



MINUTES
REAO Board of Directors' Meeting
OCERS Hearing Room
2223 Wellington Avenue, Santa Ana
Wednesday, July 10, 2013
9:30 AM

I. Called to Order at 9:38 AM by REAO Co-President Linda Robinson

Present: Linda Robinson, Doug Storm, Faye Watanabe, Bill Castro, Larry Leaman, Gaylan Harris, Sara Ruckle Harms and Bob Griffith. Also present Jan Stephenson, Lou Scarpino, Tom Beckett (for part of the meeting) and Ilene Bárcenas, Office Manager. There is a quorum.

Absent: John LaRoche, John Iagjian

II. Approval of Minutes

A motion was made by Larry Leaman and seconded by Gaylan Harris to approve the June regular Board meeting minutes as written. Motion carried.

III. Treasurer's Reports for June

A. Treasurer's Report

Motion made by Sara Ruckle Harms and seconded by Doug Storm to approve the June 2013 Treasurer's Report. Motion carried.

B. Quarterly Report

Motion made by Sara Ruckle Harms and seconded by Gaylan Harris to approve the Quarterly Report for Second Quarter of 2013. Motion carried.

IV. Executive Session called at 9:44 AM

Executive Session adjourned at 12:05 PM

V. Committee Reports

A. Membership

Ilene Bárcenas shared the membership report. Membership numbers have remained stable.

There has been an issue with providing copies of the membership packets to John Iagjian. Ilene Bárcenas and John Iagjian decided if he could pick up the packets from OCERS, it would be easier than trying to coordinate a meeting location.

B. Board Watch

Ilene Bárcenas reported that there were no items that specifically impacted retirees during the last several meetings. The public hearing for the budget was held on June 11, 2013. There was some general discussion about the unfunded liability for the retirement system and the increased cost of health benefits.

C. Scholarship

There was nothing new to report per Faye Watanabe at this time. Bill Castro stated that one check was not cashed. Faye Watanabe will follow-up with this scholarship winner to make sure that she did receive the check.

D. Legislation

The budget was submitted on time again this year (the second year in a row). The final budget that passed is nearly as expected. Like his successful move to eliminate Redevelopment agencies, and while not included in the budget, the Governor is now pushing to eliminate Enterprise Zones - a move that will impact local jurisdictions while saving the State \$700 million per year. The legislature also used their 2/3rd's voting majority to lower the threshold for approval of infrastructure projects to 55% of the votes. The plan passed last year for private sector mandated IRA's to be invested similar to defined benefit plans with similar rules is actively being worked by Senator De Leon. He is working to raise \$1 million for the required "market analysis" that would pave the way forward for federal approval and then bringing this private sector plan back to the California legislature for final approval. This plan may prove key to helping to address the argument that nationwide shortfalls - put at \$6.6 trillion by some sources, will severely impact not just individuals without retirement resources, but their offspring who must care for parents while trying to build their own lives and retirement resources.

VI. Meeting Reports

A. OCERS

In advance of the meeting, Sara Ruckle Harms sent a summary of the OCERS Board Meeting Report. Our 20 year return is 8.18%. There was a discussion at the OCERS Board meeting regarding a compensation increase for Steve Delaney. The OCERS Board voted to increase his salary by 3% effective with the next pay period.

An issue was discussed regarding a new dental plan that was proposed by SACRS. As we have coverage through OCEA and Pacific Group Agency, we will not add another dental coverage that is sponsored by SACRS. Ilene Bárcenas also discussed issues with Ameritas Dental not providing coverage as listed in the enrollment booklet. Those members who complained about the coverage have been referred to PGA.

The issue of an Alternate Retiree on the Retirement Board was discussed as well as the paper on this topic that was drafted by Gaylan Harris. As other counties have adopted an alternate retiree member, it may be preferable for the OCERS Retirement Board to follow the law that is on the books for this position and go forward without a vote of the people.

A letter drafted by Sara Ruckle Harms regarding the amortization rate shall be sent to OCERS once it is finalized as this issue may again be heard at the OCERS Board meeting.

Action Item: the letter will be finalized by Linda Robinson and Sara Ruckle Harms and Ilene Bárcenas will send the final copy to Shari Friedenrich.

Bob Griffith reported that the report from the outside auditor was received and it was a clean audit with no outstanding issues. The CAFR has been published and is on the OCERS website.

Sara Ruckle Harms also shared a June 7, 2013 OCERS “By the Numbers” report. Within this report there are charts displaying the contributions to the retirement system by the individual employee groups. All employees are now paying a share of their retirement costs.

Action Item: Ilene Bárcenas will scan the charts and have these available as needed.

B. CRCEA

The final conference manual has been published and has now been distributed to all REAOC Board members. As a reminder when making plans for this event, it is important to remember about taxes and gratuity. New conference banners will be created by CRCEA.

Lou Scarpino reported that the CRCEA Executive Committee meetings have been switched back to the third Wednesday of each month. Sandy Teague is now the new committee chair for the Communications Committee and will be the new editor of the CRCEA newsletter "The Intercom".

Two letters have been sent from CRCEA regarding the Long Term Care (LTC) issues. They have asked and been approved to be a part of the discussions with CalPERS when this topic is discussed. They also sent a public records request for documents related to the decisions regarding LTC. A response has not yet been received from CalPERS. The entire issue is still open.

The Retirement Security Committee has still not met even though this committee was sanctioned at the last CRCEA conference. Lou Scarpino is working with the members to attempt to meet again; an agenda needs to be set so that issues may be shared at the next CRCEA conference. Lou Scarpino stated that NIRS may be a resource for a speaker at the conference that Orange County hosts. Bob Griffith also suggested that a speaker from Moody's may be appropriate.

VII. Luncheon

The next luncheon will be September 25, 2013. It may be a good time to ask Kathy M. from Great West to explain the changes in the program that have been made for diversifying the funds. There also is an issue as to why a retiree member is not on the committee that makes decisions for Great West.

VIII. The *Informer*

Articles for the next edition of the *Informer* are due by July 31, 2013.

IX. Presidents' Message

A. Litigation Update

On the 3rd of July the County filed a request for a former 9th Circuit Staff Attorney to be on the County's case for the lawsuit. On June 28th Michael Brown filed the response brief to the County's brief.

ERRP funds – Linda Robinson, Doug Storm, Sara Ruckle Harms and Gaylan Harris attended a meeting with the County and they were told that the County would let them know what the rates would be and how the ERRP funds would be utilized. The County does not want to do a rate holiday but rather a rate reduction that would be an equal reduced amount for twelve months of the year. These funds will only be used for pre-65 retirees.

B. CRCEA 2014 Spring Conference Planning

Sara Ruckle Harms, Faye Watanabe and Doug Storm visited several potential hotel sites throughout the County. A comparison of the hotels was shared with the Board. The top three hotels were chosen based on the comparison worksheet and the follow-up discussion. A small committee will visit these three hotels on Tuesday, July 16th at 1:30.

Action Item: Doug Storm, Faye Watanabe and Sara Ruckle Harms will contact the individual hotels to make appointments for visiting the hotels on this date. Doug Storm will drive the committee (who will meet at the DoubleTree in Santa Ana) to the various potential CRCEA Conference sites.

X. Adjournment

A motion was made by Sara Ruckle Harms and seconded by Bill Castro to adjourn the meeting at 2:23 PM. Motion carried.