

MINUTES OF THE RETIREMENT BOARD
September 21, 2023

A regular meeting of the Retirement Board convened on Thursday, September 21, 2023 at 8:33 a.m.

The meeting was called to order by Retirement Board President Tim McGowan. This meeting was conducted with Retirement Board Members physically present in the Administration Building **Training Resource Center**, 375 Eleventh Street, Oakland, California. This location served as the physical location for members of the public who wish to attend the meeting in person. Please note, however, that members of the public were also provided the opportunity to participate via video and teleconference.

RETIREMENT BOARD MEMBERS:

1. Consider the request of Director Marguerite Young to appear remotely pursuant to Government Code sections 54953(f)(2)(A)(i). – President Tim McGowan announced that in accordance with Government Code section 54954(f)(2)(A)(i), Dir. Young notified him, the Retirement Board Assistant Secretary, Lisa Sorani, and staff member Valerie Weekly of the need to participate in the Regular Closed Session meeting from a remote location for just cause. In accordance with Government Code section 54953 et seq., Dir. Young announced she has a contagious disease which requires her to isolate; so she is isolating at home, and requested the board use the just cause provision to allow her to participate in the Retirement Board meeting from a remote location for just cause.

A motion was made by Dir. A. Chan to amend the agenda to include Dir. Young's request to appear remotely due to just cause to the agenda. The motion was seconded by Clifford and the motion carried (4-0) by the following voice vote: AYES (McGowan, C. Chan, Park, A. Chan), NOES (none), ABSTAIN (Young), ABSENT (none).

Dir. A Chan moved the motion to allow Dir. Young to participate in the Retirement Board meeting remotely under the just cause provision in Government Code section 54953(f)(2)(A)(i). The motion was seconded by Jae Park and the motion carried (4-0) by the following voice vote: AYES (McGowan, C. Chan, Park, A. Chan, NOES (none), ABSTAIN (Young), ABSENT (none).

Roll Call – The following Retirement Board Members were present: Marguerite Young, Clifford Chan, Tim McGowan, Jae Park, April Chan.

Elizabeth Grasseti was absent at roll call.

The following staff members were present: Cindy Charan, Sophia Skoda, Lisa Sorani, Lourdes Matthew, Robert Hannay, Steven Goodman-Leibof, and Valerie Weekly.

The following consultants were present: Eric White, Eric Larsen, Sarah Bernstein, from Meketa Investment Group.

PUBLIC COMMENT

Addressing the Retirement Board were the following: 1) Lonna Coleman commented on documents she provided to the Retirement Board members related to her perceived problems at EBMUD; she stated that she was previously unaware that the Retirement Board is the appropriate body to consider her case and walked through the information she provided to the Retirement Board.

CONSENT CALENDAR

1-4. Consent Calendar – Items 1 and 3 were pulled from the Consent Calendar for separate discussion.

A motion was made to approve items 2 and 4 of the consent calendar by Clifford Chan and seconded by Dir. A. Chan. The motion carried (5-0) by the following voice vote: AYES (McGowan, C. Chan, Park, A. Chan, Young), NOES (none), ABSTAIN (none), ABSENT (none)

Dir. A. Chan who pulled **item one, the minutes**, and made a request to edit the wording of item 6 on the Minutes from July 19, 2023 to state that her motion was to accept staff recommendation #3 with no changes except the edit made by Dir. Young on the motion. The Retirement Board suggested that staff made this edit and bring the item back at the November meeting.

Clifford Chan pulled **item three** and pointed out that the transaction dates on the memo for the Short-Term Investment Transaction do not match. Clifford Chan also noted that the attachments referenced on the resolution were not in the packet. Dir. Young expressed frustration that these types of errors keep happening and requested staff to do better. Staff noted the corrections need and will bring the item back at the November meeting.

Public Comment: Addressing the Retirement Board on this item was Eric Larsen, President, AFSCME Local 444 who expressed his own concern over staff accuracy and the need to have precision in running of the Retirement System.

ACTION

5. Direct Staff on Further Exploration of HIB Options – Cindy Charan introduced the item and explained how this work ties into the HR Departments broader strategic planning goals and the preparation for 2025 union bargaining. The item was presented by Lisa Sorani. Lisa Sorani walked through the memo which provided data items the Retirement Board had requested including how the HIB is used now, how changes to the HIB were made in the past, and proposal to run an HIB study to provide training to the Retirement Board on the Retiree Healthcare marketplace that would allow them to make an informed and educated proposal to the Board of Directors related to changes to the HIB. The proposal by staff included hiring a consultant to project manage the HIB Study. Public comment was taken prior to finalizing a vote on the item.

Public Comment: Addressing the Retirement Board were the following: 1) Max Fefer on behalf of AFSCME Local 2019, as representative to the Retirement Board, commented on the report and petition that 160 members signed in support of staffs' recommendation to review and consider

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changes to HIB including notations about the need to be considerate of the PEPPRA members in this review; 2) Ted Lam President of Local 21 commented that Local 21 supports the request in the staff report in agenda item 5 and looks forward to further discussion on the topic with Human Resources staff; 3) Gus Chacala, a Local 2019 representative to the Retirement Board, commented appreciation to the Retirement Board for considering improvement to the HIB, feels it is overdue, also feels that improvements for retirees doesn't necessarily need to wait for bargaining, also re-iterated that 160 names are a lot to get signed on a petition, this represents real interest from Local 2019; 4) Eric Larsen, President AFSCME Local 444, commented appreciation to the Board for taking up the issue of HIB that the Local 444 supports the proposal by staff on this item, and stated that union does not represent retirees, but rather current employees who are future retirees and would be eligible for the benefit; we would like to be about to considered about the consultants process; 5) George Cleveland commented about the timing of making HIB changes and hope the Retirement Board would move quickly. He also stated that he is the person referenced by Dir. A. Chan.

Public Comment Board Responses: Dir. Young, asked Max Fefer whether Local 2019 had a position as to whether the topic of HIB should be included in bargaining; Max Fefer stated that Local 2019 did not have a specific position on this that he was aware of.

Elizabeth Grassetti joined the meeting at 10:00 a.m.

The Retirement Board took a break at 10:19 and returned at 10:30.

A motion was made by Dir. Chan requesting staff to retain a consultant to provide training and analysis of HIB options for the Retirement Board and provide recommendations for how staff will include current retirees in the process. Once the Retirement Board has identified the enhancements to be priced, Staff will go to the Board of Directors to request authorization of the actuarial study as to the option for enhancement. Study and actuarial pricing should be completed by July 2024. The motion was seconded by Dir. Chan. The motion carried (5-0) by the following voice vote: AYES (McGowan, C. Chan, Park, A. Chan, Young, NOES (none), ABSTAIN (none), ABSENT (none).

INFORMATION

6. Performance Report and Economic Review (Meketa Investment Group) – Sophia Skoda introduced this item. Sophia introduced Eric White about performance and then move into private credit follow up. Eric White as of June 2.25B as of 6/30 up over 70 million for the quarter. For the year we are up 10.7% for the one year period. US equity market drove the majority of that increase up 8.4% for the quarter and 19% for one year period. Real estate is down, driven by lagged re-pricing from private manager. Regarding future repricing most likely flat to slightly negative going forward for the next few quarters. Fixed income is only 1.5% looking at the flat interest for the market. Tim would larger fund manager would they be better able to mirror the market. Eric no, there is limitations involved with being too big. You would own too much of the free flow.

7. **Asset-Liability Training: Private Credit Follow Up** – Sophia Skoda introduced this item. Follow up to questions during last meeting went to private credit team and they provided a short write up. The report was submitted and there were no questions.

8. **Asset-Liability Training: Investment Concepts 101: Asset Allocation** – President Tim McGowan moved this item to the end of the agenda and stated it would be tabled if the meeting ran long. President McGowan stated that the meeting needed to be completed by noon.

9. **Review Retirement System Actuarial Services Search Timeline** – Sophia Skoda introduced this item. Steven Goodman-Leibof presented. Review of retirement systems actuarial services search timelines – Sophia been working on a timeline. Steven timeline for actuarial services search during last meeting board decided to use an ad hoc committee with Chan and Park to review proposals and then meet with staff to decide on candidates that would come to full board interview. The RFP is scheduled to be released on January 8 and the final interviews conducted at the March 21, 2024 Retirement Board meeting. The Ad Hoc Committee will meet on or around February 29, 2024 to decide on the finalists. Expectation 4-6 responses to RFP. Request RFP to be sent to April and Jae directly upon completion.

10. **CEM Benchmarking Survey Results for 2022** – Sophia Skoda introduced this item. Steven Goodman-Leibof presented this item. When Marguerite Young joined, she suggested we take part in the benchmarking. Our plan is on the small side and we returned better than most with -13.6 compared to the median of -16.4%. since we were waited to equities versus fixed income which took a big hit. Continue to be a very low-cost plan. Costs in 2022 were lower than the previous year as it was the first year we were totally passive for equities. We do expect costs to increase due to big projects, studies, and request for proposals. Marguerite Young noted that we saved money but how can we deploy those monies in additional oversight, administration and due diligence.

11. **Review of COLA Bank Balances** – Cindy Charan introduced this item. Lisa Sorani presented this item. March. 2023 meeting when approving 7/1/23 COLA, to bring back information about COLA banks. Prior to the 7/1/2023 COLA being applied, the majority of payees had no COLA banks. Immediately after the COLA was applied, the majority of payees have 2.6% in their COLA banks. New retirees and new payees receive a prorated COLA the year that they start their benefits, so some are below the 2.6% bank. There is also a small group of 14 payees that have balances greater than 3% in their COLA banks.

12. **Update on the PensionGold (LRS) Implementation Project** – Cindy Charan introduced this item and Valerie Weekly presented. The project is on track and on budget. The project team has been working with LRS to complete design documents. There are a few outstanding items yet to be finalized but the design documents for phase 1 are mostly complete. The team has also been meeting with LRS weekly to work on data conversion. The project team is working with the Retirement Services team to address data issues prior to conversion. The Retirement Management Committee was formed to help make decision or developing recommendations to bring to the Retirement Board, where administrative clarification or changes are necessary. Most of the issues have been resolved with the exception of a couple of key decisions. ISD is taking steps to add a new technical resources

and HR is starting the recruitment process for a new product owner. Jeanine Tu, Konana Gregory and Valerie Weekly will be attending a LRS conference regarding Pension Gold. Clifford Chan asked what two items had the potential of delaying the project timeline. Valerie Weekly indicated one was HIB-related and the other was about vesting service. Jae Park asked if additional items could be included in the updates, including budgeted cost, and milestones. Tim asked if the timeline for completion could be included. Valerie Weekly noted that the project management team had all of that information so it should not be difficult to add to our report to the Retirement Board.

Public Comment: Lonna Coleman commented with a question asking if the new system will provide employees with a benefit estimate that includes their benefit based on reciprocity or will it remain the same as it is today that you don't get that information generated from a system until you set your retirement date?

Public Comment Response: Valerie Weekly responded that staff would come back with the response.

Elizabeth Grassetti said that she hoped that retirees can get a tour as we get closer to implementation. Valerie Weekly responded that the project plan includes outreach and change management. There will be engagement with employees and retirees.

13. Benefit Plan Renewals for Calendar Year 2024 – Cindy Charan introduced this item. Lisa Soran presented this item. Each year staff goes through a benefits renewal, where consultants help in the evaluation of benefit rates. Several rates had significant increases: Kaiser for active employees of 22% and 15% for Kaiser Sr. Advantage. Sutter Health Plus experienced a 4.6% increase.

Public Comment: Lonna Coleman commented that she could not hear staff's response to her question (relate12); John Coleman Commented that he was there as a private citizen not at Director Coleman, that he had difficulty with access earlier and listened to Lonna Coleman but could not comment; he wished to add his support to Lonna Coleman's comments at the start of the meeting adding that her statements were all true.

Board Response to Public Comment: These comments were out of order and Lourdes Matthew advised that in excess of caution and to ensure adequate public participation, that we allow public comment to be made on the basis that Director Coleman was not initially able to access the system earlier.

14. Announcement of 2024 Retirement Board Meeting Calendar – Cindy Charan introduced this item and Lisa Sorani presented the item. Lisa presented the 2024 Retirement Board calendar which included two dates that are moved from the third Thursday of the month due a conflict with the Board of Director calendar. Tim McGowan suggested that staff bring back the calendar to the next meeting along with the HIB Study schedule, suggesting that to get the work done additional sessions may be needed.

8. Asset-Liability Training: Investment Concepts 101: Asset Allocation – Sophia Skoda introduced this item. Eric White of Meketa presented this item. Asset allocation is essentially risk allocation. Assets react differently to different markets. Asset allocation explains 90% of variability of plan returns. You can add risk without making the portfolio riskier by having different asset

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correlation. At the modeling meeting we will be modeling how the portfolio will react in different market environments. Jae Park asked if the models are based off of the Investment Policy and whether we would review the policy before modeling and asked if we could do a pre and post investment policy review. Sophia agreed that staff would include these items in future meetings. This is the most important decision that the Retirement Board will make as fiduciaries of the system.

REPORTS FROM THE RETIREMENT BOARD:

Brief report on any course, workshop, or conference attended since the last Retirement Board meeting

April Chan reported attending the CALAPRS training at Pepperdine. Jae Park reported that he and Valerie Weekly gave an EBMUDERS 101 training for the L2019 PEPRA committee and will host another one for one of the Yards later this month.

ITEMS TO BE CALENDERED

Review updated Draft Changes to Retirement Ordinance
HIB Study Schedule
Discuss Role of the President of the Retirement Board in forming the agenda

Public Comment: Lonna Coleman asked what the Ordinance changes are as listed on the Items to be Calendared, and asked how the Retirement Board communicates to the Board of Directors when there is a deficiency.

Lisa Sorani responded to the public comment noting that the Retirement Ordinance changes were an information item at the July 2023 retirement Board meeting and Lonna Coleman could find it online at eb mud.com. Lourdes Matthew's stated that if there is a deficiency where there is legal exposure with the plan, or a legal liability this information would be brought to the Board of Directors in closed session.

MEETING ADJOURNMENT – Dir. Chan moved to adjourn the meeting at 12:20 p.m. and Jae Park seconded the motion; the motion carried (5-0) by the following voice vote: AYES (McGowan, Young, C. Chan, Park, A. Chan), NOES (none), ABSTAIN (none), ABSENT (none).

President

ATTEST: _____
Secretary

11/09/2023