

REAOC
MINUTES – BOARD OF Directors’ Meeting
OCERS Hearing Room
2223 Wellington Avenue, Santa Ana
Wednesday, January 13, 2010

I. Call to Order – Co-Presidents Doug Storm and Linda Robinson

In attendance officers and directors: Gaylan Harris, June Marcott, Sara Ruckle-Harms, Chuck Hulse, Frank Madrigal, Bob Griffith, John LaRoche, and Bob Austin. There is a quorum. Also present were: John Iagjian, Lou Scarpino, Nicole Macias, Helen Lotos, and Office Manager, Ilene Bárcenas.

II. Approval of Minutes

Chuck Hulse moved the approval of the minutes from the November 11, 2009, seconded by Bob Griffith. The minutes were approved unanimously with corrections noted.

Sara Ruckle-Harms moved the approval of the minutes of the December 1, 2009, seconded by Chuck Hulse. The minutes were approved unanimously with corrections noted.

III. Treasurer’s Report

Chuck presented the Monthly Operational Fund Reports for November & December as well as the All Funds Report used for preparing REAOC’s tax returns. He also presented the Quarterly reports for the entire year. Sara Ruckle-Harms moved for the adoption of the November Operational Fund Report which was seconded by June Marcott and unanimously approved after discussion. Bob Griffith made a motion to accept the December Operational Fund Report which was seconded by John LaRoche and approved unanimously. A motion was made by June Marcott and seconded by John LaRoche to approve the Quarterly Reports. This motion was also approved unanimously.

Chuck also presented the 2010 Operating Budget. After discussion of the draft Operating Budget, John LaRoche made a motion that for budgeting purposes from the new \$3.00 monthly dues, \$1.00 of the increase in dues will be directed to REAOC and \$1.00 of the increase will go to AREOC. Thus a total of \$2.00 would go to REAOC and \$1.00 would go to AREOC each month from the individual dues. The motion was seconded by Bob Griffith. After discussion, the motion was unanimously carried. An additional motion was made by Bob Griffith, seconded by Sara Ruckle-Harms that the budget spending plan be approved as adjusted for dues and that any excess will be shown to reserves. This motion carried unanimously.

With implementation of the dues increase anticipated for March 1, 2010, REAOC no longer has the ability to track voluntary auto-deductions for Litigation by member. As a result REAOC will only have the ability to continue tracking individual cash

contributions by member. Tracking of auto deductions by individual member will cease on March 1 or whenever the dues increase is implemented.

IV. Presidents' Message -

Dues Deductions – will increase to \$3 beginning March 1, 2009. OCERS will send a letter to all of our members to notify them of this change in their automatic deduction. Linda Robinson would like a letter sent to those who are contributing to the litigation fund through OCERS deduction asking them for continued financial support and requesting them to send a check to support litigation. Linda Robinson will draft the letter and send it to Ilene Bárcenas for distribution to the members who are currently contributing to the fund through automatic deductions. At the next luncheon and in the new *Informer* we will inform members how to contribute to the litigation fund on an ongoing basis.

Lawsuit Update – Doug Storm talked to Michael Brown this week about the lawsuit. It is anticipated that sometime in February we will be notified about a March court date. The attorneys sent a letter to the court to insure that all of our paperwork was complete and in order; this was confirmed by the court.

RFP Process for the Retiree HMO Plans – Sara Ruckle-Harms and Gaylan Harris are representing REAOC in the RFP process. The initial RFP was 72 pages long plus attachments. Gaylan Harris will be our principal representative and the County has allowed Sara Ruckle-Harms to attend the meetings as the alternate representative. On Monday, January 11, 2010 the first meeting was held and attended by both of our representatives. The county stated that they are going out to bid at the same time for the active employees as well as the retirees which should be favorable. Discussion items were:

- The State of California has a Blue Shield plan for the State retirees which is similar to our Cigna plan but the cost is much lower
- The possibility to have split plans for spouses. The County felt this would be difficult because of the grant. Currently the spouses have to be in the same plan.
- Will be reviewing the scoring issues that were problematic last time.
- Providers are building in 15% increases in their costs
- RFP planned to be released in March; going to BOS end of July

The meeting with the County was productive as they have allowed REAOC to be involved early on in the process prior to the RFP being sent out. The revisions to the RFP will be sent to Linda Robinson; no other meetings are scheduled prior to the RFP being sent out.

Gratuity Policy – during the holidays, Ilene Bárcenas received a nominal gift from a REAOC partner. REAOC currently has no policy regarding gratuities received. Bob Griffith stated that the OCERS policy allows a board member to receive \$70 from one source in a year. After discussion, it was decided that no formal policy is needed for REAOC. Any gratuity of a substantial nature should be reported to the REAOC Board who will decide on how to handle the gift on a case by case basis.

Development of Procedures Manual – June Marcott shared a procedure handbook policy as well as the introduction procedure. A decision was made to delete references to calling these procedures or policies and that they will rather be desk guides. These desk guides will be used to help the Board members and assistants in our daily operations. The written guidelines should allow flexibility for the user and should be simple, basic steps. June Marcott will make revisions to the drafts. A decision was made that committees should also have desk guides for its members as needed. The General Secretary will be responsible for tracking these desk guides and assigning numbers. There was also a discussion regarding a “Board Packet” for new Board members. This is something that will be developed in the future.

2010 COLA & STAR COLA - the OCERS bulletin had an article regarding the COLA process. OCERS is waiting for the CPI for December before COLA decisions are made. Members should be informed by OCERS in March or April regarding the final COLA decisions. Bob Griffith stated that he will be writing an article about the COLA for the next *Informer*. Ilene Bárcenas will copy the article from the OCERS bulletin and bring copies to the next luncheon.

REAOC Website – Sara Ruckle-Harms reported that she, Ilene Bárcenas and June Marcott attended a meeting with Lori Vandermeir regarding REAOC’s website and will also attend a meeting with Chris Kirkwood, our current webmaster on the 20th of January. The goals of the two meetings are to:

- Improve the communication with our membership via our website
- Improve the quality of the information, accessibility for users and to make the site visual attractive
- Create, send and manage effective emails to our membership to keep them informed of news impacting retirees

Potential costs of creating and maintaining a website were discussed with the Board. After the meeting with Chris Kirkwood, a plan will be developed by the committee and a recommendation will be made to the Board.

V. Meeting Reports

OCERS – Bob Griffith shared updates from the OCERS meeting and Sara Ruckle-Harms provided a handout. Currently OCERS is clearly earning money. The County BOS is replacing Art Hidalgo who resigned from the OCERS Board. The new OCERS Board member, Wayne Lindholm, should attend the next OCERS Board meeting. OCERS CEO was given an 8% increase in salary. He was 3rd to the bottom on salary compared to other 37 Act Counties. Patty Gorsaka, on a vote of 5-3, was named Vice-Chair of the OCERS Board.

CRCEA – no December meeting; the next meeting will be January 20th. At that meeting will discuss the conference in Santa Barbara. CRCEA will also explore legislation re: taking out authorized deductions from retirees. This would be sponsored by CRCEA. Push-back campaign is the other area of concern.

NCPERS – legislative conference coming up in Washington DC. A handout of the agenda for the conference was shared with the REAOC Board members.

VI. Committee Reports

Outreach & Fundraising – Vicki Gray resigned as the Chair of the committee. Doug Storm will draft a letter thanking her for her service and remind her of keeping REAOC information confidential.

Membership – a total of 63 new applications have been processed but 61 members were reported as deceased. John Iagjian discussed the reconciliation process and the discrepancies that have been found. Ilene Bárcenas will continue to process the discrepancies so that the REAOC membership numbers are more closely aligned with the OCERS numbers.

Scholarship/Board Watch/Volunteer Coordinator– June Marcott reported that Marlene Keys and Bob Bauman expressed interest in being on the scholarship committee. The Board approved Bob Bauman as a committee member. The committee will meet in February. Ilene Bárcenas will bring blank scholarship applications to the luncheon meeting. There was a meeting in December of the BOS watch committee. Scheduled assignments for monitoring the meetings have been made through June 2010. The volunteer coordinator was invited to today’s REAOC Board meeting but she did not attend. June will ask the volunteer coordinator to assist with the membership committee.

Legislation – Lou Scarpino gave an update regarding the State’s budget. \$20 B in the red for the State budget - \$7 B in this year per Governor Schwarzenegger’s budget. He is identifying cuts for the budget – education will be held-harmless. 93 + initiatives are pending including initiatives regarding pension reforms, taxing pensions, multi-tier pensions; the Board will need to monitor these initiatives closely. Federal items discussed included health care and WEP/GPO; Contra Costa times have come out in favor of WEP/GPO legislation.

VII. In the News: Helen sent a summary of “In the News” to each of the Board members which was discussed.

VIII. The Informer: deadline for articles for the March *Informer* is January 27th. Bob Griffith will be writing an OCERS article; June Marcott will be writing a scholarship article; Wendy Aquin was contacted about services for the aging. An article will be included in the newsletter. Additionally there will be an article about “keeping seniors safe”. An article will be included regarding litigation contributions which will include a form for sending in litigation contributions. John LaRoche will update the luncheon form to reflect AREOC. A discussion ensued regarding postage expense. A future potential plan to save on postage is to survey our members to determine if they would rather have their *Informer* sent via USPS mail or e-mail.

IX. January Luncheon: decorations have been planned and purchased. The menu and prizes are set.

X. Executive Session

There was a discussion regarding authorizing Chuck Hulse to transfer monies to AREOC for MEQ payments for January and February. If AREOC runs short for

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March, Chuck Hulse will need to have authorization to transfer additional monies to AREOC for MEQ. A motion was made by Bob Austin and seconded by Chuck Hulse to transfer the automatic deductions to from REAOC to AREOC for January and February and any other automatic litigation deductions until implementation of the new dues structure. Motion carried.

A second motion was made by Bob Griffith and seconded by Gaylan Harris to authorize Chuck Hulse to transfer the balance of the litigation fund from REAOC to AREOC for legal expenditures. Motion carried.

Litigation reports for November and December & Quarterly Report were shared and discussed. Bob Griffith moved and Frank Madrigal seconded that the litigation reports for the months of November and December be approved. Motion carried.

There was a discussion of Fund 292 monies that are with the County that belong to retirees in the Sharewell medical program. A letter will be written by Michael Brown of MEQ to the BOS regarding the retirees need to share in the rate holiday.

Address change – there is a need to notify Pacific Group Agencies of the new mailing address. Ilene Bárcenas will also need to notify the Credit Union of our new address. She will send a letter to the other Act 37 counties to notify them of our new address.

Roster – the Board roster needs to be updated. Ilene Bárcenas will ask Board members for their updated information so that the roster can be updated and shared.

XI. Adjournment - meeting adjourned at 3:05 PM.