



September 13, 2017

To: Members of the Actuarial Committee

From: Ophelia Basgal, Chair

Subject: Summary of the September 13, 2017, Actuarial Committee Meeting

Actuarial Committee Chair, Ophelia Basgal, called the September 13, 2017, Actuarial Committee meeting to order at 1:27 pm. Committee members present were Ophelia Basgal, Chair, Liz Koppenhaver, and George Wood. Other Board members present were Dale Amaral, Annette Cain-Darnes, Tarrell Gamble, and Henry Levy. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Kathy Mount, Chief Counsel; Margo Allen, Fiscal Services Officer; Betty Tse, Chief Investment Officer; Harsh Jadhav, Chief of Internal Audit; Victoria Arruda, Human Resources Officer; and Sandra Dueñas-Cuevas, Benefits Manager.

ACTION ITEM

1. Alameda Health System (AHS) Study Request

ACERA staff presented its recommendation on the Alameda Health System's request for an actuarial methodology change and the associated study to be conducted by Segal Consulting. Staff explained the decision criteria required to determine whether there is a need to proceed with an actuarial study. This included a determination of whether there is an appetite for changing the current methodology, regardless of the study outcome; whether the outstanding legal issue of pre-separation liability would prevent a clear picture of liability from being resolved even if a study were conducted; and, whether the complexity, length, and impact of performing the study is something the Board wishes to undertake at this time.

AHS representatives supported their position that the methodology should be changed to make AHS' proportionate share of the Unfunded Accrued Actuarial Liability (UAAL) equitable. The County of Alameda representative supported the County's position that the UAAL is, and has been, equitable.

Staff recommended to the Actuarial Committee that the Board not proceed with the study at this time. Given that the outstanding issue of the pre-separation liability is unresolved, and that changing the methodology is such a significant change in plan design, staff did not believe that the issue was ripe for a study at this time.

Trustee Basgal recommended that the Committee table any action on the item at this time, suggesting that AHS and County of Alameda discuss the issues first to attempt to come to agreement before bringing the issue back to the Committee or Board. She stated that the discussion had highlighted not only methodology changes, but also policy changes that AHS was trying to address with their proposal. The Committee was in agreement to postpone any action at this time.

INFORMATION ITEMS

1. Presentation and discussion of the Triennial Experience for years 2014 -2016 and economic/non-economic assumptions.

Staff and representatives from Segal Consulting presented and discussed ACERA's Triennial Experience for years 2014-2016. The significant non-economic and economic assumption change recommendations discussed were:

- Change to the MP2016 mortality table;
- Change to a 7.25% actuarial assumed interest rate of return; and
- Change to a 3.00% inflation rate.

2. Discussion of changes to upcoming items on the Actuarial Committee Work Plan

Staff discussed the changes made to the 2017 Actuarial Committee Work Plan. There will be an additional committee meeting on December 21, 2017, which will include an actuarial peer review of ACERA's triennial experience study conducted by Cheiron.

RECOMMENDATION

None

TRUSTEE/PUBLIC INPUT

None

Future Discussion Items

Discuss and finalize the implementation methodology for proportionate share of the net OPEB Liability (GASB 74 & 75)

ESTABLISHMENT OF NEXT MEETING DATE

October 11, 2017 at 1:00 pm

MEETING ADJOURNED

The meeting adjourned at 3:17 pm