



MINUTES
REAO Board of Directors' Meeting
OCERS Hearing Room
2223 Wellington Avenue, Santa Ana
Wednesday, May 13, 2015
9:30 AM

I. Called to Order at 9:30 AM by REAO Co-President, Doug Storm

Present: Doug Storm, Bill Castro, Tom Beckett, Sara Ruckle Harms, Gaylan Harris, Jan Grimes, Larry Leaman and Also in attendance are Steve Delaney, Lou Scarpino, Robin Mattocks, Tom Cooney, Jan Stephenson and Ilene Bárcenas, Office Manager. There is a quorum.

Absent: Linda Robinson, Rebecca Guider, Bob Griffith, John Iagjian

II. Discussion with Steve Delaney

Steve Delaney discussed the following:

OCERS Year in Review is available so that we can obtain all of the information that he will share during this meeting. He stated that he and his team met with all of the Plan Sponsors and will also meet with each of the Board of Supervisors. The return for 2014 was 4.93%; the system as a whole did save money. The unfunded liability dropped. The Safety Group salary went up by 6%.

This last OCERS Board meeting on May 11, 2015 was quite lively. Segal made many recommendations for the OCERS Board and this will be finalized at the next meeting on June 15th. OCERS 20-year investment number averages 8.36%; the average member retires at 21 years. Asset allocation charts show all of the assets owned by OCERS; there is significant diversification. The systems that are heavy in the stock market are earning more than OCERS. The next five to seven years will be tough; we will be challenged to make good returns during this period. There will be changes in the strategy for this period to try to make positive earnings. OCERS is now investing in direct lending and oil.

OCERS received the GFOA award received related to the risk rate of OCERS. RVK report shows how OCERS compares to other systems around the country. OCERS investment strategy avoids the volatility that is found in other systems. The long term investment strategy includes about 40% equities. They are lower in stock investments than the other Act 37 counties. New IT system will go live on December 1, 2015; the product is looking very good at this time.

The SACRS election will be held this coming Friday. The President is being challenged by the Vice President. There are some that want to change the organization to a more activist

organization rather than an informational organization. Most likely they will remain as an educational organization.

The biggest threat to DB plans per Steve Delaney are the limits that may be placed on DB plans. Moving from a DB plan to a DC plan seems to be less of a threat than it was in the past.

III. Approval of Minutes of April 2015 Regular Board meeting

A motion was made by Sara Ruckle Harms and seconded by Larry Leaman to approve the April 15, 2015 Board Meeting minutes as written. Motion carried.

IV. Treasurer's Report for April 2015

Bill Castro presented the Treasurer's Report. He reported that he transferred \$40 K into a Money Market Account from our regular savings account.

Motion made by Larry Leaman and seconded by Tom Beckett to approve the Monthly Operating Report for April 2015. Motion passed unanimously.

V. Website Update

Ilene Bárcenas stated that she is now checking all incoming e-mails to the website to insure that we have that persons e-mail address. No major updates have been made.

Action Item: Ilene Bárcenas will look at adding a counter to the website to capture the number of visitors to the website.

VI. Meeting Reports

A. OCERS

In advance of the meeting, Sara Ruckle Harms sent out a summary of the meeting. Tom Beckett discussed some problems with Segal that caused significant negative discussion at the meeting. There is an RFP to search for a new actuary at this time; Segal's contract ends in October 2015.

B. CRCEA

Lou Scarpino reported that the conference was strong and there were some good speakers including Hank Kim of NCPERS. He also wrote an article regarding the conference for the *Informer* newsletter. Robin Mattocks will work with Lou Scarpino to edit the article so that it can be used for the newsletter.

C. Scholarship Committee

Jan Grimes reported that the selections were made for the four scholarship awardees. We had a total of 22 applicants; these four stood out as the most qualified. The awardees include Kaytee Johnson (James Miller), Karilyn Brayall (Gayle McQuown), Jennifer Tram (Dong Tran) and Zoe Hunt (William and Patricia Hunt).

Sara Ruckle Harms moved payment the four awardees (Kaytee Johnson, Karilyn Brayall, Zoe Hunt and Jennifer Tram) for the scholarship awards; seconded by Jan Grimes. Motion approved.

VII. Committee Reports

A. Membership

Doug Storm said that PGA is willing to do a flyer that we could send to each new retiree along with the benefit packet. We need to come up with the wording that we want to use in the flyer.

Action Item: Ilene Bárcenas will obtain a copy of the document that was being sent by LA County to the new retirees. Doug Storm will also talk to Steve Delaney about the ability to send these documents out to the new retirees.

B. Board Watch

There have been no topics related to retirees from the most recent Board of Supervisors' meetings.

C. Legislation

In advance of the meeting, Lou Scarpino shared a matrix of the pending legislation that is being monitored. He added a new spot bill that he will be monitoring. Nothing new in the way of initiatives. He added a line on the report showing the subjects not yet qualified - some of which may be of interest.

Sara Ruckle Harms made a motion to review AB 700 to determine if we want to support this bill; seconded by Larry Leaman. This bill will be discussed at the next meeting. Motion carried.

VIII. Luncheon

Ilene Bárcenas reported on this topic. Entertainment has been selected for the lunch. We will have a duo named "Good Cop, Bad Cop". The food served will be Chicken Cordon Bleu. We will also have in attendance the scholarship awardees as well as their families. As

is tradition, we will utilize this luncheon for a salute for our veterans. An out of the area member asked why they are excluded from participating in the Progressive Drawing.

Action Items:

Ilene Bárcenas will notify the member that the progressive drawing will remain as is. Ilene Bárcenas will also ask the entertainment group to provide an invoice at the luncheon for Bill Castro's records.

Doug Storm will purchase flowers that will be handed out to the veterans at the luncheon.

IX. The Informer

Robin Mattocks reported that we have a speaker for the September lunch; it would be helpful to have a bio to add to the next newsletter. Our deadline for articles is July 29, 2015 and the newsletter will be mailed on September 2, 2015.

Action Item: Ilene Bárcenas will send Robin Mattocks a copy of the REAOC roster.

X. Presidents' Message

A. Litigation Update

There has been no change. It may be helpful to talk to Ernie to see if he is aware of any action that may be required for the class action lawsuit.

B. Victoria Heidelman sent an e-mail to Linda Robinson asking for volunteers for the City of Irvine and would like us to let our members know that there are opportunities for volunteering or activities for seniors in Irvine. She is willing to write an article for the September informer.

Action Item: Ilene Bárcenas will contact Victoria Heidelman and ask her for an article for the September Informer.

C. CRCEA Conference

At the conference, one of the new affiliates discussed Trip Insurance that he has available through his company. He would like to have our mailing list to send out information to our members. After discussion, we believe PGA has a similar coverage and it may not be in our best interest to provide this information.

Action Item: Doug Storm will contact Steve Pettee to determine what type of travel insurance/trip insurance is already available to our members.

XI. Adjournment

Retired Employees Association of Orange County (REAOC)
May 13, 2015
Regular Board Meeting

A motion was made by Sara Ruckle Harms, seconded by Bill Castro to adjourn the meeting at 12:27 PM. Motion carried.