework that can be used to then look at, and compare, 3-year, 5-year, 10-year, or 15-year periods. Looking at the 10-year period for example, the Total Fund return during that time period was 9.4% and the Median was 8.89%. Those results were very good because the sharp increases and sharp decreases are smoothed over. Looking at longer time periods gives you a better picture of how well the Fund is performing over time, and what investment strategies work best.

Pete mentioned that in the past, ACERA has done rebalancing on a regular basis. Since several of the Asset Classes were over weighted and several of the Asset Classes were under weighted, he wanted to know if ACERA has done rebalancing this year. Clint explained how the rebalancing is done and that they can only do rebalancing when they have sufficient resources available.

Linda asked how often they create or revise plans for their investments. Clint mentioned that recently they have been creating and revising plans every couple of years. They can do it more often if need be, but recently, it has been every couple of years. It is all based on a forward looking risk return basis.

In 2007, the Total Fund investment percentages were as follows: 9% Real Estate, 28% Fixed Income, 22% International Equity, and 41% U.S. Equity. In 2021, the investment percentages were as follows: 29% Private Equity (a new Asset Class), 9% Real Estate, 14% Fixed Income, 24% International Equity, and 24% U.S. Equity. Over time, they have been increasing investment diversity and improving risk return.

For the 1st Quarter ending March 31, 2022, the Total Fund lost 3.13%. For the 1-year period ending March 31, 2022, the Total Fund rose 7.83%. As of March 31, 2022, ACERA's annualized 5-year and 10-year gross portfolio returns of 10.27% and 9.40% rank it in the 29th percentile and 23rd percentile, respectively, of similar funds in the InvestorForce Universe over these same time periods. The Total Fund continues to enhance its diversification by increasing its exposure to alternative investments.

Clint then provided preliminary numbers for the 2nd Quarter ending June 30, 2022. These numbers are preliminary numbers only. At the end of the 2nd Quarter, the Total Fund lost approximately 12% overall and the Total Fund value at the end of June 2022 was approximately \$10.3 Billion. On a more positive note the Total Fund value increased by approximately 4% in July 2022.

ACERA: Mike reported on the September 7, 2022 Retirees Committee Meeting. There were 2 Action Items and 4 Information Items. The first Action Item was a discussion and possible motion to recommend that the Board of Retirement approve offering the optional Silver&Fit benefit for Kaiser Permanente Senior Advantage plan enrollees for Plan Year 2023. The Silver&Fit benefit began on February 1, 2022 and was added to Kaiser Senior Advantage plan enrollees at no cost to the County.

In terms of utilization, as of August 31, 2022, 905 out of 5,225 Kaiser Senior Advantage enrollees signed up to use one or more of the program features, which is approximately 17.3% of the total eligible. ACERA sent out a survey in July to try and determine what members thought of the program. They received 911 responses. Respondents were asked if they supported continuing the program. Looking first at all respondents, 61.5% of all the respondents voted to continue the program, 14.2% voted against continuing the program and 24.3% were not sure. Looking next at those respondents who actually used the program, 81.5% of those respondents voted to continue the program, 5.9% voted against continuing the program and 12.6% were not sure. Looking next at those respondents who did not use the program, 46.7% of those respondents voted to continue the program, 20.3% voted against continuing the program and 33.0% were not sure. A few Board members expressed concern that all Senior Advantage Members would be paying \$2.80 per month for a benefit that only a few members would actually use. However, it was also pointed out that virtually all health plans work that way and, as an example, many retirees do not have hearing aids or glasses, yet they have to pay for those benefits whether or not they use them. It will work the same way for the Silver&Fit benefit.

Staff recommended that the Retirees Committee recommend to the Board of Retirement a motion to approve offering the optional Silver&Fit benefit for Kaiser Permanente Senior Advantage plan enrollees for the 2023 Plan Year, at an estimated annual cost of \$139,003. The Retirees Committee voted to approve the ACERA staff recommendations.

The second Action Item was a discussion and possible motion to recommend that the Board of Retirement approve including a Hearing Aid benefit for early (non-Medicare eligible) retirees enrolled in the Kaiser Permanent group medical plan. Kaiser currently provides no Hearing Aid benefits for early retirees, yet other health plans do provide those benefits. Staff recommended that the Retirees Committee recommend to the Board of Retirement a motion to approve including a \$1,000 per ear Hearing Aid benefit, every 36 months, to the Kaiser Permanente non-Medicare coverage for Plan Year 2023. United Health Care provides up to \$5,000 every 36 months per pair. With that in mind, the Retirees Committee is trying to create some equity between the two plans. The Retirees Committee voted to approve the ACERA staff recommendations.

The first Information Item was a discussion regarding Kaiser Permanente Senior Advantage Plan Optional Riders for Plan Year 2023. The optional riders included an Over-the-Counter benefit and a Transportation rider benefit. The Over-the-Counter benefit, at a cost of \$1.74 Per Member Per Month (PMPM), would allow Kaiser Senior Advantage members the option of purchasing Over-the-Counter medicines directly from Kaiser at a reduced cost, with a \$70 quarterly limit. After some discussion, it was decided to take no further action. The Transportation rider would provide, at a cost of \$5.25 PMPM, up to 25 one-way trips for medically related routine and post-discharge transportation. After some discussion, it was decided to take no further action.

The second Information Item was a discussion regarding Retired Member (Lump Sum) Death Benefits. ACERA currently provides a one-time payment of \$1,000 to be paid upon the death of an ACERA retired member if that member retired from ACERA as their last employer. If a reciprocal agency was the last employer and that agency pays less than a \$1,000 death benefit, ACERA will supplement that benefit at a level which ensures the reciprocal retired member will receive up to a \$1,000 death benefit when considering the amount of death benefits paid by all reciprocal retirement systems combined.

There are no minimum years of service requirement for this benefit. On January 1, 2013, this benefit was reduced from \$5,000 to \$1,000. At that time the Board of Retirement (Board) had concerns about the sufficiency of the Supplemental Retiree Benefit Reserve (SRBR) as the projected payment period was close to 15 years, and the fund balance was at approximately \$571 million. Pursuant to the SRBR Policy, the Board made decisions at that time to eliminate the Active Death Equity Benefit, and to decrease the retired member lump sum death benefit in an attempt to preserve and prolong the solvency of the SRBR. However, it was stated that if there came a time when the fund was at a higher sufficiency level, these benefits would be reconsidered. Last December, Staff provided the Retirees Committee with a report on death benefits paid for the twelve-month period December 1, 2020 through November 30, 2021. At that time a total of 207 death benefits had been paid for a total of \$201,990.33. Reciprocal agencies paid \$44,000.00, either a portion or the entire amount for twelve reciprocal member deaths. Staff obtained information from the other 1937 Act systems regarding retiree death benefits provided. As a range, three systems pay no benefit and ten systems pay \$5,000. Three systems pay \$1,000, one

pays \$3,000, one pays \$3,500 and one pays \$4,000. Using last year's total deaths of 207, ACERA can project costs, if ACERA were to increase the benefits.

If the Benefit amount remains at \$1,000, the cost would be approximately \$207,000. If the Benefit amount was increased to \$2,000, the cost would be approximately \$414,000. If the Benefit amount was increased to \$3,000, the cost would be approximately \$621,000. If the Benefit amount was increased to \$4,000, the cost would be approximately \$828,000 and if the Benefit amount was increased to \$5,000, the cost would be approximately \$1,035,000. It was noted, that those benefits are all funded out of the SRBR. No decisions were made, and the Retirees Committee may still bring this item back for additional discussions at a future date.

There was also a discussion regarding the Active Death Equity Benefit (ADEB). The ADEB was eliminated at the same time the Lump Sum Death Benefit was reduced to \$1,000 in 2013. The ADEB benefit amount was based on Retirement Option #2, which paid a 100% continuance of the retirees allowance at the time of death.

Currently, if an active employee dies while on active status, ACERA uses the Unmodified Option and calculates that member's retirement benefits as of that date, and the spouse or domestic partner receives a continuing payment of 60% of that benefit amount for the rest of his or her life. No decisions were made and the Retirees Committee may also bring this item back for additional discussion at a future date.

The 4th Information Item was a report on the planning for ACERA's annual Open Enrollment and Retiree Health and Wellness Fair. Open Enrollment takes place during the month of November and ACERA will be sending out packets on October 10th. Members can visit www.acera.org/OE to obtain e-copies of the full packet. DocuSign and PDF versions of Enrollment forms (medical, dental, vision) are available at www.acera.org/enroll.

Via Benefits Open Enrollment period is from October 15, 2022 thru December 15, 2022. Medicare Open Enrollment period is from October 15, 2022 thru December 7, 2022. Non-Medicare Open Enrollment period is from November 1, 2022 – December 15, 2022. January 1, 2023 is the Via Benefits Plans effective date.

The Group Plan Open Enrollment period is from November 1, 2022 thru November 30, 2022. February 1, 2023 is the Group Plan effective dates.

ACERA's Health Fair will be a Virtual event and will take place on Thursday, October 27, 2022, and will start at 9:30 AM. The Health Fair can be accessed at www.acera.org/healthfair. There will also be a demo of the DocuSign process.

Board of Retirement Elections - Mike was asked if he was aware of any additional Board of Retirement Election candidates who were running for Liz and Nancy Reilly's seats. He was only aware of Beth Rogers and Cynthia Baron. Pete reported that he contacted ACERA to see if any other candidates had taken out papers. He was told that information was confidential and would not be released until the nomination period closed. Since no other individuals have contacted ACRE, the ACRE Board voted to endorse both Beth Rogers and Cynthia Baron so that they could include that statement in their election material.

Since both Beth Rogers and Cynthia Baron contacted REAC, and provided REAC with information about their previous employment history, as well as why they wanted to run for the Retirement Board. Paul explained that given the short time frames, we should also vote to endorse both Beth Rogers and Cynthia Baron at today's meeting. Connie moved that REAC endorse both Beth Rogers and Cynthia Baron for election to the Retirement Board replacing Liz and Nancy. Paul seconded the motion and the motion was approved.

Liz mentioned that George Wood, who is currently a Retirement Board Trustee, Seat 3, requested time at today's meeting to provide his background information and ask for our endorsement. Unfortunately, it took a great deal of time to finally open today's Zoom meeting, preventing George from attending. Liz reminded the Board, that George has served on the Board of Retirement for many years and has always been in support of retiree issues. Paul mentioned that he, like Liz, has found George to be dedicated, he makes very good decisions, and he follows-up on all questions he is asked. Since George represents General Membership, retirees can't vote for him directly, but REAC can vote to endorse him and then tell our active employee friends to vote for him.

Connie moved that REAC endorse George Wood for his election to the Retirement Board, Seat 3. Further, since George represents General Membership, retirees can't vote for him directly, so with our vote to endorse, we are herein encouraging our active employee friends to vote for him. Linda seconded the motion and the motion was approved.

Treasurer's Report: Suman presented the August 2022 Treasurer's Report. Receipts totaled \$8,216.31. Disbursements totaled \$5,165.07. There were no unusual receipts or disbursements. Suman mentioned that Red Arrow is still behind in their invoicing but they hoped to catch up soon. The ending checkbook balance was \$95,943.99 and total assets were \$226,537.54. Connie moved that the Treasurer's Report for August 2022 be approved as submitted. Linda seconded the motion and the motion was approved.

Suman also mentioned that both our State and Federal Income Tax have been successfully submitted.

CRCEA (California Retired County Employees Association): Connie reported that she will be attending the CRCEA Fall Conference, which will be held October 9, 2022 thru October 12, 2022 in Sacramento. The Conference will be held at the Embassy Suites Sacramento-Riverfront Promenade. She has received the Conference Registration Packet, which included the Conference Agenda. Both the Conference Registration and Hotel Reservations must be in no later than September 17, 2022. She also reported that she will need 25 copies of our most recent REAC Newsletter to hand out at the Conference. The Conference topics will include Fraud Prevention for Seniors, Wills & Trusts, ScholarShare 529 California's College Savings Program, a Retrospective on Pension Reform: Before and After PEPRA (Public Employees' Pension Reform Act), Levels of Care in Nursing Homes and Skilled Living Facilities, Staying in your home safely, and Legislative Updates.

The CRCEA asked each County Association to complete a survey to see if there is a need for two in person conferences, or, will one virtual and one in person conference meet the need. They are also asking each County Association about their willingness to jointly host a conference with one other County Association. Connie responded on our behalf by saying that one virtual and a one in person conference would be fine, and that jointly hosting with another county association would work for us as well. She was specifically thinking about cohosting with Contra Costa County. She also received a membership survey which she updated and returned. The results of both surveys will be available at the Fall conference.

Connie reported that there was no new information on the CalPERS Lawsuit.

SACRS (State Association of County Retirement Systems): Paul reported that SACRS also sent out their Fall Conference information. The Conference will be held from November 8-11, 2022 in Long Beach California. Paul mentioned that SACRS is really oriented towards Trustees so many of the topics addressed Trustee issues and needs. The Fall Conference Agenda topics included Ethics Training for Trustees and staff, Sexual Harassment Prevention Training for local agency officials (AB1661), Asset Allocation 101, Lessons in Leadership & Geopolitical Insights, and Asset Allocation and Outperformance: Growth and Perpetual Value and Reasons for Optimism.

Retirement Board: There was no additional information to report.

Investment Committee: There was no additional information to report.

Health Care (Centers for Disease Control and Prevention): Renaye was unable to stay for the entire meeting, but she did report that COVID-19 levels in both Contra Costa County and Alameda County are now low.

Activities: The planned REAC Fall Luncheon had to be cancelled. REAC was only going to host a Fall Luncheon if 30 or more members, signed up for the Fall Luncheon, and sent in their checks. We did not get the required number of members. All the checks we did receive will be returned uncashed.

Membership and Recruitment: Charo reported that as of August 31, 2022, membership stood at 3,868 members, which was a slight decrease from the July 2022 numbers. Since we are no longer getting the enrollment cards, all new members are being added to our list as receiving their Newsletter electronically. If they would rather receive a paper copy of the Newsletter, they can contact Charo and she will shift them to the non-electronic Newsletter list.

REAC Website Redesign: Connie reported that their subcommittee has made good progress. They did send Lori, our web designer, the draft Power Point Presentation. Lori has reviewed the draft, and has made some suggested improvements. She can do the work, and she felt that the cost would be somewhere between \$1,500 to 2,000. Lori will need photos and bios for all the REAC Board Members. We still need responses from ACERA, on some of our questions.

REAC News: The REAC Newsletter will include REAC's endorsements of Beth Rogers, Cynthia Baron, and George Woods for election to the Retirement Board. It will also include the cancellation of the Fall Luncheon.

Linda asked Marian about the See's Candy benefit program. Marion explained briefly how the process works and the benefits to our members. She will send us last year's information. Alicia volunteered to take the lead.

Other Reports: There was no other information to report.

Old Business: There was no information to report.

New Business: There was no information to report.

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

Meeting adjourned at 12:30pm

Respectfully submitted by Paul Reeves, Board Secretary

Next Board Meeting: Monday, October 10, 2022, 9:30 am
Zoom Video Conferencing Board Meeting