



**MINUTES**  
**REAO Board of Directors' Meeting**  
**OCERS Hearing Room**  
**2223 Wellington Avenue, Santa Ana**  
**Wednesday, January 11, 2017**  
**9:30 AM**

**I. Called to Order at 9:30 AM by REAO Co-President Linda Robinson**

Present: Linda Robinson, Doug Storm, Rebecca Guider, Bill Castro, Gaylan Harris, Sara Ruckle Harms, Frank Eley, John Iagjian and Jan Grimes. Also in attendance are Steve Delaney and Catherine Farley (for a portion of the meeting), Robin Mattocks, Barbara Voelkel, Lou Scarpino and Ilene Bárcenas, Executive Director. There is a quorum.

Absent: Larry Leaman

**II. Farewell to Tom Beckett & election to fill his Director's position**

Historically the elected OCERS representative fills the open position of the REAO Board of Directors.

*A motion was made by Doug Storm, seconded by Rebecca Guider to fill this vacant REAO Director's position with Frank Eley who is the retiree representative on the OCERS Board. Motion carried.*

**III. OCERS Presentation by Steve Delaney**

Steve Delaney distributed the agenda for the January 11, 2017 OCERS Board meeting. The highlights of the agenda were presented.

Frank Eley and Baldwin will be sworn in at the next OCERS meeting.

Item C-14 – differences in regulations, bylaws, policies and OCERS' administrative procedures will be discussed.

Item C-15 – related to retirement costs, unfunded actuarial accrued liability and funded ratio under alternative economic scenarios (revised). There were small corrections that had to be made.

I-2 – REAO issues update; presentation will be made by Linda Robinson and Doug Storm.

I-3 – the MOU with the Sanitation District will be presented

I-4 – OCERS innovations and employee staff awards to recognize the OCERS staff and their contributions.

Steve Delaney also proved an update on the OCERS Investment Division and the new persons involved in those investments. He also discussed the departure of the OCERS CIO, Gerard Miller. They are receiving a lot of interest regarding filling his position.

Steve Delaney also provided a preview of the January 25, 2017 Investment Committee Meeting.

I-5, a discussion on the asset allocation, will be the core of the discussion at this meeting.

I-6 will be reviewing currency hedging discussion.

I-7 CIO Charter review will be discussed before they officially post the opening for the CIO position.

Returns through November 7.11%; it appears that OCERS will hit 7.25% by the end of December.

Secova – Catherine Farley shared the issues that are happening at this time due to the transition from Xerox to Secova for the Health Plan Administrator. She stated that OCERS worked very closely with the Xerox and Secova on the transition of the employee benefits vendor. Secova has been receiving the files from OCERS since May. During the testing period, the County received feedback of the errors that were found. OCERS has received over 1,000 calls regarding negatively impacting issues from retirees. OCERS has continued to provide feedback to the County and have been giving them a call log with the issues that they are receiving. The complaints include: no insurance cards, no ability to fill prescriptions, not enrolled in County medical and then couldn't enroll, dropped from retirement plan, hyperlink on their websites are invalid, etc. Calls have been recorded by OCERS.

#### **IV. Approval of Minutes**

##### **A. Executive Session minutes from October 12, 2016**

*A motion was made by Sara Ruckle Harms and seconded by John Iagjian to approve the October 12, 2016 Executive Session of the REAOC Board meeting minutes as written. Motion carried.*

##### **B. Regular minutes from November 9, 2016**

*A motion was made by Sara Ruckle Harms and seconded by Rebecca Guider to approve the November 9, 2016 REAOC Board meeting minutes as written. Motion carried.*

##### **C. General Business Meeting minutes from December 7, 2016**

*A motion was made by Sara Ruckle Harms and seconded by John Iagjian to approve the December 7, 2016 REAOC General Business meeting minutes as written. Motion carried.*

#### **V. Treasurer's Reports**

##### **A. Approve retroactive expenditure of \$312 for lunch for REAOC Board members and staff working at the 11/16/2016 Health Plan Open Enrollment meeting at Mile Square Park.**

*Motion made by Linda Robinson and seconded by Rebecca Guider to approved the retroactive expenditure of \$312 for lunch for the REAOC Board members and staff who worked at the Health Open Enrollment meeting held on November 16, 2016. Motion carried.*

##### **B. Approve REAOC Monthly Operating Report for Nov 2016.**

*Motion made by Sara Ruckle Harms and seconded by Rebecca Guider to accept the November Monthly Operation report as conveyed. Motion carried.*

C. Approve REAOC Monthly Operating Report for Dec 2016.

*Motion made by Rebecca Guider and seconded by John Iagjian to accept the December Monthly Operation report as described. Motion carried.*

D. Approve REAOC Quarterly Budget Report for the quarter and year ended 12/31/2016.

*Motion made by Rebecca Guider and seconded by Sara Ruckle Harms to accept the REAOC Quarterly Budget Report for the quarter and year ended 12/31/2016.as reported. Motion carried.*

E. Discussion and approval of REAOC budget for 2017.

Bill Castro shared a discussion of the REAOC Budget for 2017. For the 2017 NCPERS conference, REAOC would like to send three persons. Frank Eley stated that he will be attending for OCERS. We have increased the amount in the conference budget line to support the attendance of the CRCEA and NCPERS conferences.

Sara Ruckle Harms pointed out that we may need additional monies for mailers for more advocacy for our membership. We may also need to consider monies for professional consultation for protecting our benefits including our health care issues. Gaylan Harris stated that AON has clarified that they would be able to assist us as a health care consultant.

*Motion made by Linda Robinson and seconded by Doug Storm to state that there is an intention to transfer from REAOC to AREOC the monies that are now in the REAOC money market accounts for a Legal Contingency Fund, advocacy and a health care consultant when those funds are needed. Motion carried.*

*Action Item: Gaylan Harris will contact AON (Rob Cinco) to set up a meeting within the next few weeks to discuss hiring them as a contractor for the health care issues. Later – Rob Cinco is no longer with AON. He is with a company called Hayes. They will need a scope of work. Doug Storm has a copy of the last scope and he will look at that again. Barbara Voelkel said she would help with the process.*

*Motion made by Rebecca Guider and seconded by John Iagjian to approve the REAOC Budget for 2017 as presented. Motion carried.*

## **VI. Website Update**

REAOC member Ron Kersh sent an e-mail wanting a place on the website where members could post ads. After discussion, it was decided that this is not something REAOC wishes to explore due to the time it would take to keep the web up to date and also the inability to control what the members want published.

In addition to the routine updates on the website, in these past two months Ilene Bárcenas posted a notice regarding the Grand Jury solicitation, the OCERS/CalPERS and the assumed rate as well as the opportunity to apply for the scholarships. In addition, pages regarding the supplemental insurance and the County Health Plans were updated to provide the latest information.

*Action Item: Ilene Bárcenas will post information on our website regarding the issues related to the 2017 Health Plan problems that have been identified and to let our members know that we are working with the County on this.*

## **VII. Meeting Reports**

### **A. OCERS**

Steve Delaney covered the OCERS update. Sara Ruckle Harms also sent a summary of the last OCERS meeting.

### **B. CRCEA**

There have been no meetings in the past couple of months. The next meeting will be in January.

## **VIII. Committee Reports**

### **A. Membership**

In advance of the meeting, the membership report was sent to the REAOC Board. John Iagjian shared that Pacific Group Agencies has increased our membership through their open enrollment process. They have added 166 members to date. At the pre-retirement seminars, we have still had about 20 attendees at each meeting.

### **B. Board Watch**

There have been a few BOS meetings since our last REAOC Board meeting. The December meeting was over 8 hours long. There were issues related to people who receive benefits through the SNAP program and who can now purchase restaurant food with the card. Yorba Linda. There were also issues about a \$400 million bond that will be issued. There was also a special Board meeting on December 6, 2016 that was related to the 5-year Strategic Plan. The document from the meeting was about 200 pages. There were some issues relating to retirees including the grant and unfunded

pension liability despite the pension reform. Linda Robinson will try to obtain a hard copy so that the details can be reviewed.

### C. Legislation

New two-year session has started with the new legislators. The introduction of bills will be starting shortly. We will watch for initiatives from the federal level. Fox News is now talking about the retirement plans and that the 401Ks are not producing as expected. NCPERS legislative update reflected the state view and the federal view. They stated that they did not see the beltway election results in advance; they are in a state of shock. A lot of reorganizing in the government at this time. 2017 - the administration expects to have a plan going forward related to the ACA, Medicare and Social Security.

Tax reform side - we may get nailed – 457 plan rules will probably change, pick-up rules for counties. The WEP will come back as new legislation. There is also a push to put safety into Medicare at age 55. There are groups still trying to kill DBs.

Puerto Rico has a big budget problem. An “annuity accumulation plan” is being considered but no certainty of what this will do. This would definitely have less benefit than the current DB plans. The first 100 days of the new administration need to be watched closely so that we can ascertain changes for the future.

## IX. Luncheon

### A. Entertainment for 2017

For January, Clutter Cleaners will be able to speak. The presenter shared with Linda Robinson that 80% of what you have in your house, you do not use. She will speak for ½ hour.

*Action item: Ilene Bárcenas will make copies of the handouts for the January luncheon.*

For the March luncheon, Bill Castro suggested a karaoke entertainer (wife of REAOC member, Tom Horton) who can bring her equipment to the luncheon. She could do background music during the visiting time and then have folks sing karaoke after lunch. We will add information in the Informer so that maybe we get some folks to sign up in advance.

*Action Item: Bill Castro will check to see if the karaoke entertainer is available for the lunch date.*

For the May luncheon, we will honor the veterans in attendance and Frank Kim will be our speaker. We will also share information regarding the status of the new government and how it effects the retirees.

*Action Item: Linda Robinson and Doug Storm will contact Mr. Kim to see if he is available to be our speaker for the luncheon.*

For September and December, we will look at results from the survey before we make plans.

B. Luncheon survey

Ilene Bárcenas has created a database to enter all of the responses to the December luncheon surveys. She will have the results available and sent to Linda Robinson and Doug Storm before the next luncheon.

**X. The Informer**

The due date for articles for the next Informer is January 25, 2017. Ilene Bárcenas submitted a “who do you call” article. Robin Mattocks will talk to Walt de Vries and try to finish that article. She will also publish the survey results. Frank Eley will consider writing an article for the March Informer. Lou Scarpino will write an article regarding legislation. We will also have a scholarship reminder article that Jan Grimes will send to Robin Mattocks. The President’s Message will include information about who to contact with the Health Plan problems that have been identified.

**XI. Presidents’ Message**

A. Litigation Update

At the end of last month, Linda Robinson received a letter from Michael Brown. We are coming up to the 3<sup>rd</sup> anniversary of the last appeal without an answer. We may need to once again contact the Court to determine the status of the appeal.

B. Health Insurance Issues

This was covered earlier. Doug Storm and Linda Robinson will meet with Frank Kim (along with Steve Delaney and Catherine Farley) this afternoon to discuss the issues.

**XII. Adjournment**

*A motion was made John Iagjian and seconded by Sara Ruckle Harms to adjourn the meeting at 12:58 PM. Motion carried.*

Retired Employees Association of Orange County (REAOC)  
January 11, 2017  
Regular Board Meeting