



MINUTES OF OCTOBER 6, 2021 RETIREES COMMITTEE MEETING

THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair

Subject: Summary of the October 6, 2021 Retirees Committee Meeting

Committee Chair Liz Koppenhaver called the October 6, 2021 Committee meeting to order at 10:36 a.m.

ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE

Committee members present were Liz Koppenhaver, Henry Levy, Keith Carson, and Darryl Walker. Also present were Dale Amaral, Tarrell Gamble and Jamie Godfrey, and alternate member Nancy Reilly. Ophelia Basgal joined the meeting after roll call.

Staff present were Victoria Arruda, Human Resources Officer; Sandra Dueñas-Cuevas, Benefits Manager; Mike Fara, Communications Manager; Kathy Foster, Assistant Chief Executive Officer; Jessica Huffman, Benefits Manager; Harsh Jadhav, Chief of Internal Audit; Vijay Jagar, Chief Technology Officer; David Nelsen, Chief Executive Officer; Ismael Piña, Assistant Benefits Manager; Jeff Rieger, Chief Counsel and Betty Tse, Chief Investment Officer.

PUBLIC INPUT

None.

ACTION ITEMS

1. Presentation and Acceptance of Supplemental Retiree Benefit Reserve Funding Report/Valuation

Staff and Segal, ACERA's Actuary, presented the annual Actuarial Valuation of the OPEB and non-OPEB Benefits Provided by the Supplemental Retiree Benefit Reserve, Including Sufficiency of Funds, as of December 31, 2020. Based on this valuation report, the terminal year of the "Other Post-Employment Benefits" (OPEB) is projected to be 2042, with full benefits paid through 2041 for a total of 21 full years and one partial year. The terminal year of non-OPEB benefits is projected to be 2044, with full benefits paid through 2043 for a total of 23 full years and one partial year.

It was moved by Jamie Godfrey and seconded by Darryl Walker that the Committee recommend to the Board of Retirement that it accept the December 31, 2020 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal.

The motion carried 7 yes (*Amaral, Carson, Gamble, Godfrey, Koppenhaver, Levy, Walker*), 0 no, 0 abstentions. Trustee Basgal was not present for the vote on the motion.

2. Cease Permitting ACERA Retiree Payroll Deductions to Pay Premiums to the Operating Engineers Local 3 Union Medical Plan

There was lengthy discussion regarding ACERA's current process of deducting monthly medical premiums from Operating Engineers Local 3 (OE3) retirees who have medical coverage through its union medical plan, and the timing of the premium due date set by OE3. ACERA's vendor payroll for all medical, dental and vision premium payments is run after the normal monthly payroll is processed at the end of the month. OE3 wants its premium payment by the 15th of the month, and is now insisting that ACERA pay a late fee. Although ACERA has explained the payroll process timing and tried to negotiate at length to waive this late fee, OE3 is unwilling to consider ACERA's request. As a result, Staff is recommending that ACERA no longer permit ACERA retirees to make allowance deductions to pay premiums to the OE3 union medical plan (currently 31) effective the end of the current Plan Year on January 31, 2022.

Doug Brody, a retiree covered under the OE3 union medical plan, provided feedback and expressed concern that he would be losing his medical plan coverage if ACERA no longer permitted retirees to make allowance deductions to pay premiums to OE3. He requested Staff and the Committee to consider other options to allow the deductions in order for the current retirees covered under the OE3 union medical plan to keep their medical plan coverage and continue to receive the Monthly Medical Allowance.

Trustees directed Staff to notify the 31 retirees currently covered under the OE3 union medical plan to begin looking for other medical coverage due to this proposed action, and that this proposed action will be discussed at the upcoming Board of Retirement meeting for a decision. Trustees also directed Staff to advise OE3 of the proposed action, and confirm with OE3 if it will allow a direct pay option.

It was moved by Ophelia Basgal and seconded by Jamie Godfrey that the Committee recommend to the Board of Retirement that it no longer permit ACERA retirees to make allowance deductions to pay premiums to the Operating Engineers Local 3 Union Medical Plan effective the end of the current Plan Year on January 31, 2022, with direction that Staff continue to determine whether there are alternative methods to allow premium payments.

The motion carried 3 yes (*Amaral, Godfrey, Koppenhaver*), 2 no (*Gamble, Walker*), 2 abstentions (*Carson, Levy*). Trustee Basgal was not present for the vote on the motion.

3. Supplemental Retiree Benefit Reserve Policy Update

Staff provided a redline copy of the Supplemental Retiree Benefit Reserve (SRBR) Policy, which was changed to be consistent with the Board of Retirement policy template format. The revisions were mostly minor clarifications and formatting line edits.

It was moved by Jamie Godfrey and seconded by Dale Amaral that the Committee recommend to the Board of Retirement that it adopt the Supplemental Retiree Benefit Reserve Policy with Staff's recommended revisions, which are shown in the redline included in the public agenda packet.

The motion carried 5 yes (*Amaral, Carson, Godfrey, Koppenhaver, Walker*), 0 no, 0 abstentions. Trustees Basgal, Gamble and Levy were not present for the vote on the motion.

INFORMATION ITEMS

1. Supplemental Retiree Benefit Reserve Financial Status

Staff presented a history of the Supplemental Retiree Benefit Reserve (SRBR) activity for the 10-year period ending June 30, 2021. The ending balance of the SRBR as of June 30, 2021 was approximately \$1,010.7 million. The semi-annual interest crediting as of June 30, 2021 based on the rate of 11.7916% was completed on August 25, 2021; approximately \$109.9 million in interest was credited. During that same six-month period, the net deductions from the SRBR were approximately \$30.9 million.

2. Presentation on Hearing Aid Benefits

This informational item was deferred to the December Retirees Committee meeting.

3. Final Report on Open Enrollment Preparation and Communications Material, and Virtual Retiree Health and Wellness Fair Arrangements

Staff provided information regarding the preparations being made for the Plan Year 2022 Open Enrollment, and the Virtual Retiree Health and Wellness Fair, which will be held on October 28, 2021.

4. Miscellaneous Updates

Staff reported that: 1) the annual Medicare Part D Certificate of Coverage Notice will be mailed out by October 15th and posted to ACERA's website; and 2) Via Benefits mailed the Medicare Fall Newsletters starting August 26th, the Pre-65 Fall Newsletters were mailed starting September 22nd, and the Balance Reminder statements for Health Reimbursement Account holders were mailed in waves starting mid-September.

TRUSTEE REMARKS

Trustee Walker expressed his appreciation to Staff for all their hard work and efforts.

FUTURE DISCUSSION ITEMS

- Adoption of Medicare Part B Reimbursement Plan Benefit for 2022
- Adoption of Updates to Appendix A of 401(h) Account Resolutions

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for December 1, 2021 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 12:13 p.m.