

MINUTES OF THE RETIREMENT BOARD

June 4, 2024

A special meeting of the Retirement Board convened on Tuesday June 4, 2024, at 9:05 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 wished 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.

ROLL CALL – The following Retirement Board Members were present: Clifford Chan, Marguerite Young, April Chan, Tim McGowan, Jae Park, and Elizabeth Grassetti

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

The following consultants were present: Alliant – Billie Brown and Thomas Sher

PUBLIC COMMENT: The Retirement Board is limited by State Law to allow public comment only on the agenda items listed in this agenda.

1. **Ivette Rivera**: Thanked the Retirement Board for getting a breakdown of the data that was provided related to retiree survey satisfaction score. Ivette referenced slides 9 and 10 as having the updated data and stated that she has already asked for it as a public records request as she is still concerned about the annual healthcare spend. Feels that the District may increase the benefit by \$50, and she thinks that is not enough and some employees leaving the District could be leaving for better retirement benefits.
2. **Valerie Artese**: Thanked the Board for the work they do for retirees and future retirees and stated that she feels the best option in the presentation today is number three, to improve the benefits by \$50 for future legacy retirees and by \$100 for future PEPRA retirees.
3. **Mark Schmitz**: Supervisor over at SD1, noted that HIB not raised since 2004, said like an increase of only \$50 feels low. Stated that PEPRA doesn't concern him but they should get their fair share also. A change to HIB should be more than \$50.

SPECIAL REGULAR BUSINESS MEETING

CONSENT CALENDAR:

No Items

ACTION:

1. **HIB Study: Confirm Final Benefit Options for Actuarial Costing – C. Charan**
The action item was tabled and brought back after the Information Items were reviewed.

INFORMATION:

2. **HIB Study: Overview and Updates – C. Charan**

Cindy Charan introduced the item noting that staff brought an executive summary of the data that has been provided to date related to the HIB Study and answers to a few final questions. Cindy passed the

item to Lisa Sorani, Billie Brown and Tom Sher. Lisa, Tom, and Billie took turns presenting the overview data.

3. HIB Study: Review and Update Draft HIB Study Summary of Findings Report – C. Charan

Cindy introduced this item and passed it to Lisa Sorani. Lisa identified the item as a report to capture the discussions and information shared during the HIB Study, which included four draft HIB change options. Lisa also reviewed a prior report from Segal that showed the cost of a \$50 increase to the HIB for current and future retirees, which would increase the annual contribution by \$1.4 million and reduce the funded status of the HIB from 49% to 47%. Marguerite Young asked if there were any restrictions on improving the HIB for retirees. Lourdes Matthew confirmed there was no restriction. April Chan asked if the HIB was kept in cash; Robert Hannay confirmed that the HIB and Pension funds are co-mingled and invested together. Tim McGowan next took public comment.

Public Comments:

1. Diane Eggering: Commented on the 20 years to get to the full benefit and discussed the high cost of housing in California and that retirees often have to move out of California and no longer have access to Kaiser. The increase should be higher than \$50. Suggested that the Retirement Board make a motion today to increase the HIB for all current and future retirees and feels any change should be available to everyone.
2. Eric Larsen: President L444. Current HIB is too low, and a \$50 increase is not sufficient. District should provide a benefit that pays the cost of the health insurance premium. Wanted to see all of the costing information broken down by cost for PEPRA members versus cost for Classic members. Would also like to allow retirees to leave District health plans and later return to District health plans once they become Medicare eligible.
3. Max Fefer: Thanked staff for the data. Supported Eric Larsen's suggestion for a plan that covers the full cost of the health plan premium but wanted to see that cover the premium for early retirees also. Not sure the proposal should only be for PEPRA members. Max also asked about employees funding the HIB and if it would be like a savings account. Staff explained that employees do not have individual HIB accounts under the IRS 401(h) plan, and employees cannot add additional contributions to the HIB like a savings account.
4. Joey Smith: President L2019. Agreed with peers who say PEPRA and Classic members need protection, a change is needed, and appreciates the support of the Retirement Board looking into HIB so they can negotiate this earnestly and with proper information to work with on both sides of the table. Also wants to be able to attract good candidates.

After the public comments Tim McGowan moved back to the action item #1.

The Retirement Board did not have comments or edits to the core Summary of Findings memo.

1. HIB Study: Confirm Final Benefit Options for Actuarial Costing – C. Charan

Lisa Sorani explained to the Retirement Board that the goal for the day was to allow the Retirement Board to offer any changes to either the Summary of Findings written report, or the HIB options included in the report, such that, at the end of the day, the Retirement Board can confirm and approve the final options for the actuary to cost. Lisa also stated that staff would get the costing from Segal and bring the final Summary of Findings report with the costing data back for the Retirement Board to approve at the July 18, 2024 meeting.

The Retirement Board discussion revolved around the HIB benefit options. Tim McGowan noted that several public comments were made about the \$50 HIB increase option and noted that he had suggested that staff get this value costed to provide at least a floor or minimum benefit change to the discussion. Elizabeth Grassetti wanted to remind the Retirement Board that there are 2,000 current retirees who should not be ignored in this process, and that it does not have to be a lot maybe \$50 or \$100. Clifford

Chan stated to Elizabeth that he was not stating that retirees should be ignored but that the cost for current retirees has to be broken out so the Board of Directors can understand the cost as they would be paying fully for any increase for current retirees. Marguerite Young and Jae Park both asked to have Segal revisit the forward-looking health care cost trend because it looks so much higher than what we have encountered in our District Medicare plans over the past 20 years. Robert Hannay noted that our current plan is not impacted by this data, but Segal includes it for us each year. They spend a lot of time thinking about this, and they have to sign off on it, but most certainly staff will discuss this with them. Marguerite Young also commented that she feels the benefit should focus on longevity and a benefit for those employees who stay longer with the District, so she does not think it is worth costing what is already a very expensive benefit to cover the cost of benefits for pre-Medicare retirees. Tim McGowan opened the floor to public comment.

Public comments:

1. Max Fefer: Requested to see Clifford Chan's review of private sector retirees versus public sector retirees, and stated the belief that Marguerite Young's experience, of public sector retirees being better off than private sector retirees will not be the experience of PEPRAs members. Max thinks PEPRAs members are not going to extend their employment at the District to 30 years as prior employees have. Would like to find a way to give employees access to HIB funds earlier.

In response to Max Fefer's comments, Marguerite Young stated that she did not mean to suggest her experience would be the same as others. Clifford Chan stated that he would be happy to discuss data with Max and walked through the pension system at the City of San Francisco. Jae Park commented that there is a fundamental difference in having a defined benefit versus defined contribution plan, and that having a defined benefit is much less stressful, especially in the years leading up to retirement.

2. Eric Larsen: Thank you for looking into allowing early retirees to come back to the District health plans when they turn 65. Many L444 employees can't keep working in current jobs until age 60 or 65. They will leave and go find another job, but would like to come back to District health plans when they become Medicare eligible.

Break at 11:40 a.m for 15 minutes. Returned at 11:55 a.m.

Through discussion, the Retirement Board edited the draft options and landed on five options to be costed by Segal. The options included flat dollar increases as well as HIB values tied to the premium cost of two different Kaiser health plans, the cost of vision and dental plans, and one option specific to PEPRAs Tier members and Medicare Part B. The Retirement Board requested that the costing be broken out by current and future retirees and that future retirees be further split by PEPRAs and Legacy members.

Clifford Chan moved the item to approve the discussed five options to send to Segal for costing, which was seconded by Marguerite Young. The motion passed (5-0) by the following vote AYES (A. Chan, C. Chan, M. Young, T. McGowan, J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

MEETING ADJOURNMENT: A motion to adjourn the meeting was made by April Chan and seconded by Jae Park. The motion passed (5-0) by the following vote AYES (A. Chan, C. Chan, M. Young, T. McGowan, J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

The meeting adjourned at 12:32 p.m.

Minutes
Retirement Board Meeting
July 18, 2024

President

ATTEST:

Secretary

7/18/2024