



**MINUTES**  
**REAO Board of Directors' Meeting**  
**OCERS Hearing Room**  
**2223 Wellington Avenue, Santa Ana**  
**Wednesday, June 12, 2013**  
**9:30 AM**

**I. Called to Order at 9:34 AM by REAO Co-President Linda Robinson**

Present: Linda Robinson, Bill Castro, Faye Watanabe, Gaylan Harris, Larry Leaman, Sara Ruckle Harms, John LaRoche, Bob Griffith and John Iagjian. Also present Jan Stephenson, Lou Scarpino and Ilene Bárcenas, Office Manager. There is a quorum.

Absent: Doug Storm

**II. Approval of Minutes**

**A. Regular Board Meeting Minutes for May**

*A motion was made by John LaRoche and seconded by Gaylan Harris to approve the May regular Board meeting minutes as written. Motion carried.*

**B. Special Board Meeting Minutes for May**

There was a discussion regarding the motion that was made at this special meeting regarding a payment to RBG. The motion was updated for clarity.

*A motion was made by Sara Ruckle Harms and seconded by John LaRoche to approve the minutes from the special May 22, 2013 Board meeting with a specific change to the motion made at that meeting regarding the payment to RBG. Motion carried.*

**III. Treasurer's Report for May**

*Motion made by John LaRoche and seconded by John Iagjian to approve the May 2013 Treasurer's Report. Motion carried.*

**IV. Presentation by Julie Wyne, OCERS**

The BOS is attempting to write enabling legislation to be able to have an alternate retired member for the OCERS Board. It is very late in the legislative process to be able to get this legislation through. Julie Wyne also acknowledged that there is opposition to this request. REAO could submit a list of candidates who could serve as an alternate retired member to the OCERS Board to be appointed and later get elected as a regular OCERS Board member. We do have an Attorney General opinion that would allow this to happen without voter ratification. It is OCERS opinion that we would need to have voter ratification to allow this new alternate retired member as it changes the composition of the OCERS Board even though other counties have appointed alternate retired member for their Boards and have not obtained voter approval. OCERS would be willing to pay for the election costs if there would be one but there would need to be monies to share the topic with the voters prior to the

election. Julie Wyne is working with her fiduciary counsel, Harvey Leiderman, to determine if we would have to obtain voter ratification or if we would follow many other counties who have not taken the change to their retirement boards to the voters.

*Motion from Larry Leaman to receive and file the information from Julie Wyne and monitor the status of the legal analysis that is going to be revisited and the County's attempt to secure legislation for an appointed alternate; motion seconded by Sara Ruckle Harms. Motion carried.*

Action Items: Ilene Bárcenas will make copies of Harvey Leiderman's original 2002 opinion for all the REAOC Board members.

Sara Ruckle Harms will follow up with Julie Wyne to determine what Harvey Leiderman's current opinion is regarding this retired alternate position.

## **V. Committee Reports**

### **A. Membership**

John Iagjian discussed the membership report as of the end of May 2013. The membership continues to increase. The pre-retirement seminar meetings are now being better attended. John Iagjian agreed to handle the CRCEA survey that was sent to REAOC. John Iagjian will not be attending the REAOC Board meeting next month.

### **B. Board Watch**

Norma Roberts monitored the Budget Hearing this past Tuesday. There were no specific items that impact retirees at this time. A straw vote was taken at the meeting but the actual vote will happen later this month.

There was a discussion regarding the pension obligation bond monies that are in reserve and being held by OCERS. The County is considering using this money to pay their OCERS pension obligation. Gaylan Harris asked if this has been looked at under the auspices of PEPR. Sara Ruckle Harms stated that Julie Wyne stated at a past OCERS Board meeting that using this money as planned is legal. Sara Ruckle Harms will determine if Julie Wyne's opinion was given with PEPR in mind.

### **C. Scholarship**

Faye Watanabe provided a recap of the scholarship process for 2013. Faye Watanabe talked to the committee members regarding the process and one of the factors that they discussed was increasing the scholarship amount to \$2,000 for each candidate. Bob Griffith suggested that the money changes should be discussed during the REAOC budget process so that we can consider our other obligations.

Currently the Scholarship Committee makes recommendations based on the application, the transcripts and the reference letter. Faye Watanabe discussed having reference checks beyond using the current process. After discussion, no decision was made to change the current process. Faye Watanabe also discussed the essay question and believes that this question should be changed. She would suggest the wording be

changed to “State your career goals and how you plan to achieve them”. REAOC Board members agreed to the change in the essay question.

#### **D. Legislation**

Lou Scarpino had a chance to review the May revise. He believes the budget passed this morning. The May revise is downcast from the Governor’s budget that was done in January and it appears that the personal income growth decreased during this period. There was a 1.2 billion dollar revenue increase in the May revise compared to the January forecast. The schools have been brought up considerably. Lower borrowing costs have been positive. There are increased dollars in Medi-Cal.

May 31<sup>st</sup> deadline has passed to move bills from their house of origin. If the bills did not move, they may be dead or will become two year bills. AB 937, Secure Choice Plan bill, was gutted and amended and is now not related to secure choice. Mimi Walters bills have not done well and did not get out of committee including SB 24 (eliminate legislative approval).

### **VI. Meeting Reports**

#### **A. OCERS**

In advance of the meeting, Sara Ruckle Harms sent a copy of the OCERS Meeting Report. The core of discussion at the OCERS Board meeting was the amortization of unfunded liabilities. There are suggestions not to use the 30 years that is currently used but rather 25 or 20 years. The earnings have been good; year to date as of April, they are at 5.25% and over the last year, the earnings are 10.56%.

#### **B. CRCEA**

There was an Executive Board meeting June 11, 2013. One of the items was related to David Muir’s position as the chair. Skip Murphy understood the need to keep the process going. There was 100% buy-off of continuing with the Resource Security Committee after the presentation at the CRCEA Conference by Lou Scarpino.

Action Item: Ilene Bárcenas will send an electronic copy of the final CRCEA conference manual to Board members when it is available.

### **VII. Luncheon**

Our next luncheon is scheduled for September 25, 2013. The OCERS Board candidate will be one of the speakers. We will have a “Barbershop Quartet” entertain at the meeting.

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

Articles for the next edition are due July 31, 2013. Lou Scarpino provided an article based on the CRCEA Conference that was held in April. Robert Kinsler took pictures of scholarship recipients who attended the luncheon and Faye Watanabe provided pictures of those recipients who did not attend the luncheon. There will be an article related to the scholarship winners.

## **IX. Presidents' Message**

### **A. Litigation Update**

Linda Robinson discussed the current status of Our REAOC court case. The County responded with a 77 page response to REAOC's brief; REAOC we will have to respond to the County's response by June 28<sup>th</sup>. Hopefully we will be in court late this year. The class action lawsuit will be appealed if/when we receive the dismissal from the court. Ernie Galvan will be writing up the request to have Judge Guilford removed from the case.

On the 19<sup>th</sup> of June, Sara Ruckle Harms, Doug Storm, Linda Robinson and Gaylan Harris will be meeting with Barbara Gonzo from County Employee Benefits about the PPO plan for next year. REAOC will discuss the ERPP monies as we hope these funds will be utilized for the 2014 health plan costs.

Larry Leaman stated that the current Public Review Journal article regarding the summary of pending lawsuits within the State of California appears to be very much out of date and did not include the actual facts of the REAOC lawsuit. It appears to be about two years behind the actual status of our lawsuit. It might be helpful to provide updated information regarding the REAOC lawsuit to the editor of the PRJ so that accurate information is published.

Action Item: A suggestion was made to have one of our Board members draft updated information regarding the REAOC lawsuit to share with Amy. Linda Robinson will discuss this issue with Doug Storm.

Todd Spitzer is soliciting a member for the Senior Citizen Advisory Council. This will be brought up at the luncheon.

Action Item: Ilene Bárcenas will remind Linda Robinson to discuss the Senior Citizen Advisory Council topic at the September luncheon.

### **B. CRCEA 2014 Spring Conference Planning**

Faye Watanabe, Sara Ruckle Harms and Doug Storm have been seeking potential hotels for the conference. Faye Watanabe checked out several places in the Disney Resort area. The Doubletree (located on Harbor and Orangewood) and the Sheraton Park Hotels (located on Harbor Blvd., south of Katella) have submitted the best proposals. Both of those hotels have the same weekend available in April. Both of these hotels are within walking distance to restaurants and within a reasonable walking distance to Disneyland. The food prices seem to be very affordable at both of these restaurants. The Doubletree provides refreshments for breaks through a meeting planner program. Both hotels are willing to discount their parking. Sara Ruckle Harms stated that she and Doug Storm went to the Marriot, Dana Point and the Hyatt in the Back Bay on Jamboree. The Hyatt was not very appealing. The initial Marriot cost is \$179 a night including breakfast but a lower rate has not been negotiated. The Marriott is very close and within walking distance to restaurants, the harbor and shopping. Doug Storm and Sara Ruckle Harms will also look into the South Coast Plaza area hotels. We will need to establish planning committees including registration, working with the affiliates, promotional items, etc.

Action Item: Faye Watanabe will follow up on the hotels and get more specific costs/information; Doug Storm and Sara Ruckle Harms will follow-up on the hotels they visited as well as South Coast Plaza hotels. All the information will be provided to Ilene Bárcenas who will create a summary spreadsheet for comparison and will distribute this to Board members.

**X. Executive Session called at 11:01 AM**

**A. Retiree-elected position on OCERS Board**

**Executive Session adjourned at 12:19 PM**

Action Item: Ilene Bárcenas will send Tony Bedolla a REAOC membership packet.

**XI. Adjournment**

*A motion was made by Gaylan Harris and seconded by John Iagjian to adjourn the meeting at 2:00 PM. Motion carried.*