

REAOC
Minutes – Board of Directors’ Meeting
OCERS - 2223 Wellington Avenue, Santa Ana
Wednesday, August 11, 2010

I. Call to Order at 10:16 AM by Co-Presidents Linda Robinson and Doug Storm

In attendance officers and directors: Linda Robinson, Doug Storm, Gaylan Harris, Sara Ruckle Harms, June Marcott, and John LaRoche. There is a quorum. Also present were Lou Scarpino, Larry Leaman, Vicki Gray and Ilene Bárcenas, Office Manager.

II. Approval of Minutes

A motion was made by Sara Ruckle Harms and seconded by John LaRoche to accept the minutes as amended. Motion passed.

III. Treasurer’s Report

2010 REAOC Operating Fund report for June 2010 was presented and discussed by Linda Robinson.

June Marcott moved the Operational Fund Report for June 2010, which was seconded by John LaRoche. The motion was unanimously approved.

IV. Committee Reports

A. Membership

A motion was made by Linda Robinson to have the report reflect through the last full month prior to the Board meeting. Motion seconded by Sara Ruckle Harms. Motion passed unanimously.

B. Board Watch/Scholarships

Board meeting coverage has been scheduled for the remainder of the year. We still need a new member for this committee but the current members are covering the dates.

The Scholarship Committee changed the essay to a full 300 words for the coming year. There is also a new essay question. There was a discussion regarding the motion made last month regarding relatives of REAOC Board members who are involved in the scholarship process being excluded from applying for a scholarship. The decision made at the last meeting still stands.

C. Presentation by Pacific Group Agencies

Stephen Pettee made a presentation regarding the REAOC Supplemental Benefits for 2011. The size of the network has expanded with MetLife over the previous carrier, SafeGuard. Dental costs will go up slightly for 2011. The \$1,250 maximum dental benefit will remain the same. Membership has grown and there are approximately 800 REAOC members who subscribe to the dental benefit. He discussed a link that we can put on our website with the

insurance information including coverage, benefits, etc. He will forward a sample of the link that is done in San Diego County. The vision network is going to be expanded nationally; MES will be eliminated. The open enrollment packet is slated to be sent to our members on October 29, 2010. An updated member list should be sent to Pacific Group by October 15, 2010.

D. Legislation

Lou Scarpino reported that State budget negotiations are still in progress with six unions representing about a quarter of the work force, consenting to pension changes. These will result in only slight improvements to the \$19.1 billion gap stemming from agreement to pick up more employee retirement contribution and take an extra day of unpaid furlough. Unfortunately, the gap widened in July with less revenue and over \$1 Billion in expenses more than projected. In the mix, corporate income tax was up but personal income tax was down. On the state legislative front, the two 1937 ACT anti-spiking pension bills that we and CRCEA support, are in their last stages of passage and are expected to make it to the Governor's desk. SB414, which deals with addition of an alternate Retiree Board member, is still in play. On the initiative front, the McCauley wealth tax initiative failed to qualify, but his surcharge tax on public pensions initiative is still in circulation as is Marcia Fritz's initiative to reduce public pensions. On the federal side, "pay-go" discipline is holding which may improve overall economic outlook.

E. REAOC Website

The "In the News Reports" has not been updated due to conflicts in Helen Lotos schedule. The site needs to be updated regarding the agenda items 41 & 43.

F. By-Laws (Continue to Sept.)

V. Meeting Reports

A. OCERS

Bob Griffith reported that total fund returns continue to be down and that OCERS will probably not meet their projected returns for 2010. The CPI remains low so there may not be a COLA for 2011. Linda Robinson also attended the meeting and provided a written summary to the REAOC Board of the July 19, 2010 meeting.

B. CRCEA

Meeting was moved to today, August 11, 2010 so Lou could not attend. He discussed agenda items for the CRCEA Conference October 25-27th in Marin County. We have encouraged the Board to have three issues covered at the conference - the reinsurance provision in the new health care law, pending regulations of group health plans and the exemption of local government plans, and legislation introduced by the City of San Diego's to allow them

access to the PERS health care plan. CRCEA is actively working concepts to move push-back campaign efforts forward.

John LaRoche made a motion that we have Linda Robinson, Doug Storm, Lou Scarpino, Sara Ruckle Harms and Gaylan Harris attend the CRCEA conference. Motion passed.

VI. September Luncheon

Decorations have been purchased and the lunch committee will purchase four gift cards for the drawing. Dr. Arnold Bresky, Gerontologist and noted Alzheimer expert, will be the featured speaker at our September luncheon. Sara Ruckle Harms received a contract for the carolers for the December meeting and the contract was given to John LaRoche.

VII. The Informer

All the articles have been sent to lay-out and the draft should be received by John LaRoche today. Linda Robinson has included information in the President's Message regarding the new health plan rates. Gaylan Harris would like to see future articles in the Informer dealing with "Myth Busters".

VIII. In the News

No report as Helen Lotos was absent from the meeting.

IX. Presidents' Message

A. Lawsuit Update

Linda Robinson provided a summary of the status of the lawsuit.

B. HMO & PPO Medical Insurance

HMO rates are set for retirees and the active employees as are PPO for the actives but REAOC is working with the County on the PPO rates.

C. PPO Insurance Reserve

A letter was sent to the HR with 82 questions regarding the proposed PPO plans. The County only allowed one hour for this meeting and answered 17 questions. The reserve fund has monies available but the County is not sharing what that amount is. The County states that they are raising rates due to the trend factor. At this time, the County is not willing to have a premium/rate holiday for retirees.

D. Other

Sara Ruckle Harms reported OCEA Health Fair will be October 5, 2010, 10:00 am to 1:00 pm. We need to plan an activity to share with visitors of our booth. Ilene Bárcenas will add information regarding this event to the website. John LaRoche, Linda Robinson, Doug Storm, Sara Ruckle Harms, June Marcott and Ilene Bárcenas volunteered to assist at this booth.

X. Executive Session

Motion made by Bob Griffith and seconded by John LaRoche to authorize Doug Storm, Linda Robinson and Gaylan Harris to go to Sacramento to meet with an attorney regarding the health benefit issues. Motion passed.

Succession planning – nominations will be heard at the September REAOC luncheon.

.Adjournment

A motion was made by John LaRoche and seconded by June Marcott to adjourn the meeting of the REAOC Board at 1:50 PM. Motion carried.