

MINUTES

SAN JOSE / EVERGREEN COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

July 18, 2022

1:00 PM–2:30 PM

Via Zoom Teleconference

I. CALL TO ORDER

- a. The meeting was called to order at 1:01 PM by Dan Hawkins.

II. ROLL CALL

1. **All Retirement Board of Authority (RBOA) members were present except Joseph Chesmore and Maria Holguin.**

Jorge Escobar, Vice Chancellor, Administrative Services

Dr. Beatriz Chaidez, Associate Vice Chancellor, Human Resources

Jessica Breheny, Faculty and Member AFT 6157

Patrick Butler, Retired Faculty and Member, AFT 6157

David Yancey, Retired Faculty and Member AFT 6157

Dan Hawkins, Staff and Member, CSEA Chapter 363 (RBOA Chair)

Arlene Amelia, Retired Staff and Former Member CSEA, Chapter 363

2. **All Coordinators/Consultants were present:**

Gail Beal, Senior Vice President, Keenan Financial Services

Alden Yi, Director, Keenan Financial Services

Kristin Cooper, Sr. Service Analyst, Keenan Financial Services

Mark Payne, Consultant, Morgan Stanley

Scott Rankin, Senior Vice President, Benefit Trust Company

3. **Guests:**

Joe Lugo, Staff and Member, CSEA, Chapter 363 (Alternate)

John Collins

Ronald

Shana

III. PUBLIC COMMENTS

- a. There were no public comments.
- b. This item is information only.

IV. DECLARATION

- a. Due to the current state of emergency pertaining to Covid-19, the Retirement Board of Authority (RBOA) oversight committee has concluded, by a majority vote, that meeting in person presents imminent risks to the health or safety of attendees. Therefore, it is desired and approved by the RBOA to conduct this “Brown Act” meeting via teleconference. This declaration will remain in force until further notice and alternate action taken by the RBOA.
- b. Patrick Butler Moved to approve the declaration as presented; Motion was seconded by Joe Lugo and was unanimously approved by all of the RBOA members present.

V. APPROVAL OF AGENDA

- a. David Yancey Moved to approve the Agenda as presented; Motion was seconded by Arlene Amelia and was unanimously approved by all of the Retirement Board of Authority members present.

VI. APPROVAL OF MINUTES

- a. Patrick Butler Moved to approve the Minutes from April 21, 2022 as presented. Motion was seconded by David Yancey and was unanimously approved by all of the Retirement Board of Authority members present.

VIII. ADMINISTRATION

1. Review of the Retiree Health Benefits Trust Fund

- a. Jessica Breheny presented an overview. She stated the coverage promised the retirees has eroded over the years.
- b. Jessica Breheny presented a document outlining the AFT 6157 legal opinion from John Collins.
- c. The document states there are no findings that would restrict the RBOA from meeting on the management of available funds.
- d. The opinion states that the RBOA is not precluded from making recommendations on this matter.
- e. Dr. Chaidez asked to hear the recommendation from John Collins again to be clear it means the board can act.
- f. David Yancey replied, “We are just trying to have a say.”
- g. Dr. Chaidez made it clear that this meeting makes her uncomfortable, in her position, because there are protocols for negotiations.
- h. Jorge Escobar said that he is open for information and discussion.
- i. Patrick Butler said, “In my opinion, this board is the only representation this small group has and I welcome the Unions to look at this issue.”
- j. Jessica addressed Patrick’s comment saying this plan covers all retirees from all groups. They are not represented by any Union. “That’s what we are here for. There is no other use for this fund except retirees.”
- k. David Yancey said that this is a place to start to discuss, not to make any final decisions.

l. Jessica Breheny said “a small amount of money would go a long way with this group, we should be using the trust as it is a trust for the retirees. We haven’t touched the principal balance in 15 years and the trust is overfunded.”

m. Patrick Butler Motion:

Whereas, when the arrangement was made in 1982 between the Governing Board, Management/Supervisory/Confidential, Classified staff and Faculty to end all retirement medical coverage for new hires and require current employees to obtain Medicare, that coverage cost was just \$11 per month, there were no additional charges for those earning over a set amount and Social Security was not taxed.

Whereas, during the last forty years there have been very significant increases in the cost of Medicare, which staff that are provided secondary medical coverage by the RBOA Trust are required to purchase and the charge for those with the lowest retirement incomes is \$170.10 per month.

Be it therefore resolved, that the RBOA recommend to the SJECCD Board of Trustees that each of the eligible retired primary beneficiaries of the Trust be provided the current lowest monthly cost of Medicare.

VII. INVESTMENTS

2. Portfolio Performance Review

a. Cary Allison of Morgan Stanley (MS) reviewed the performance of the accounts as of **June 30, 2022**.

b. The Portfolio Value as of June 30, 2022 was **\$38,216,648.46**

Time weighted return net of fees

Month to Date	Quarter to Date	Year to Date	Latest 1 Year	Annualized latest 3 Year	Annualized latest 5 Year	Annualized latest 10 year	Annualized Inception to Date
-5.28	-12.20	-19.21	-18.18	1.02	3.09	5.58	6.90

c. Jessica Breheny Moved to approve the Portfolio Performance Review as presented; Motion was seconded by David Yancey and was unanimously approved by all of the Retirement Board of Authority members present. No vote from Dr. Chaidez who stepped away at the time of the vote.

3. Market Overview

a. Cary Allison of Morgan Stanley (MS) gave an update on the current market conditions.

b. We are playing defense to get through the September rate hike.

c. The next few months will be choppy, but Morgan Stanley expects a turn around.

d. This item is information only.

VIII. INFORMATION REPORTS

1. Retirement Board of Authority Comments

a. See Attached

b. This item is information only

2. Program Coordinator/Consultant Comments

- a. No comments.
- b. This item is information only.

X. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

- a. **October 20, 2022 1:00pm – 3:00pm**
- b. **Patrick Butler motioned to add an action item to review and make a recommendation. Motion was seconded by David Yancey.**
- c. **IPS and Risk Tolerance Questionnaire is to be added to the next agenda.**

XI. ADJOURNMENT

- a. Meeting was adjourned at 2:06 pm by Danny Hawkins, RBOA Chair.

Additional Attachment submitted by Patrick Butler for filing.

Good afternoon.

After the Rodda Act, passed in 1976, allowing our faculty to bargain "wages, hours and working conditions", I organized a campaign to obtain the signatures of at least 1/2 of our district's 800+ full- and part-time (as they were called then) faculty. I was elected as the first president of the CTA chapter after we became the exclusive bargaining agent and was re-elected five more times as president.

I also served as Chairman of our negotiation team for all of those terms, including when the district agreed in the 1979-1982 contract to provide medical coverage at the level of the Blue Cross 365 Plus (the Plus was prescription coverage) plan. I specifically asked for that language to be included. [p. 47]

I was also President and negotiations chair when I signed a contract that agreed that full-time faculty hired after September 7 of 1982 would not be eligible for district paid retirement benefits.

Even as we grandfathered in current employees, it was a huge give as the contract required all retirees upon reaching the age 65, to qualify for Social Security and acquire Medicare benefits. Many full-time faculty were not at that time eligible for Social Security (which requires 40 quarters of covered paid employment) and scrambled to find additional part-time employment that was covered (I was one and I remember Prof. Dan Epstein got a summer job delivering the mail) or elect to take an additional 6.7% out of their full-time salary. Also, at that time Social Security benefits were not taxed and there were no additional IRMAA Medicare fees which can run into the thousands each year.

It is often stated that pre-1982 hires have "paid medical retirement benefits"; however, what was provided by the district and now our Retirement Board is just a supplemental plan to Medicare, which is one reason, aside from excellent investment strategies and leadership, why this fund has such a huge surplus as the number of beneficiaries decreases each year.

To the point, the benefits paid by the supplemental plan as well as those provided by Medicare have significantly declined:

During the past ten years the prescription plan has started rejecting all prescriptions for brand-name drugs, requiring co-pays and even rejecting some generic drugs. This is not what the faculty union and the Governing Board agreed to so many years ago. When I retired none of these practices were in place.

- Adding to the financial burden of those that this irrevocable trust was set up to benefit, is the exponential increases in the cost of Medicare. When the Governing Board, management and our faculty union signed the agreement regarding the requirement to obtain Medicare, that plan cost exactly \$11 per month. The minimum is now \$170.10 and many covered retirees pay much more yearly.

Thank you for your attention to this history.