



MINUTES
REAO Board of Directors' Meeting
OCERS Hearing Room
2223 Wellington Avenue, Santa Ana
Wednesday, November 13, 2013
9:30 AM

I. Called to Order at 9:40 AM by REAO Co-President

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

Absent: Doug Storm, Bob Griffith

II. Approval of Minutes

A motion was made by Larry Leaman and seconded by John LaRoche to approve the October regular Board meeting minutes as amended. Motion carried.

Linda Robinson also congratulated Tom Beckett on his win for the seat on the OCERS Board of Directors. It is important that enhance our relationships with those who supported or opposed to the REAO supported candidate.

III. Treasurer's Report for October

A motion was made by John LaRoche and seconded by John Iagjian to approve the October 2013 Treasurer's Report. Motion carried.

IV. Insurance Requirements

Stephen Pettee from Pacific Group Agencies attended the meeting to discuss the current D&O insurance requirements for REAO/AREOC. Stephen Pettee shared a copy of the CRCEA participating chapters current policies regarding insurance coverage. Many of the counties do not have their own coverage and rely solely on the CRCEA coverage. This may have an impact if there are many claims as the CRCEA coverage may not have sufficient coverage. Stephen Pettee also shared with Linda Robinson a document showing the coverage and the costs of that coverage for other counties.

In addition to the general liability policy for REAO and we have a Certificate of Insurance for the First Presbyterian Church for the Hemet meetings. We will also need a Certificate of Insurance for the Hilton Hotel for the spring CRCEA conference. Sara Ruckle Harms stated that we also want information about additional coverage for AREOC for the legal defense issues.

Gaylan Harris asked if there could be a bridge between the REAOC and AREOC coverage so that we have both policies to cover us. Due to the standing in court and our tax codes, we may not want to combine this coverage.

Stephen Pettee shared information regarding open enrollment for next year. He stated that we can put a newsletter in the open enrollment packet to let the retirees know more about REAOC (he shared an example of the LA County's newsletter). The cost of mailing this newsletter would be paid for by PGA. To date for the 2014 open enrollment, PGA has processed 49 new members for REAOC and the applications for those new members have been forwarded to us.

Gaylan Harris asked if we can get a quote for insurance that we could give to our members as a plus of benefits such as term-life insurance, AD & D, medi-vac/trip insurance, etc. These benefits may help us with our recruiting. Stephen Pettee stated he would provide that information.

Action Item: Stephen Pettee will also look at the costs of additional coverage for REAOC/AREOC with a lower retention/deductible fee as well as increasing the legal defense limit. He will also look at increasing the General Liability policy with an increase in coverage and a lower deductible. He will also look at claims and the total costs of those claims for other non-profits within the State of California. He will also investigate the costs of providing additional coverage as a benefit to our members such as term-life insurance, AD & D insurance, travel insurance, etc.

V. Retire Survivor Issues

Larry Leaman shared the incident with one of our members who passed and the information that was/was not provided to his family as it related to his survivor's benefits. After research by Larry Leaman, Rebecca Guider, Gaylan Harris and Ilene Bárcenas, it was discovered that REAOC, OCERS and the County all provide different information and it appears that it is not clear for survivor's how to access the information.

During Larry Leaman's research, he found that a COBRA notice is sent to the surviving spouse and that the health insurance is not automatically transferred to that person. Larry Leaman and Rebecca Guider stated that it is important that we determine how REAOC can assist in making this information available to our surviving family members. The Office on Aging may be a resource for surviving family members. Gaylan Harris stated that the Social Services Agency has a survivor's checklist that may be helpful. The OCERS magazine, "At Your Service", may be an appropriate resource for an article providing information for retirees and their beneficiaries.

Action Item: We need to determine if the EAP program and Office on Aging and Council on Aging resources are available for retirees. Ilene Bárcenas will add additional information on our website for resources/links. Ilene Bárcenas will check with OCERS to determine the amount of death benefit is for retirees. Larry Leaman, Ilene Bárcenas and Rebecca Guider will work together to determine what assistance is available, gaps in information, etc.

VI. Committee Reports

A. Membership

John Iagjian reported on the latest membership numbers. The last preretirement seminar had about 50 attendees. It appears that there may be more December retirements than usual perhaps due to the changes in the retirement deduction for the active employees. REAOC has been given an additional five minutes at the seminars (for a total of fifteen minutes). There was a discussion on how we can reach other potential future retirees so that they are aware of REAOC and our membership benefits. We will work on a plan during the first meeting in January that can be shared at the January luncheon to incentivize the attendees to recruit new REAOC members.

Action Item: John Iagjian will talk to OCERS staff to see if we can add a membership article for “In Your Service” magazine.

B. Board Watch

Ilene Bárcenas reported that there were no items reported that impact retirees. Gaylan Harris stated that we should watch the Spitzer and Nguyen pending potential legislation that will have the BOS members contribute their share to the retirement plan.

C. Scholarship

Faye Watanabe reported that we are on schedule with the process and she will make an announcement at the December luncheon.

D. Legislation

On the Initiative front, "The Pension Reform Act of 2014" (sometime called “the four mayors” initiative) is being watched closely. Its authors propose to change the rules so that the non-worked time is not vested. This initiative is with the Secretary of State awaiting title and descriptive summary deemed critical to funding and getting the required signatures - neither of which has been secured to date. Other initiatives being tracked includes one that would allow all voters in a Presidential Primary to vote for any candidate of any party; and one that is on the ballot that would allow the insurance commissioner to be involved in health care rates.

Of the bills tracked in 2013, AB 701 (Quirk-Silva) has been signed and chaptered; this bill reinstates \$53 million per year in perpetuity of money available to OC for bankruptcy debt service prior to the recent state realignment (less \$150 million repayment to the community colleges). AB 822 was vetoed; this bill would have required local agencies to procure and make public an independent actuarial statement of the impact on future annual costs of local ordinances or measures that propose a change to municipal employee retirement benefit plans, SB 13 and SB 311 were clean-up bills to last year's pension reform changes. Both have been signed by the Governor and chaptered. Several harmful bills that we were tracking failed.

On the new bills front, during the election for the OCERS Board member, it was discovered that survivors do not have voting rights. Lou Scarpino communicated with Art Goulet, the CRCEA Legislative Chair who indicated he would not support a change

in this rule as voting members can run for the retiree seat on their respective board. More research will be undertaken with the possibility of seeking OCERS assistance to potentially introduce a legislative change.

VII. Meeting Reports

A. OCERS

Larry Leaman attended the last OCERS regular board meeting. The part of the meeting he attended was the presentation from Harvey Leiderman that was supposed to be about bankruptcy. Unfortunately the presentation was more of a discussion about the fiscal abilities/financial stability of the plan sponsors or what Harvey Leiderman called “risk litigation”. Tom Beckett stated that the County of Orange would be the responsible party if a plan sponsor would default. Harvey Leiderman stated that both OCERS and the County of Orange should review these fiscal audits.

Other issues - the OCERS Board meeting on the 18th of November will be reviewing the earnings assumption which is now at 7.25% and period of amortization of the OCERS retirement system. Many of the REAOC Board will attend this meeting due to the importance of this topic.

Linda Robinson and Sara Ruckle Harms had lunch with Shari Freidenrich. Shari Freidenrich intimated that she would was likely to vote to decrease the period of the amortization rate to a lesser period of time for both future and the current unfunded liability. It is important that we have a rate that is sustainable for both the sponsors, active members and for the retirees.

B. CRCEA

Nothing new to report. Lou Scarpino noted the CRCEA Retirement Security Committee white papers reference the high fee costs of DC plans. While not directly related, the County issued a publication to DC (aka 457) plan holders noting changes to lower fees. Lou noted this is a growing and welcome trend in the DC Plan industry to try to make DC plans more competitive to DB plans. However, the difference in structures and incentives to the DC industry makes it near if not impossible for DC plans costs to meet or beat that of DB plans.

VIII. Luncheon

John LaRoche provided the draft agenda for the December luncheon. We will also have our business meeting at this meeting.

IX. *The Informer*

John LaRoche shared the deadlines for the *Informer* for 2014. There will be an article about Tom Beckett’s election and will include a picture. For the next edition, the articles are due November 22, 2013. In addition to the regular articles, Bob Griffith will be asked to write a farewell article. A photo of the attendees at the last hearing will be included in the newsletter.

Motion made by John LaRoche and seconded by Sara Ruckle Harms to give a Bob Griffith a gift certificate as a thank-you for his service. Motion carried.

X. Presidents' Message

A. Litigation Update

Linda Robinson reported that many Board members attended the hearing on the 4th of November. Of this new panel who heard the hearing, two were appointed by Clinton and one was appointed by Bush. The County's attorney stated that Guilford looked at all of the extrinsic evidence even though we know that is not true. He also stated that there is only one line in the MOUs that state the retirees can choose a medical plan once a year. Michael Brown gave an excellent presentation and stayed after the hearing to meet with retirees and the Board members to discuss the hearing.

B. CRCEA 2014 Spring Conference Planning

REAOC and AREOC Board members will need to have a separate planning meeting for the conference. The meeting will held on December 11, 2013 at 9:30 as there will not be a regular REAOC Board meeting. All REAOC and AREOC Board members should plan on attending this meeting.

C. Other

Faye Watanabe made a change to the bylaws that will be discussed at the December luncheon to allow for an additional Board member so that there are six Directors on the REAOC Board. This will allow us to add Tom Beckett to the Board. The article regarding the quorum of the Board was increased to six members. At the luncheon, we will need to present the changes to the bylaws first to add the additional Director and then Tom Beckett will be appointed at the January meeting.

Linda Robinson thanked everyone for the contribution to the e-mail acknowledgement of the Veterans who served our country.

XI. Adjournment

A motion was made by Sara Ruckle Harms and seconded by John Iagjian to adjourn the meeting at 2:30 PM. Motion carried.