



**MINUTES**  
**REAO Board of Directors' Meeting**  
**OCERS Hearing Room**  
**2223 Wellington Avenue, Santa Ana**  
**Wednesday, September 10, 2014**  
**9:30 AM**

**I. Called to Order at 9:47 AM by REAO Co-President, Linda Robinson**

Present: Linda Robinson, Doug Storm, Larry Leaman, John La Roche, Bob Griffith, John Jagjian and Gaylan Harris. Also in attendance is Rebecca Guider, Lou Scarpino and Ilene Bárcenas, Office Manager. There is a quorum.

Absent: Faye Watanabe, Tom Beckett, Sara Ruckle Harms, Bill Castro

**II. Approval of Minutes August 13, 2014**

Larry Leaman asked about the news e-mail that would be sent to REAO members. A decision was made to send out an announcement e-mail to all of the members with an e-mail address. Rebecca Guider also stated that she will contact Julie Schoen regarding her presentation at the September luncheon.

*A motion was made by Linda Robinson and seconded by John La Roche to approve the August 2014 Board meeting minutes as amended. Motion carried.*

**III. Treasurer's Report – Operating Report for August 2014**

Doug Storm presented the August 2014 Operating Report for REAO.

*Motion by Larry Leaman and seconded by Linda Robinson to approve the August Monthly Operating Report as presented. Motion carried.*

**IV. Website Update**

Ilene Bárcenas reported that the site is up and being maintained but will not go live until we have more recent pictures. Sara Ruckle Harms, Linda Robinson and Ilene Bárcenas discussed a live date at the first of the year. Any comments regarding the site should be sent to Ilene Bárcenas and Sara Ruckle Harms.

## V. Meeting Reports

### A. OCERS

Larry Leaman attended the regular OCERS meeting that included the regular meeting as well as the investment meeting and provided a summary in advance of the REAOC Board meeting. Larry Leaman also shared information about the meeting. Additionally, Tom Beckett sent an e-mail that was read by Larry Leaman with the following update:

“At the very end of the meeting (after Larry had left) a Special Meeting of the Board of Trustees was set for 9/23 at 9:00 at OCERS to vote on the Segal recommendations. I think the most likely outcome is that the inflation assumption is reduced from 3.25 to 3.00, payroll growth is reduced from 3.75 to 3.50, and the assumed rate of return remains at 7.25. This means that the real rate of return is increased. There are numerous demographic minor adjustments to retirement age, disability retirements, and the mortality tables. While there is a fair amount of internal movement, the bottom line is that for employers there is a very small increase (.77% to .07%) in the rate and for employees a very small decrease (.08% to .28%) in the rate.”

There appears to be a need for an update regarding the IRS rule changes that may impact the retirees. It may be appropriate to ask an OCERS representative to provide a briefing to the REAOC Board regarding this impact. AB 2473 is on the Governor’s desk and this focuses heavily on the use of funds that are considered to be excess earnings.

*Action Item: Doug Storm will contact Steve Delaney to ask for a presentation to the REAOC Board regarding the IRS rule changes. Gaylan Harris will draft questions to give to the OCERS staff attorney prior to the presentation.*

### B. CRCEA

The roster and association reports are due to be sent to CRCEA for the conference. There will be two by-law changes including one regarding affiliates and one to make the RSC a standing committee. RSC still working on a Strategic Plan that may be available for the conference. The Ventura initiative was shot down in court and proponents vow to introduce a revised "Reed Initiative" for the 2016 election. CRCEA President, Skip Murphy, made a point that retirees needs to be involved in that 2016 election. Health Care Survey – Lou Scarpino drafted our responses and sent this to CRCEA. He shared his responses with the REAOC Board member. He will adjust the responses based upon the discussion at the meeting. Doug Storm, Linda Robinson, Lou Scarpino and Ilene Bárcenas will be attending the CRCEA Conference in October. One additional REAOC Board member may attend.

## **VI. Committee Reports**

### **A. Membership**

John Iagjian reported that there was a slight decrease in membership as of the end of August.

### **B. Board Watch**

Ilene Bárcenas reported that there were no topics discussed at the Board of Supervisors' meetings this past month related to retirees.

### **C. Legislation**

Lou Scarpino has been watching approximately 15 bills. Of those bills, 8 have been enrolled, 5 chaptered, 1 is dead and the other is still pending. AB 1163, educating retirement board members, was one of the chaptered bills. The enrolled bills included AB2473 (SACRS IRS / 1937 Act conformance) and AB2474 (PEPRA / 1937 Act cleanup) that we earlier. CRCEA bill AB 1824 was enrolled; this would allow after the fact change of beneficiaries on a limited basis for those who married after they retired. AB 1522, requires part-time employees a provision of sick-leave of 1 hour for every 30 hours worked. SB1253, an enrolled bill, contains new initiative rules that would increase the signature gathering time by 30 additional days and, if signed by the Governor, would provide new flexibilities including the ability to change language during the review process and pull the initiative if a legislative solution is developed. Lou noted that these are rationale changes but will complicate any counter campaigns due to the new moving target factor.

## **VII. Luncheon**

John La Roche shared a draft agenda for the luncheon September 24, 2014. John La Roche will check with Rex Castellaw to see if he can attend and do the invocation. Bob Griffith will not be able to handle the election topic as he is not attending the luncheon. The presentation from Julie Schoen will answer questions about the Affordable Care Act and Medicare. The attendees will also be informed about the REAOC Health Plan presentation that will be held on November 6, 2014. Larry Leaman will be added to the agenda to discuss the weekly retiree news. We will also ask for additional volunteers at the luncheon for the Board Watch Committee. The Harbor Singers would like us to share their flyers at our next meeting. Rebecca Guider and Julie Schoen will sit at the front table with the Board members.

## **VIII. The Informer**

The November December articles are due October 8, 2014. John La Roche provided an overview of the articles that will be included in this edition.

**IX. Presidents' Message**

A. Health Fair

REAOC had a table once again and distributed toothbrushes as well as Associate Member applications. They answered many questions about REAOC membership. There were many other vendors who provided handouts and food. There were hundreds of attendees at the fair.

Linda Robinson and Doug Storm attended the memorial services in Hemet for Elizabeth Compton. She was a very active member of the Hemet group.

B. Other

We need to actively pursue retirees into participating in REAOC as well as on the REAOC Board.

**X. Adjournment**

*A motion was made by John La Roche and seconded by Bob Griffith to adjourn the meeting at 12:07 PM. Motion carried.*