



MINUTES
REAO Board of Directors' Meeting
OCERS Hearing Room
2223 Wellington Avenue, Santa Ana
Wednesday, September 12, 2012
9:30 AM

I. Call to Order at 9:32 AM by REAO Co-Presidents Linda Robinson and Doug Storm

Present: Linda Robinson, Doug Storm, John LaRoche, Sara Ruckle Harms, Gaylan Harris, Chuck Hulse, Bob Griffith and John Iagjian. Also present is Lou Scarpino, Larry Leaman and Ilene Bárcenas, Office Manager. There is a quorum.

Absent: Bill Castro, Faye Watanabe

II. Approval of Minutes from August 2012 meeting

A motion made by Chuck Hulse to follow Pacific Group Agency's recommendation to switch from the MetLife PPO plan to the Ameritas plan based upon the favorable recommendation of Pacific Group Agency. The motion was seconded by Doug Storm. Motion carried.

A motion was made by John LaRoche and seconded by Sara Ruckle Harms to accept the August 2012 minutes as amended. Motion carried.

III. Treasurer's Report

Linda Robinson presented the August 2012 Treasurer's Report.

Motion made by Sara Ruckle Harms and seconded by Chuck Hulse to move the August 2012 Treasurer's Report. Motion carried.

Action Item: will need to discuss the transfer of funds to AREOC at the October 2012 meeting.

IV. Committee Reports

A. Membership

Ilene Bárcenas presented the Membership Report for August 2012. The membership numbers continue to increase. The associate membership numbers remained the same for the month of August.

B. Board Watch

Linda Robinson reported that the Committee continues to monitor the Board of Supervisors' meetings. There have been no items that directly impact retirees from the last meeting. Norma Roberts is doing an excellent job as the committee chair.

C. Scholarship

Ilene Bárcenas reported on the scholarship change for the 2013 process. As per a discussion with Faye Watanabe, a recommendation was made to ask applicants to submit their applications both in writing and electronically. The electronic applications will be submitted to our REAOC e-mail address. After discussion by the Board, it was decided that the process would be changed and the desk guide will be updated.

Action Item: Ilene Bárcenas will work with Faye Watanabe to update changes to the desk guide for scholarships. The draft update will be brought to the REAOC Board for final approval.

D. Legislation

Lou Scarpino presented an updated on legislation. AB340, the so called “pension reform” bill, was signed by the Governor yesterday. This legislation may impact Act 37 counties but this will have to be clarified. Sara Ruckle Harms stated that it may be helpful to have Julie Wyne meet with this Board to clarify the impact to the Orange County retirement system. SB1234, the private sector retirement plan, was sent to the Governor but it is unknown if it will be signed. SB1382, a CRCEA bill, was signed and should give the retiree organizations additional options. AB1519 requires 1937 Board members to have 24 hours of investment training when they come on the Board. SB955 passed and would allow infrastructure priority in investing in California. The Dave Jones medical insurance initiative will be on the ballot in November.

V. Meeting Reports

A. OCERS/Financial Update/Plan Sponsored Meetings

In advance of the meeting, Sara Ruckle Harms sent a report summarizing the OCERS retirement board meeting. OCERS has had 5.82% YTD rate of return through July. The three year rate of return is 8.77%. The Comprehensive Annual Financial Report (CAFR) for 2011 is now on the website. Segal produced a draft letter to the OCERS Board that projects what contributions rates might look like if the assumed rate is changed to a lower figure. The final modified letter will be sent to stakeholders. Bob Griffith reported that we just had a new actuarial audit. They recommended that we lower the assumed rate from the current rate.

B. CRCEA

The next CRCEA conference is scheduled for October 21 through 24, 2012. We will need to send REAOC Board representatives to the conference. Lou Scarpino will present the white paper with his committee during the roundtable discussion. The conference will be held in Modesto at the Double Tree Hotel.

A motion was made by Chuck Hulse and seconded by Sara Ruckle Harms to authorize the attendance of four Board members at the CRCEA conference as representatives of the REAOC Board. Motion carried.

CRCEA has suggested an amendment to the bylaws to have the ability to extend the terms of office for the Board members. Lou Scarpino also discussed the white papers

that have been written by the CRCEA representatives. The white papers will be discussed at the conference. Lou Scarpino also discussed an article regarding General Motors. They have just transferred their retirement liabilities to Prudential Insurance.

VI. Luncheon

John LaRoche shared the draft of the agenda for the September 26th fall luncheon. There is a very full agenda for the luncheon. He reported that he will book the Surf City Singers for the holiday luncheon.

VII. The Informer

The November/December articles are due October 10th. Articles will include information regarding the scholarship process, the election of officers, the resignation of June Marcott and the appointment of Faye Watanabe in the position of Secretary for REAOC, Health Fair/CRCEA conference information, OSC/Sr. Santa reminder, open enrollment for healthcare and supplemental benefits as well as the regular articles.

VIII. Presidents' Message

A. Lawsuit Update

Judge Gilford entered the judgment in favor of the County. Linda Robinson talked to Michael Brown last week and it appears the next step in the process will be to return to the 9th Circuit Court of Appeal to appeal the decision. Briefs will need to be written by Michael Brown and the County for the appeal.

B. Other

All 14,000 retirees (REAOC members and non-members) will be mailed information regarding the open enrollment for the supplemental insurance benefits. There will be a cover letter with the REAOC application in the booklet. Pacific Group Agencies will pick up the cost of this mailing. We anticipate retirees who have not yet joined REAOC will do so upon receipt of the information being mailed to them.

C. August 14, 2012 Meeting

August 14, 2012 Linda Robinson, Doug Storm, Sara Ruckle Harms and Gaylan Harris met with the County regarding the insurance rates that were previously adopted by the Board of Supervisors. The County stated that there might be a mid-year adjustment in the rates for retirees next year as the ERRP dollars must be used by 2014.

D. Health Fair

The Health Fair will be held on Tuesday, October 2, 2012 at OCEA. Sara Ruckle Harms sent in the paperwork so they are aware that REAOC will be attending to share information about our association. We will have three representatives including John LaRoche, Sara Ruckle Harms and John Iagjian.

A motion was made by John LaRoche and seconded by Sara Ruckle Harms to authorize Doug Storm to spend up to \$200 to buy candy for the Health Fair. Motion carried.

Action Item: Ilene Bárcenas will make copies of the Associate Membership application to have available for the Health Fair.

E. Holiday Invitations

There was a discussion about who should be invited to the holiday luncheon. A decision was made that it would be appropriate to once again invite the OCERS Board. Ilene Bárcenas reported that Steve Pettee has also asked to attend.

Action Item: John LaRoche will draft an invitation to the OCERS Board members to invite them to the holiday luncheon. The invitation will be sent to Ilene Bárcenas who will place the wording on the REAOC letterhead and mail the letter.

IX. Executive Session called at 12:12 PM.

X. Executive Session adjourned at 12:29 PM.

A motion was made during Executive Session to authorize travel related to the litigation efforts.

XI. Adjournment

A motion was made by Linda Robinson and seconded by Chuck Hulse to adjourn the meeting at 12:32 PM. Motion carried.