



**MINUTES**  
**REAO Board of Directors' Meeting**  
**OCERS Hearing Room**  
**2223 Wellington Avenue, Santa Ana**  
**Wednesday, November 12, 2014**  
**9:30 AM**

**I. Called to Order at 9:41 AM by REAO Co-President, Linda Robinson**

Present: Linda Robinson, Tom Beckett, Bill Castro, John La Roche, Sara Ruckle Harms, Gaylan Harris, Larry Leaman and John Iagjian. Also in attendance are Lou Scarpino and Rebecca Guider. There is a quorum.

Absent: Doug Storm, Bob Griffith, Faye Watanabe

**II. Approval of Minutes October 8, 2014**

Co-President Linda Robinson, noting that Ilene Barcenas was absent due to a well-deserved vacation, asked for a volunteer to take the minutes. The sound of silence was overwhelming. Finally Larry Leaman said he would do it.

On the Minutes of October 8, Gaylan Harris pointed out that on Page 2, the 4<sup>th</sup> line under the "IV. OCERS Presentation IRS Changes" heading, the second word should be deferred, not referred.

*A motion was made by Sara Ruckle Harms, seconded by John LaRoche, to approve the October 8, 2014 Board meeting minutes with the correction noted by Gaylan Harris. Motion approved unanimously.*

**III. Treasurer's Report**

**A. Review and approve Monthly Operating Report for October 2014**

Bill Castro presented the Monthly Operating Report for October, 2014. He pointed out the checking account balance is building and suggested it may be timely to move some of that money into a CD to obtain a better yield. He said that if there is consensus to do so he will look into what might be available in terms of a 6-12 month CD yield.

*Motion made by Sara Ruckle Harms to authorize Bill Castro to invest approximately \$15,000 in a 6 month CD when appropriate. Motion approved unanimously.*

On the Monthly Operating Report it was suggested the wording in the footnote about disbursements be changed by deleting the word “salary” and replacing it with the words “professional services”.

*Motion made by Gaylan Harris, seconded by John LaRoche, to accept the Monthly Operating Report for October, 2014 with the change in the footnote wording as discussed.*

*Motion passed unanimously.*

## B. Review of Proposed 2015 Budget

Bill Castro noted a draft of the proposed budget had been sent to Board members a few weeks prior and that he was looking for input so that the document could be finalized for future adoption.

There was discussion about the item for Professional Services and the likelihood that the Association will contract with one or more consultants in 2015, requiring a higher amount than proposed in the draft budget.

*Motion made by Sara Ruckle Harms and seconded by Tom Beckett to increase the proposed Professional Services line item by an additional \$2,000.*

*Motion passed unanimously.*

Discussion then focused on the proposed budget for scholarships and the desirability of increasing the budget to either fund more scholarships and/or increase the dollar amount of each scholarship. It was noted the Scholarship Committee had made suggestions for growing the funding for the scholarship program.

*Motion made by Sara Ruckle Harms, seconded by Tom Beckett, to change the proposed budget to reflect an increase in the scholarship amount from \$1500 to \$2000 based upon the recommendation of the Scholarship Committee.*

*Motion passed unanimously.*

Lou Scarpino suggested budgeting funds to be available to encourage CRCEA to join NIRS as part of a coalition building strategy. Larry Leaman asked Lou if he felt that CRCEA was indicating any support for Lou’s advocacy that it join NIRS. Lou responded that there still was not a commitment but there seemed to be more openness to the idea. REAOC Board discussion then focused on the broader issue of coalition building and whether a national effort should be a priority over local efforts. The suggestion was that we budget money in 2015 for coalition building and then develop a strategy that identifies what the objective is of any specific effort while letting CRCEA know that we might be able to help fund a collaborative effort of some kind.

*Motion made by Sara Ruckle Harms, seconded by John Iagjian, that the 2015 budget contain a line item of \$2,000 for coalition building.*

*Motion passed unanimously.*

A few other minor adjustments to the proposed budget were discussed.

*Motion made by Sara Ruckle Harms, seconded by John Iagjian, that the proposed 2015 REAOC budget be approved as discussed. Gaylan Harris asked a question about the money budgeted for Contingencies, and Bill Castro responded.  
Motion passed unanimously.*

#### **IV. Website Update**

Sara Ruckle Harms reported that the web site revision is ready to go with the exception that as discussed at the October meeting we need updated photos. Sara said she has identified a professional photographer that could take photos at the December luncheon and believes the budget for web site development is adequate to fund the photographer. She will proceed to make arrangements with the photographer accordingly.

#### **V. Meeting Reports**

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

Sara Ruckle-Harms and Larry Leaman, with help from Tom Beckett, reported on the OCERS Board October 20 meeting and specifically these items that were on the agenda:

- Item C-9 - Evolution of the UAAL
- Item C-15 – Governance Committee Report
- Item I-3 – Recent Developments in Legislative Challenges to Retirement Health Care Benefits – presentation by Legal Counsel Harvey Leiderman

The UAAL item was an update for 2013 of a report presented to the OCERS Board by the OCERS CEO last fall about how the UAAL developed over the last approximately 15-20 years. At least one of the Board of Supervisors appointees to the OCERS Board continues to feel the development of the UAAL has not been fully explained but eventually the report was received and filed.

The discussion of the Governance Committee item (No. C-15 on the OCERS Board's October 20 agenda) seemed to focus on proposed rules for the conduct of OCERS Board members. There was some discussion about decorum and courtesy, but the main focus of the Board discussion on October 20 was on Board member to Board member communication with regard to limitations imposed by the Brown Act. Contract Attorney Leiderman repeatedly stressed that all such communication is a public record and under the law the public has a right to know. It appeared that at least one Board of Supervisors appointee to the OCERS Board felt the proposed rules in this area were too restrictive. Eventually the recommendations of the Governance Committee were approved by the OCERS Board with Item 7 of the proposed rules being deferred as it "needs more work".

Ruckle-Harms had previously distributed an electronic copy of the briefing paper presented by attorney Harvey Leiderman in his presentation. Ruckle-Harms and Leaman described their assessment of the legislative and court decision trends reported by Leiderman, noting they do not reflect a positive trend for retirees.

The REAOC Board members then shared their individual perceptions of what the Republican sweep in last week's election might mean for retirees. There were also observations about the two Board of Supervisors races here in Orange County and their outcome.

#### B. CRCEA Conference in Sacramento

Lou Scarpino reported on the meeting, referencing the e-mailed notes of the conference that he distributed and also the notes of Ilene Barcnas also distributed electronically.

Lou said he thinks a critical issue that came out of the conference is a softening of the CRCEA attitude about getting more pro-active in the political arena. He said this is due to an "awakening" that court and political momentum is not favorable to public sector retirees as documented by attorney Harvey Leiderman.

### VI. Committee Reports

#### A. Membership

John Iagjian's passed out the latest membership statistics. It was noted that by the end of October total members dropped by 5, but none the less we have good growth for the year and it is reasonable to expect end of year growth.

#### B. Board Watch

Linda Robinson reported on a few Board of Supervisors actions in October, including the granting of a raise to the CEO. Linda said no actions directly impacting retirees were identified in October.

#### C. Legislation

No report.

### VII. Luncheon

Our next luncheon is our holiday/annual business meeting luncheon on December 3, 2014. John LaRoche reported on the arrangements for the luncheon, which were pretty much unchanged from what was reported in October. It was noted this will be John's last luncheon as a Board member for he is stepping off the Board after serving 10 years.

Linda Robinson said that Larry Leaman had suggested to her that it might be a good get acquainted move to invite the two newly elected Supervisors to the luncheon so they could see a group of county retirees and they could see them. Linda asked Larry to explain his thinking on this idea. Following that, there was discussion about the pros and cons of extending such an invitation. Eventually it was decided that Co-President Linda Robinson would contact the two Supervisor elects and extend an invitation.

### **VIII. The *Informer***

John LaRoche distributed the schedule for 2015 and then described what the content of the next edition will be. He said it should go out in the mail today. John and Linda Robinson confirmed that Helen Lotos will assume the duty of getting *The Informer* written and published in the future, as John will be ending that function along with his luncheon role.

### **IX. Presidents' Message**

#### **A. Litigation Update**

There has still been no word about the appeal on the Harris case. Larry Leaman reported that the U.S. Supreme Court just heard arguments on what is known as the M & G Polymers case regarding whether promised retiree health benefits are a lifetime commitment, and the media reported some uncomfortable questions from some of the Justices. A decision is not expected until some time in 2015, but Larry said the media report he saw left him with the impression that some of the Justices did not want to have to decide this case.

#### **B. November 6 Health Insurance Forum**

Linda Robinson, with help from Sara Ruckle-Harms and Rebecca Guider, reported on this event. Key information in their report:

- Attendance of retirees exceeded expectations and at times overwhelmed the OCERS space. It is apparent that next year a larger venue is needed.
- A lot of scrambling by County HR staff, REAOC volunteers and OCERS staff to deal with the crowd and the facility occurred to adjust to the crowd that came.
- None the less, the overall impression was that the event was successful with many positive comments received from retirees who attended.

Discussion ensued about the interest of the Orange County Council on Aging/HICAP becoming more knowledgeable about insurance products offered by the county so that they can be better compared to other market offerings. Council on Aging/HICAP representatives have a sense that the Orange County offered insurance products are more

expensive than similar products in the open market. Rebecca Guider offered to continue to work on developing a HICAP understanding of the county offerings, with Sara Ruckle-Harms and Gaylan Harris also agreeing to help.

#### B. Other

An open discussion occurred on several items, including but not limited to:

- Retention and recruitment of REAOC Board members (Rebecca Guider said her willingness to serve on the Board depends partly on the stability of the current Board. In response, Linda Robinson said she and Doug Storm would like to continue as co-Chairs in 2015. Larry Leaman said he would like to stay on the Board another year.)
- Conduct of the Board meeting was discussed. It was suggested the Co-Chairs exert more authority to keep discussion on topic with a goal of making the meetings more concise. At the same time, it is recognized that stifling discussion is a sensitive issue.
- The program for future luncheons was discussed. There was a suggestion we not always have entertainment but instead bring in some topical speakers. An open question is whether the use of speakers would see attendance hold steady, drop or increase.
- December Meetings – There may be a REAOC Board meeting immediately following the December 3 luncheon at Mile Square. The AREOC Board will meet on December 10.

#### X. Adjournment

*A motion was made by Sara Ruckle Harms, seconded by Larry Leaman, to adjourn the meeting at 1:15 PM. Motion carried.*