



MINUTES
REAO Board of Directors' Meeting
OCERS Hearing Room
2223 Wellington Avenue, Santa Ana
Wednesday, January 11, 2012
9:30 AM

I. Call to Order at 9:33 AM by REAO Secretary, June Marcott

Present: June Marcott, Gaylan Harris, Sara Ruckle Harms, Lou Scarpino, Chuck Hulse, John LaRoche, John Iagjian, Bill Castro and Linda Robinson (via conference call). Also present is Larry Leaman and Ilene Bárcenas, Office Manager. There is a quorum.

Absent: Doug Storm

II. Approval of Minutes from November and December 2011 meetings

A motion was made by Sara Ruckle Harms and seconded by John LaRoche to accept the November 2011 minutes as written. Motion passed.

A motion was made by Gaylan Harris and seconded by Chuck Hulse to accept the December 2011 minutes of the General Meeting as written. Motion passed.

A motion was made by Gaylan Harris and seconded by Bill Castro to accept the December 2011 minutes of the regular REAO Board meeting as written. Motion passed.

III. Treasurer's Report

Chuck Hulse presented the November and December 2011 Treasurer's Report, the last quarter of 2011 report as well as the final operating budget for 2012. The final operating budget for 2012 was approved at the December REAO Board meeting.

Motion made by Sara Ruckle Harms and seconded by Gaylan Harris to move the November 2011 Treasurer's Report. Motion carried.

Motion made by Sara Ruckle Harms and seconded by Gaylan Harris to move the December 2011 Treasurer's Report. Motion carried.

Motion made by John LaRoche and seconded by Bill Castro to move the 4th quarter Treasurer's Report for 2011 as amended (footnotes). Motion carried.

IV. Committee Reports

A. Membership

John Iagjian reported on the membership as of December 31, 2011. Last week's pre-retirement seminar had about 28 persons and they were all given the regular packet and the associate membership application. Sara Ruckle Harms reported Dana Cardi, a recent retiree, volunteered to help John Iagjian as a back-up to the membership chair.

Action Item: Ilene Bárcenas will add a footnote to the membership report to indicate the total number of Associate Members.

B. Board Watch: Dark 1/3, 1/17, 1/31

June Marcott reported that there are two more members of the Board Watch Committee, Connie Stannard and Wellington “Coach” Bennett.

C. Scholarship Committee

The 2012 Scholarship form has been posted to the REAOC website and will be available and discussed at the January luncheon.

Action Item: Ilene Bárcenas will make copies of the scholarship application for the January luncheon.

D. Legislation

We are in the introductory period of the second year of the legislative cycle. We will be watching any new legislation and initiatives being introduced. Governor Brown signed AB506, a bill that requires mediation before a local jurisdiction goes bankrupt. On the County Legislative Platform, there are three items that are of interest including delay of the first COLA upon retirement (which is the current practice with CalPERS), new restrictions on who can receive and criteria for freezing existing STAR COLA, and the BOS members’ nonparticipation in the retirement system. Linda Robinson reported that she and Doug Storm met with Steve Delaney and Julie Wyne regarding the shift of the STAR COLA to the Board and the issue regarding being fully funded which is also encompassed in the County Legislative Platform. The REAOC Board will actively monitor this issue. There was a discussion regarding release of information from OCERS and other retirement systems regarding all retirees not just REAOC or their association members.

V. Meeting Reports

A. OCERS

Bob Griffith reported that the biggest issue at the present time is regarding the assumed rate of return. The Plan sponsors have been given another year to consider changing that rate from 7.75% to 7.50%. The December data is not back from the money managers but it does not appear that we will meet the 7.75%; the actual amount may be quite a bit lower than the assumed rate of return. The lack of new hires has made an impact on the system.

B. Financial Update/Plan Sponsor Meetings

No Board member went to the meeting. Steve Delaney reported that there were no major issues discussed. Bob Griffith reported that the outside auditor just finished the 2010 audit report, albeit late, and it will be discussed at the January OCERS Board meeting. The audit was a clean audit with some material weaknesses that have since been strengthened.

C. CRCEA

At the last CRCEA conference the Executive Committee made a decision regarding a 10 cent increase in membership fee per member. The extra monies would be dedicated to supporting the conferences. The membership bills went out without this increase (currently \$.45 per member). This issue is still unresolved but is being discussed. There may be a supplemental bill that will be sent to each of the participating counties. Note: we received the bill based on \$.45 per member.

VI. Luncheon

The next luncheon is on January 25th and the theme will be “the super bowl of luncheons”. Attendees are encouraged to wear casual clothes including jerseys of their favorite football team. Steve Delaney is scheduled to give an update and Russ Baldwin, the OCERS Board President, is also scheduled to attend. Gary Rebensdorf from the Orange County Credit Union had previously asked to speak at one of our luncheons. He would like five or ten minutes to speak. He will be scheduled for the January lunch.

VII. The Informer

The January Informer was supposed to have been mailed on January 4, 2011 but it was not sent out. Eddie Kist had equipment failure and could not get it fixed until this past Monday. The *Informer* should have been sent out by yesterday, January 10th. The next edition will be the March/April 2012; the deadline for articles is February 1, 2011. The next edition will include information regarding the COLA, and updated article about the scholarships and an article highlighting Rex Castellaw and his wife. June Marcott will also write an article about the new Board Watch Committee and other committees and opportunities for volunteering.

VIII. In The News

There is no new report. The watchdog report regarding pensions will be posted on the website if a format suitable for copying can be obtained.

IX. Presidents' Message

A. Lawsuit Update

On January 9th there was a procedural status meeting in front of Judge Guilford. The judge was very adamant that this case needs to proceed quickly. Initial briefs are due in four weeks from both the County and our attorney. A Monday, March 19, 2012 hearing date has been set. We would encourage our members to attend this meeting.

X. Executive Session

An Executive Session was called at 11:08 AM.

Sara Ruckle Harms made a motion to adjourn the Executive Session 11:15 AM which was seconded by John LaRoche.

During the session, a motion was made to authorize the co-presidents to review and authorize payment by AREOC for legal services to RBG in support of Michael Brown's ongoing litigation.

XI. Adjournment

A motion was made by Bob Griffith and seconded by John LaRoche to adjourn the meeting at 11:25 AM. Motion carried.