



MINUTES
REAO Board of Directors' Meeting
OCERS Hearing Room
2223 Wellington Avenue, Santa Ana
Wednesday, August 10, 2016
9:00 AM

I. Called to Order at 9:03 AM by REAO Co-President Linda Robinson

Present: Doug Storm, Linda Robinson, Rebecca Guider, Gaylan Harris, Jan Grimes, Sara Ruckle Harms, Tom Beckett, John Iagjian and Larry Leaman. Also in attendance are Steve Delany and Michele Martinez (for a portion of the meeting), Robin Mattocks, Lou Scarpino and Ilene Bárcenas, Office Manager. There is a quorum.

Absent: none

II. OCERS Presentation by Steve Delaney

A. Outcomes from the July 18 Board meeting

I-2 Actuarial valuation contribution rates for FY 2017 were adopted.

I-3 Early payment for employers' contribution was approved including the discount rate to be used.

I-4 Membership of Extra Help and other temporary employees – sent recommended language for a policy to the Governance Committee with a final approval by the OCERS Board will be on October 17, 2017.

I-5 Consulting Actuary services – it took four motions but Segal was approved to remain as the Consulting Actuary with a 3-year contract.

I-6 Grand Jury Report – Shari Freidenrich stated that OCERS should not comment regarding this report but rather the County should provide the report.

I-7 – Insurance Broker Selection – Alliant was selected to be the OCERS broker.

B. August 15, 2016 Board Meeting

C-3 retiree request to be reinstated to an active employee from a retired employee. This is not a common occurrence but some new retirees decide to return to active employment.

C-7 approve staff's proposed responses to the OC Grand Jury Report on the County's \$4.5 billion unfunded pension liability and retirement plans.

C-9 this item is related to the 2016 edition of the UAAL.

C-12 General and retiree board member election update; it will be held in December.

C-17 A document ask for by Lindholm many years ago is regarding Employer and Employee Pension Cost Comparison.

I-2 GASB 68 valuation and audit report

I-3 Custodian Bank Services selection of a service provider.

I-4 OCERS Staff Retention Program – would allow for a 3% award to employees which would vest over 3-years. Steve Delaney would also like to approve the creation of a permanent Compensation Committee.

I-5 – Conflict of Interest training.

C. Update on Security

A fourth person was discovered during the evaluation by Mandiant regarding potential problems of hacking.

D. Focus Group

Suzanne Jenicke and some of her staff will attend the September luncheon. They will assist our retirees in setting up their “MyOCERS” accounts.

III. Potential multiple year investment loss

Larry Leaman asked to discuss this topic with Steve Delaney. He would like to know how a multiple year actuarial loss would impact the retirement fund. This will be discussed at the REAOC Board meeting in September.

IV. Presentation by Michele Martinez

There are two persons running for the vacancy in the Board of Supervisors First District office. Those candidates, Michele Martinez and Andrew Do both were invited by Sara Ruckle Harms to meet with the REAOC Board. Andrew Do did not respond to our invitation but Michele Martinez did and presented information regarding her background and her plans for the office if she were to be elected.

V. Approval of Minutes from July 13, 2016

A motion was made by Sara Ruckle Harms and seconded by Rebecca Guider to approve the July 13, 2016 REAOC Board meeting minutes as amended. Motion carried.

A motion was made by Sara Ruckle Harms and seconded by Linda Robinson to approve the July 13, 2016 Executive Session REAOC Board meeting minutes as written. Motion carried.

VI. Treasurer's Reports

- E. Approve the Treasurer's Report for July 2016

Motion made by Sara Ruckle Harms and seconded by Linda Robinson to approve the Monthly Operating Report for July 2016. Motion carried.

- F. NCPERS conference and a cash advance if requested

A motion was made by Linda Robinson and seconded by Sara Ruckle Harms to authorize two REAOC members to attend the NCPERS Forum and allow a cash advance to cover expenses. Motion carried.

- G. Meeting room for Health Plan meeting

A motion was made by Rebecca Guider and seconded Sara Ruckle Harms by to authorize payment to Mile Square Park for meeting rooms for the health plan meeting that will be held on November 16, 2016. Motion carried.

VII. Website Update

Ilene Bárcenas added a link to the REAOC website so that readers can link to the County's newsletters.

Action Item: Ilene Bárcenas will add Phyllis Watanabe to our email list and will also share the "hits" statistics for the website with the REAOC Board.

Note: in the past 30 days, we have had 586 users who were on the REAOC website and they looked at 1,135 pages within the site.

VIII. Meeting Reports

- A. OCERS

Steve Delaney attended the meeting and provided an overview of the past July meeting as well as the upcoming August meeting.

- B. CRCEA

Lou Scarpino reported on the last CRCEA meeting; it was held in San Diego so some of the attendees were “skyped” in. He reported that George Shoemaker’s wife passed away. He briefed the CRCEA Board regarding his involvement in NCPERS and suggesting that they become more involved in NCPERS. He shared some articles with Virginia Adams for the Intercom. RPEA president, George Linn, is being invited to the fall CRCEA conference; John Chiang should also be attending the conference. They are going to have two round-table sessions; one to get ideas shared with the attendees and the second session to follow up on the first session. 501(c)4 requirements are still being followed up by CRCEA. Sara Ruckle Harms stated that AREOC has been in compliance with the 990 requirement all along. Skip Murphy asked to attend the SACRS conference in Indian Wells this fall. There was talk about eliminating the Conference Committee as Mike Sloan is picking up many of the duties. This idea was tabled but will be picked up later. The RSC will be getting back to work after the election. CalPERS LTC issue – the court approved the class action on June 21, 2016; Dave Muir is working on providing additional information. Notices were sent to the class on July 5th.

Action Item: Ilene Bárcenas will obtain more information regarding this lawsuit and post the information on the website. She will also send an e-mail to Faye Watanabe as she was very interested in this topic.

IX. Committee Reports

A. Membership

In advance of the meeting, the membership report was sent to the REAOC Board. John Iagjian presented the details of the report. Although the regular member numbers are down a little bit, the associate members have increased. We continue to have many members pass away.

B. Board Watch

There have been three meetings since our last meeting. On the July 26, 2016, the BOS adopted the retiree health care rates. They also had an agenda topic of “Gray Matters” at this same meeting.

C. Legislation

In advance of the meeting, Lou Scarpino distributed the legislative report update. He recited the various deadlines for the legislation. AB 700 – the political reform act is still alive. AB 2376, the Alternate Retirement Member bill was enrolled and is on the Governor’s desk for signature. AB 2833, the disclosure of private equity fees legislation, was read for the 2nd time and may continue to be moving. HR 711 (Brady), the WEP bill, was pulled by the author to get more consensus.

X. Luncheon

The September luncheon will be held on September 28, 2016; we will be having lasagna for the luncheon. The OCERS staff will also be attending to sign up people for “MyOCERS”.

Action Item: Ilene Bárcenas will contact Suzanne Jenicke to determine their Wi-Fi needs for the luncheon.

Sara Ruckle Harms once again contacted Bill Hoffman, owner of Bill Huffy Tours, and he is ready to do the presentation at the luncheon. Sara Ruckle Harms will not be able to attend the luncheon. Doug Storm will be the contact for Mr. Hoffman. He will bring his own equipment; he will have 25-30 minutes to speak.

Robin Mattocks is still working with the Hope Center for the Arts and High Hopes and their choir for the December luncheon. She will confirm their availability for the December luncheon. We will also have attendees complete the survey for the luncheon.

XI. The Informer

There is significant content for our next Informer. There will be coverage regarding the luncheon, an overview of the CRCEA conference, the “who to contact” article written by Robert Kinsler, scholarship information, etc.

XII. Presidents’ Message

A. Litigation Update

Doug Storm stated that they would like to talk to Ernie Galvan regarding the pending class action lawsuit to see if there is something that can be done to obtain a resolution.

A motion was made by Sara Ruckle Harms and seconded by John Iagjian to authorize the two REAOC Presidents and one other Board member to meet with Ernie Galvez to discuss the litigation action. This would include all expenses include transportation, hotel and meals. Motion carried.

B. Health Insurance Issues

Linda Robinson, Doug Storm and Sara Ruckle Harms met with Frank Kim and he seemed to be very open to discussions with REAOC. The primary discussion was related to health care plan. He is going to determine if we could sit at the table during the rate setting process by Employee Benefits. They announced that they are changing the Open Enrollment Administrator and they will also pay for an advocate. They discussed the new rates for 2017 and the increased costs for retirees. They explained that the rates increased primarily due to hospitalization charges, increased pharmaceutical costs per the Mercers evaluation. They also discussed the Fund 292 plan. It appears that the process will be more transparent next year and they will coordinate the benefits with REAOC. REAOC will be meeting quarterly with the CEO’s office beginning in February.

When Doug Storm, Linda Robinson, and Sara Ruckle Harms met with OCEA, they echoed the same complaints about non-transparency in the medical rate setting process. They would also like to be involved with the planning meetings with the County. Both parties (REAOC and OCEA) are concerned about the Mercer's connection within the health plan process. Jennifer Muir is still very willing to assist in the rapid response efforts. There is a rapid response group already in existence within the PRJ. They are very open to meeting with REAOC on a regular basis.

There will be a County Health information session will be on November 16, 2016 at Mile Square Park. REAOC will need to send Board members to attend. A letter from the County will go out to all active and retired employees in October. We will hold a raffle at the event to encourage attendance.

A motion was made by Sara Ruckle Harms to have REAOC sponsor 4 gift cards of \$50 each for the raffle at the open enrollment meeting that will be held on November 16; motion seconded by Linda Robinson; motion carried.

Action Item: Ilene Bárcenas will send out the Health Plan cost comparison charts to the entire REAOC Board.

XIII. Adjournment

A motion was made Sara Ruckle Harms and seconded by Rebecca Guider to adjourn the meeting at 12:47 PM. Motion carried.