



**MINUTES**  
**REAO Board of Directors' Meeting**  
**OCERS Hearing Room**  
**2223 Wellington Avenue, Santa Ana**  
**Wednesday, September 21, 2016**  
**9:30 AM**

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

Present: Linda Robinson, Larry Leaman, Gaylan Harris, Rebecca Guider and John Iagjian. Also in attendance are Frank Eley, Steve Delany (for a portion of the meeting), Robin Mattocks and Lou Scarpino. There is a quorum.

Absent: Doug Storm, Sara Ruckle Harms, Jan Grimes, Tom Beckett

**II. OCERS Presentation by Steve Delaney**

Steve Delaney discussed the two-day Strategic Planning Workshop that was held offsite. Highlights include:

Administrative section – stakeholders and labor groups were in attendance to participate in the workshop. The Children and Families Commission met for the first time at this meeting. Larry Leaman stated that this commission is to provide services for children up to age five so that they are ready for school. Discussed the issue of Board Governance and the difference between a policy board. The OCERS visions and values were discussed and they are working on this process with employees in OCERS.

CalPERS has put out a lot of information about their new process to lower their assumption rate over time. They had an opportunity to share this information at the workshop. Their focus was on volatility.

Investment focus – Gerard Miller discussed investment changes in the portfolio. There are dual consultants advising the OCERS Board at this time. There is a push towards simplification; perhaps additional bonds; reviewing Hedge funds and determining if OCERS wants to keep investing in those funds. Opportunistic bucket looking at oil and gas (energy), when we get to buy (and buy quickly) into the market when it moves back up.

Paul Angelo from Segal talked about what is coming up in 2017. Mortality is an issue that they are willing to come around and consider and this will be discussed in the future with Segal. OCERS oldest active member retired last month at age 92 after 36 years with the County.

Steve Delaney talked about the newer OCERS employees; Gina Ratto who will lead their legal department will start October 17; new secretary, Cami.

Update on hacking issue; a person in England was arrested for hacking into the Orange County Employee Retirement System. Jenny Sadoski did an excellent job providing information that assisted in this investigation. Lou Scarpino commented on the multitude of scam calls that he and others have been receiving; this led him to cancel his landline. Latest scams have been highlighted in the Informer as well as the REAOC website and it was suggested that OCERS also share information about scams.

Larry Leaman sent a note to Steve Delaney where Harvey Leiderman was quoted at a CalSTRS board meeting giving some very strong warnings about the Marin County decision to allow their Board to reduce the basis of their benefit calculation. Harvey Leiderman shared the following with REAOC: Marin County is concerned about spiking but Orange County does not have this issue. Nothing in the decision extends to retirees. Some think that the decision is limited to active members prospectively. Mr. Leiderman will talk about this at the next OCERS Board meeting in October.

At a meeting of the Governance Committee, they will discuss extra help employees and how much they can work, can they start the 960 hours again after a break, etc. The contract cities presentation will be held in September 22, 2016. Although they are not members of OCERS, they want to be kept in the educational loop.

Multiple year investment loss and the impact will be discussed at greater length at our next REAOC Board meeting.

Gaylan Harris thanked Steve Delaney for letting REAOC Board members attend the workshop. He stated that the County is so dependent on property tax getting into the general fund. 60% of the money into the retirement fund is coming from the County. If real estate would take another nose dive in Orange County, it may be difficult for the County to continue to fund the retirement system.

### **III. Open Enrollment for supplemental benefits**

Steve Pettee shared the 2016 open enrollment benefit booklets. These will be sent to all retirees; if they are not members, they will have a membership application in their booklet. He also stated they are working on the Certificate of Insurance for the Presbyterian Church for October 1, 2016. He asked Linda Robinson to sign the form.

For the dental PPO (Ameritas) and HMO (Cigna), the premium rates will remain the same for 2017. The PPO is much more popular for retirees as they can see a dentist anywhere they want. The levels of benefits are in the booklet for in-network and out-of-network benefit. The \$1,500 annual benefit can be carried over from one year to another if not used. Implants are covered by the Cigna HMO & Ameritas PPO. He said that REAOC continues to gain new members each year during open enrollment.

Identity theft coverage, Identity Shield, is being enhanced; they will now cover preexisting issues. They will continue to have a HMO pet insurance, legal shield, travel insurance, etc. He also mentioned that they are now covering health insurance and prescription coverage for pre-post Medicare retirees for Stanislaus County. San Bernardino County is also looking into this. He stated that they are also working with pre-retirees and able to provide benefits in some of the counties. Gaylan Harris asked for numbers of retirees in the various plans. He will provide these later.

Open enrollment is from mid-October (when the packets are sent out) until November 25, 2016 and the insurance will be effective 1-1-2017. Stephen Pettee will provide an article for the next Informer to explain the open enrollment. Gaylan Harris suggested that Pacific Group Agencies have a table for the December luncheon. Linda Robinson suggested that someone attend the September 28<sup>th</sup> luncheon to share information. Stephen Pettee will attend the September luncheon at Mile Square Park. He will check with Greg Margulies to see if he can attend the December 7<sup>th</sup> luncheon. Bill Castro suggested that Pacific Group Agencies have a table at the medical open enrollment meeting on November 16, 2016.

The Directors and Office insurance invoice was sent to Ilene Bárcenas and it will be forwarded to Bill Castro. The payment will be mailed when received.

#### **IV. Approval of Minutes from August 10, 2016**

*A motion was made by Gaylan Harris and seconded by Rebecca Guider to approve the August 10, 2016 REAOC Board meeting minutes as amended. Motion carried.*

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

Bill Castro stated these topics would be held for the October meeting.

#### **VI. Website Update (this would have been my update had I attended the meeting)**

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.

#### **VII. Meeting Reports**

##### **A. OCERS**

We heard from Steve Delaney regarding the OCERS meeting. The rate of return is increasing over time.

##### **B. CRCEA**

Lou Scarpino asked if we had approval for conference attendance. Linda Robinson stated there was approval for 5 attendees. He reminded those who will attend to submit their

conference registration forms. The CRCEA budget is a bit healthier as reported by Lou Scarpino. The new budget will be discussed at the conference.

Linda Robinson stated that, per Mike Sloan, one of the subjects of the Round Table discussion will be related to the funding of the conferences. He will also talk about the costs of the conference including the cost of the hotel rooms. There will be several options discussed including increasing the conference fee, discussing if we really need two conferences a year, maybe having a pool of funds, maybe one conference in the south and north in the same hotel, smaller counties working together, maybe establishing a new conference committee, increasing membership fees, increasing conference fees including the dinner, etc.

Lou Scarpino stated maintaining the two conference a year plan makes sense as it keeps CRCEA relevant. He stated that the idea of keeping a hotel chain and a multi-year contract can be difficult. LA County's threats of pulling out of CRCEA if the dues increase do not seem realistic. Linda Robinson stated that we may need to look at new technology such as having webinars. We need to look at options that are doable. Gaylan Harris stated that Bill Kirkwood made a suggestion before he passed away that CRCEA hire a professional executive to lead CRCEA. Maybe it is time to look at that idea once again. Lou Scarpino stated that they are still providing educational information and advocacy to its members. Larry Leaman stated that maybe they need to consider restructuring dues in order to provide monies for paid staff. The counties could pay related to their size (small, medium and large counties). Linda Robinson will put some of the suggestions together to discuss at the October REAOC Board meeting.

### C. NCPERS

In advanced of the meeting, Lou Scarpino shared a summary of the conference with the REAOC Board members. Frank Eley and Lou Scarpino shared the value of attending the NCPERS conference. This conference is an annual event but they also have some smaller events throughout the year that are very specific for training and certifications. Lou Scarpino does not believe that we need to participate in the smaller conferences.

The conference attended by Lou Scarpino and Frank Eley had many national economists and shared a lot of information regarding the topic of funding. The areas they were looking at is if they could cultivate with this group related to in the research and advocacy area. The bottom line is that they believe that we do. The second area that they were looking at is the components of our advocacy issues to change the thoughts that the economy can no longer support the defined benefits and that everyone has to go to 401Ks or nothing. This organization has such a large footprint in the country and to not utilize them might be a mistake. They have tons of resources that we don't currently have. The speakers talked about fund projections and methodologies to make these projections. Frank Eley thought the conference was valuable but felt they didn't discuss where we need to go now. We need to keep the private sector side happy with some sort of retirement plan so that they leave those with defined benefits alone.

They both thought the research and advocacy are valuable but Frank Eley stated that he is not sure that we need to attend all of the NCPERS conferences. Gaylan Harris talked about how the defined benefits system would die if it was not mandatory for public employees. The employees, given an option, would probably take the upfront money “to invest” rather than have the retirement deduction. Lou Scarpino stated that fighting for our defined benefits is an uphill battle and it is important to use the advocacy resources to continue the battle. Lou Scarpino would recommend that we continue to attend the annual meeting.

## **VIII. 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.

### **B. Board Watch**

Since our last Board of Director Meeting two Board of Supervisor meetings have been held. With the exception of a Grand Jury Report Response regarding the \$4.5 Billion Pension Unfunded Liability (the report was approved without discussion from Board members), there were no items of specific interest to retirees. The next Board of Supervisor meeting will be held 9/27 and Luisa Camino will cover that date.

### **C. Legislation**

## **IX. Luncheon (this would have been my report if I had attended the meeting)**

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”. Suzanne Jenicke has been contacted and she and either one or two staff will attend to assist our attendees. They will bring their own equipment.

Bill Hoffman, owner of Bill Hoffy Tours, and he is ready to do the presentation at the luncheon. He will bring his own equipment; he will have 25-30 minutes to speak.

Robin Mattocks has been working with the Hope Center for the Arts and High Hopes and their choir for the December luncheon. She also reported that she confirmed the High Hopes for December and the consensus of the Board was to agree to a \$500 donation.

We will also have attendees complete the survey for the luncheon.

## **X. The Informer**

Robin Mattocks reported that the new deadline to have articles to her for the November edition is now October 12 and she mentioned she would write a summary of Hoffy Tour presentation.

## **XI. Presidents' Message**

### **A. Litigation Update**

There has been no ruling from the 9<sup>th</sup> Circuit regarding the Class Action lawsuit. Plans are in the works to contact Michael Brown and Ernie Galvan for recommended action.

### **B. Health Insurance Issues**

On November 16<sup>th</sup> a REAOC and County Health Insurance Plan workshop will be held at Mile Square Park. Additional workshop seminars will be presented by the County in several other facilities within the County. It was decided to ask Ilene to send an email reminder to all retirees on the REAOC distribution list in early November regarding the November 16<sup>th</sup> workshop and to remind retirees via the REAOC website of the date and time. Retiree Vicki Gray notified us that the Medicare cross-over issue with Blue Shield has been corrected in her case. It was quite a struggle to accomplish this and several other retirees are working through the difficult, time-consuming process.

### **C. OCEA Health Fair Report**

The September 13<sup>th</sup> event was well attended by employees and some retirees—despite rain, wind and eventual sunshine. Doug, John, Linda and Frank staffed the REAOC table. A number of employees requested information from REAOC and a sign-in sheet was given to John at the Board meeting. Many prospective retirees indicated they could not retiree in the near future due to the high cost of health insurance coverage.

### **D. Tri-fold handout**

Linda Robinson has the tri-fold forms now printed. We will continue to use our regular packet and use our tri-fold at the pre-retirement seminar. The tri-fold will be used just to give basic information. Doug Storm got a good price for the printing – about \$200 for 1,000 copies.

### **E. Other**

Rebecca will attend a special presentation at UCI on behalf of REAOC. The event, entitled “Outcomes-Based Pharmaceutical Contracting—Moving from Paying for Pills to

Paying for Value”. The event will be held October 21st from 8AM to 10:15 AM in the University Club at the UC Irvine Campus. A discussion was held regarding candidate endorsement/contributions and it was decided REAOC was not prepared to make a political commitment at this time regarding the upcoming Board of Supervisor race. The Board was open to further discussions with Jan Edwards as a luncheon speaker at Mile Square Park. Additional information will be needed before a final decision is made.

**XII. Adjournment**

*A motion was made and seconded by to adjourn the meeting at 1:09 PM. Motion carried.*