CONTRA COSTA COUNTY
RETIRED EMPLOYEES ASSOCIATION, LOCAL ONE

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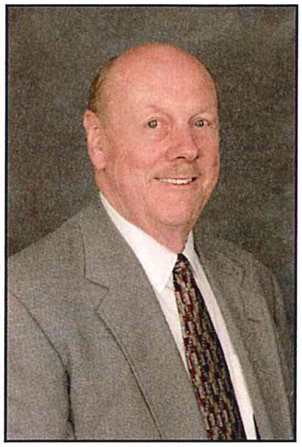
Representing the Past, Present & Future

Summer 2017

President's Message



I will not be offering any commentary about the weather or how fast the year has flown by in this newsletter, but only, as they would say on TV, "the late breaking news".

SCHOLARSHIP PROBLEMS AND AWARD WINNERS: The final date to submit applications for this year's scholarship program was March 31st. We received a total of 17 applications, and while many of them were of outstanding quality, we did have a problem with some.

This year, in an attempt to increase the number of applications, a copy of the application and the requirements for submitting same, were printed in the last newsletter. Unfortunately, it appears that some of the applicants received just the application and not a copy of the requirements. The result was that at least five of these applications were incomplete since they did not include the current school grade transcripts or the letter of recommendation. The incomplete applications had to be disqualified.

Next year we will try harder to make sure the sponsors are aware that they must provide the instructions for submitting a complete application packet.

This year we were fortunate to secure the services of a retired Antioch High School principal to review our scholarship applications, and make his recommendations to your Board of Directors. The recommendations were reviewed at the May 9th Board of Director's meeting, and the Board unanimously agreed to accept the reviewer's recommendations.

However, this year there was fourth applicant who was also extremely well qualified, and there was some difficulty deciding who to eliminate (all had 4.0+ grade point averages). Therefore the Board voted to raise the stakes and award a fourth award (this year only), instead of just three as previously planned. The winners are as follows: ***Schyler Bruen, Nathan Rossberg, Johnathan Sousa, and Jonathan Marks.*** Each of the winners will be invited to be the guest of CCCREA at the June Luncheon, along with their sponsors, to receive their award for this year.

NEW RETIREE ORIENTATION: During the past year, your Board of Directors has been attending the New Retiree Orientation classes given by the retirement office. These classes are given monthly and will usually have between 20-25 attendees. The purpose of the sessions is to give the prospective retirees some insight into what they can expect in the way of retirement benefits. Our purpose for being there is to make sure the new retirees area aware of CCCREA, the benefits we provide, and the reasons they should become members of our organization. They are also given membership application materials.

CRCEA CONFERENCE: During the last week of April, three members of the Board of Directors attended the California Retired County Employees Association (CRCEA) bi-annual conference which was held in Ventura, CA.

Besides the Annual Business Meeting, the conference provided speakers on subjects which included the CalPERS Long Term Care Law Suit (See Page 4 for more on this subject), and legislative issues, including pension reform. There was also an FBI Victim Specialist who spoke on prevalent scams perpetrated on seniors. Several speakers talked about investing during our retirement years, and how to make sure you don't outlast your money. One of these investment counselors, Jerry Yen from Guided Choice, will be our speaker at the June luncheon.

Since our Association sponsored the previous conference last October, we are well aware of the costs and problems associated with hosting this type of endeavor. We were very successful soliciting donations from many of the CRCEA affiliates as well as several local businesses. By doing this, we were able to provide an excellent conference for a very small expense to the Association. However, there are several counties that are unsure whether they will be able to finance and host a conference when it becomes their turn. In an attempt to answer some of the concerns, the CRCEA Conference Committee met in Merced in March to brainstorm possible solutions, and bring them to the Business Meeting for discussion among the rest of the Associations.

Some of the possible solutions discussed were shortening the conference to one or two days instead of three. Also, the smaller associations were encouraged to join with one or two larger counties to form a joint, or regional, conference and share the expenses. Other ideas included raising attendee fees, having CRCEA provide additional monetary assistance, and eliminating some of the more expensive programs such as the banquet, entertainment, and door prizes.

(Continued on page 2)

(President's Message Continued from Page 1)

While most of the conference was enjoyable and informative, one fact was brought out by the CRCEA Membership Chair that was quite disconcerting. After a survey of all member association, we discovered that our percentage of membership, compared to the total number of retirees in Contra Costa County, is only 15.6%. This is the second lowest of the 20 member counties in CRCEA, and some other associations were at 85% with over 4,000 members. Correcting this problem will definitely be a focus of the Board in the coming year.

LEGISLATIVE REPORT: An edited copy of the CRCEA Legislative Report can be found on Page 6. Editing of the original version was necessary because it would have taken up ¾ of this newsletter, so if you are interested in obtaining a complete copy, please contact me via email at mesloan1@aol.com, and I will send you the entire report. One problematic issue found in the legislative report is that social politics are now dictating the way financial institutions can invest their money. Three bills were proposed that would require divestment of any current or future association with the Dakota Pipeline Project, any investments relating to the Turkish government, or any company working on building a wall on the Mexican border.

Another concern for retirees found in this report is the number of bills and constitutional amendments proposed by John Moorlach, a Republican from Orange County. Senator Moorlach is not a friend of retirees in California, and one of his biggest pushes is to eliminate the "California Rule" (See Page 8 for a complete explanation of this "rule") by passing a constitutional amendment (See SCA 8). There are also several court cases pending before the California Supreme Court which will take up the question of retirement benefits and the "California Rule". We will stay abreast of any new developments and keep the membership informed. Moorlach would also like to eliminate the annual COLA (See SB 32) which could directly affect each and every one of us.

WEBSITE HACKED! Recently I discovered that we had a "spam bot" attack on our website. I have known for a long time that people continually try to hack into our system because we have a program that shows how many attempts are made to gain access to the administrative section of the site by using various password combinations.

We have a process whereby you can contact CCCREA, via the website, by leaving a message in the "Contact Us" link. The hackers did this, but were able to use a program to continually send phony messages. These messages were primarily asking to have our newsletter sent by email. I received over 80 of these messages before the web master was able to close down the system, and add a step which will prevent this from happening again. If you want to contact us now, you will have to prove you are not a robot, and type in a code or phrase into a special box before sending your message.

As a reminder, our website address is WWW.CCCREA.INFO, so if you would like to receive your newsletter via email, please advise and we will add you to that list.

Also, if you happen to misplace your registration flyer for the luncheons, it will now be available on the website and under a link in the calendar for the date of the luncheon.

ASSOCIATION SPONSORED TRIPS: I have received a few inquiries lately about planning a casino trip similar to our Day at the Races. The trip could be to Jackson Rancheria, Thunder Valley or maybe Cache Creek which is in Yolo County.

These trips can be as cheap as $25 for round trip transportation, and up to $25 in slot and match play money. Some will also offer food and beverage credits. Normally at least 40 people will be needed to fill a bus and make the trip work. If you think you and some of your friends would be interested in going on such a trip, please email me and let me know which of the casinos you would prefer (mesloan1@aol.com).

LUNCHEON SPEAKER: As mentioned earlier in this newsletter, our speaker for the June luncheon will be Jerry Yen. Jerry is the vice president of Guided Choice, which is an Affiliate company for CRCEA. Guided Choice focuses on assisting people with investments when preparing for retirement, but also assists retirees with maintaining their investments to make sure they don't outlive their savings.

If you are unsure about your investment strategies for the future, you might want to attend this luncheon to hear about what other options are out there for you. Jerry will also give advice on options for what to do with Required Minimum Distribution (RMD) funds. This is a program in which the IRS demands withdrawal of a certain amount, depending on your balance, from your tax free accounts after you turn 70 ½.

CRCEA CONFERENCE DATES

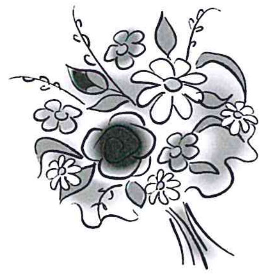
The next conference will be held on: October 23 -25, 2017

Hilton Garden Inn
Emeryville, CA

The conference will be hosted by Retired Employees of Alameda (REAC)

2017 Luncheon Dates

- ☐ *June 8*
- ☐ *September 14*
- ☐ *December 14*



Remember, if you are a new member your first lunch is free. Just be sure to call in your reservation and let us know you're a new member.

The telephone number is 925-228-1600.

Please feel free to invite friends who have recently retired to our luncheon!

2017 Regular Meeting Dates

- ☐ July 11, 2017
- ☐ August - No Meeting
- ☐ October 10, 2017
- ☐ November 14, 2017

MEETING LOCATION:

TJ's Restaurant - 3210 Pacheco Blvd. (The old Pegg's Restaurant across from the Shell refinery entrance) Martinez, CA 94553.

All are welcome to attend and share your thoughts and suggestions.

Call to let us know you are coming.

(925 - 228 -1600)

Contra Costa County Retired Employees Association Board of Directors

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Maria Catanese
Marilyn Cramlett
Carl Doolittle
Vicki Doolittle
Mary Forney
Jim Hattum
Sandy Hawkins
Milt O'Neill
Mary Lou Williams,
(Past President)

Don't forget that we are still selling certificates for See's Candy. The price went up this year but we still have a few left at the old price of $15.50. When these are gone the price will go up .

As you can see by the article in this newsletter See's has opened a new store in Pleasant Hill where you can purchase candy at the discount price. However, in order to do that you MUST show your CCCREA membership card, everyone should have one. If you have misplaced your card, or the clerk can't locate our account, tell them our account number is 6013636.

If you have any questions about this you can call Marilyn Cramlett at (510) 724-6788.

DAY AT THE RACES

Just a reminder, our Day at the Races trip is coming up soon (Thursday May 18th), and we still have a few spots available. For just $35 you will get a day of fun entertainment and the package includes admission to the Turf Club, a racing program, VIP valet parking, and a sumptuous buffet lunch. This is a $60 value if purchase separately at the track.

Petrenya Boykins is hosting the event, and if you would like to make last minute plans to join her, she can be reached at her email address-byknst@aol.com, or you can call her at (707) 554-8779, and she can make the arrangements to include you.

Petrenya also has two pairs of tickets for a future day at the race track, compliments of Golden Gate Fields, which she will be giving away to two lucky attendees on May 18th.

CALPERS LONG TERM CARE LAWSUIT

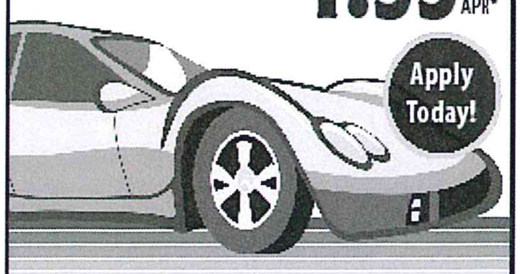
I know that many of our members have this insurance, and are concerned about how the lawsuit is progressing. Below is the latest information from the law firm's web site:

(http://www.calpersclassactionlawsuit.com):

"Towers Watson, the actuarial firm responsible for setting CalPERS' premiums for the LTC Program in 1995, filed a Motion for Summary Judgment seeking the dismissal of plaintiffs' claims on the grounds that they were barred by the statute of limitations and that Towers Watson did not owe the plaintiffs a duty. However, before the hearing on that motion could take place, Towers Watson and Plaintiffs reached a preliminary settlement.

Under the terms of the settlement, Towers Watson will be paying $9.75 million to settle the claims against it. Importantly, this partial settlement only impacts the claims against Towers Watson and will not impact the claims asserted against CalPERS as the main defendant in this case. **The case continues against CalPERS, which is set for trial in October of 2017.**

This partial settlement was reached at mediation on February 16, 2016, which was conducted after the briefing was completed on Towers Watson's Summary Judgment Motion, but before the March 8, 2017 hearing. This was viewed as a logical time to convene mediation because of the risks associated with the fully dispositive Motion for Summary Judgment. Towers Watson asserted throughout this litigation that it is not responsible for the 85% rate increase, and it made two primary arguments in its Motion for Summary Judgment as to why the case against it should be dismissed. First, Towers Watson argued that the two-year statute of limitations for the claims asserted against it had expired since the negligent conduct alleged by Plaintiffs (mispricing of premiums) occurred prior to 1995, and Towers Watson had not had been involved in the LTC program since 2004. Second, Towers Watson argued that it owed no duty to the Class since it was hired by CalPERS, and not by the Class Members, to provide the actuarial services that were at issue in the case. If either of these arguments were to be accepted by the Court, all of the claims asserted against Towers Watson would have been dismissed.



PASSAGES

Some people come into our lives and quickly go. Some people move our souls to dance. They awaken us to new understandings with the passing whisper of their wisdom. Some people make the sky more beautiful to gaze upon. They stay in our lives for awhile, leave footprints in our heart, and we are never ever the same.

~ Chicken Soup for the Soul

Mona Cohn 8/10/2016
Monte DeLong 3/9/2017
Mary Fleagle 2/10/2017

Theodore Gargalikis 1/25/2017
Barbara Haines 2/24/2017
Beverly Howser 3/4/2017

James Johnson 3/4/2017
Donald Kovisto 2/25/2017
Richard Terry 3/5/2017

Donald Weller 3/3/2017
Robin Cobette 4/18/2017
Carol Jennings 4/1/2017

Audrey St. John 3/30/2017
Joyce Wagner 4/8/2017
Jacquelyn Cook 1/22/2017

Paul Crouch 3/23/2017
George Miller 3/17/2017
Rose Marlys 2/24/2017

Rosalie Rowsey 4/12/2017
Amy Zera 4/20/2017

Welcome New Members

Leslie Shaw Klinger
Dominique Crawford
Mike Eglite

Legislative Report

Art Goulet, CRCEA Legislative Chair
Some Bills Edited Due To Space Considerations

April 2017

This is the first comprehensive legislative report for this session. They will be routinely prepared monthly going forward, usually after a SACRS (State Association of County Retiree Systems) Legislative Committee meeting. Henceforth, amended bills will be highlighted in bold text.

AB 283 (Cooper) would require that any member of a 1937 Act system who is classified as a peace officer be retired for service-connected disability due to a job-related injury upon meeting the criteria for disability in the Act, regardless of the member's rank, position, or duty at the time of injury or at the time of application for permanent incapacity. This bill is intended to overturn an Appellate Decision that held a member must be incapacitated from doing the duties of the job the member is currently filling. It appears to be a sweetheart deal for high-ranking peace officers who aren't expected or anticipated to perform the duties of an officer in the field. It has not yet been assigned to a committee.

AB 1309 (Cooley). Existing law allows an employer to hire a retired member without reinstatement under certain conditions. This bill would require an employer to enroll a retired member employed without reinstatement solely for administrative recordkeeping purposes within 30 days of hire, and to report the pay rate and number of hours worked within 30 days of the last day of the pay period worked. Failure to report will result in PERS levying a fee which the employer will be prohibited from passing on to the employee. The bill is at the Assembly PE, R & SS Committee, where the first hearing was cancelled at the author's request.

SB 32 (Moorlach) is entitled the California Pension Reform Act of 2018. It makes many changes to existing law. Among other things, it would create the Citizens' Pension Oversight Committee to serve in an advisory role to the boards of STRS and PERS and would require the committee, on or before January 1, 2019, and annually thereafter, to review the actual pension costs and obligations of PERS and STRS and report on these costs and obligations to the public and would require reports of audits of STRS and PERS conducted by public accountants not in public employment to be filed with the committee. This bill would also require the PERS board to determine what the level of the unfunded liability of PERS was in 1980 and require the board to reduce the unfunded liability of PERS to that level, to be achieved by 2030, with the goal of fully funding PERS. The bill, in any year in which the unfunded actuarial liability of PERS is greater than zero, would require the board to increase the employer contribution rate otherwise provided by law for the state, contracting agencies, and school employers by 10 percent.

Additionally, this bill would require the board of PERS, on or before January 1, 2019, to develop and submit to the Legislature for approval a hybrid plan consisting of defined benefit and defined contribution components, as specified, and would require the plan to be applied to members who elect to be subject to the plan or who are first employed by the state, a contracting agency, or a school employer and become members of the system on or after the approval of the plan by the Legislature. The bill would further require the PERS board, on or before January 1, 2019, to review the duties of officers and employees in positions included in the safety member classification pursuant to PERL and reclassify the positions according to specified criteria. The bill would apply this reclassification to persons who are first employed by the state and become state members of PERS on or after January 1, 2018.

This bill would also prohibit a public retirement board from deeming certain forms of pay to be pensionable compensation. The bill, for an individual who becomes a member of any public retirement system for the first time on or after January 1, 2018, and who was not a member of any other public retirement system prior to that date, would require the final compensation used to determine the member's retirement benefits to be the highest annual pensionable compensation earned by the member during a period of at least 60 consecutive months (as compared to 3 years currently under PEPRA), or at least 5 consecutive school years if applicable. The bill would also provide that if the member leaves the employment of a public employer participating in a public retirement system for other employment and is subsequently reemployed by the public employer at least one year later, the member will be subject to the same benefits, contributions, and other terms and conditions applicable to an individual who becomes a member of the public retirement system for the first time on the date of the member's return, for service rendered on or after that date.

In addition, the bill would prohibit a public retirement system from making a cost of living adjustment to any allowance payable to, or on behalf of, a person retired under the system, or to any survivor or beneficiary of a member or person retired under the system, for any year beginning on or after January 1, 2018, in which PERS or STRS is not fully funded. The bill is at the Senate P.E & R Committee and is to be heard on April 24.

SB 371 (Moorlach) would prohibit a public employee who will be covered by an MOU from representing the public agency in negotiations with the employee organization. The bill is at the Senate P.E &R Committee and is to be heard on May 8.

SB 454 (Moorlach) would require the state, on and after January 1, 2018, to assume all responsibility for prefunding retiree health care and to require the state to prefund retiree health care for state employees, annuitants, and their beneficiaries with the goal of paying 100% of the actuarially determined normal costs by July 1, 2019.

(Continued on page 7)

(Legislative Report continued from page 6)

It would also require the state to pay unfunded liabilities that have accrued for retiree health care for state employees, annuitants, and their beneficiaries with the goal of paying 50% of the actuarially determined cost of these liabilities by January 1, 2022, and 100% of the actuarially determined cost of these liabilities by January 1, 2026. **The bill is at the Senate P.E &R Committee and is to be heard on April 24.**

SB 671 (Moorlach). Under current law, a county and only districts in San Bernardino County may make an advance payment of or all or part annual contributions to the retirement fund. This bill would extend that authority to all counties and districts. The bill would also authorize advance payment of all or part of a future year's contributions. **The bill is at the Senate P.E &R Committee and is to be heard on May 8.** The bill is supported by SACRS.

SB 681 (Moorlach) is a spot bill stating the intent of the Legislature to subsequently amend it to allow the governing body of a public agency that contracts with PERS to terminate its contract with the system in a manner that does not result in excessive costs or penalties to the agency, to allow a public agency terminating its contract to have the ability to withdraw its assets paid into the system with the same rate of return, and to ensure that a public agency that terminates its contract with the system shall remain responsible for any of its unfunded liabilities. The bill is still awaiting referral to a committee.

SB 728 (Newman) would grant a state officer or employee who serves as a member of the National Guard or federal military reserve force who is called up to active military service and as a result sustains a military service-connected disability rated at 30% or more by the United States Department of Veterans Affairs an additional credit for sick leave with pay of up to 96 hours for the purpose of undergoing medical treatment for his or her military service-connected disability. The bill would require that the sick leave be credited to a qualifying officer or employee on the first day of his or her return to state employment and remain available for use for the following 12 months of employment. The bill has been referred to both the Senate V.A. and P.E &R Committees. The first hearing is scheduled for March 28.

SCA 8 (Moorlach) is a proposed constitutional amendment that would permit a government employer to reduce retirement benefits that are based on work not yet performed by an employee regardless of the date that the employee was first hired, notwithstanding other provisions of the California Constitution or any other law, and would prohibit it from being interpreted to permit the reduction of retirement benefits that a public employee has earned based on work that has been performed. It would set aside the "California Rule". The bill is at the Senate P.E &R Committee.

SCA 10 (Moorlach) is a proposed constitutional amendment that would prohibit a government employer from providing public employees any retirement benefit increase until that increase is approved by a ⅔ vote of the electorate of the applicable jurisdiction and that vote is certified. The measure would define retirement benefit to mean any postemployment benefit and would define benefit increase as any change that increases the value of an employee's retirement benefit. Government employer would include, among others, the state and any of its subdivisions, cities, counties, school districts, special districts, the Regents of the University of California, and the California State University. The bill is at the Senate P.E & R Committee.

Here's why you should never return a call from area code 473

This information was provided by a local police department and has become a pretty widely reported problem:

If someone is calling from area code 473, don't return the call or send a text. You could be setting yourself up for a huge phone bill or worse.

The 473 ruse is the latest update of phone scams used by thieves to rip off their victims. Previously, scammers used "900 numbers" and "809" calls — an international area code from the Caribbean that appeared to originate in the United States — to trick listeners.

While appearing to be domestic, 473 is in fact the area code for the island of Grenada. Calling a 473 number will cost you $5 a minute or more, AARP says, and crooks can make money off those premium charges.

Fraudsters can also record your voice to authorize bills. Earlier this year, multiple news outlets warned of callers asking, "Can you hear me?" with the aim to get the recipient of the call to say "yes." The "yes" is recorded and used to authorize credit card or bill charges.

In another variation of the 473 scam, described by Inc., criminals wait for the intended victim to answer a call, at which point the robocaller plays a recording of someone crying for help or the sounds of someone in need of medical attention or under attack. The idea is to lure a good Samaritan to call back. A similar version of the scam involves texts instead of phone calls.

Other names for the "473 Scam" are "Ring and Run Scam" or "One Ring Scam."

The best defense against these scams is simply to never return a missed call from an unknown number. A legitimate caller can text or leave an email.

If an unknown caller asks you "Can you hear me now?" — or a similar yes-no question like "Are you the homeowner?" or "Do you pay the bills?" — you should hang up.

Besides being wary of 473, 809 and 900 numbers, check missed calls against the international area codes that start with +1:

242 -Bahamas
246 -Barbados
268 - Antigua
284 - British Virgin Islands
345 -Cayman Islands
441 - Bermuda
473 - Grenada, Carriacou and Petite Martinique
649 - Turks and Caicos
664 - Montserrat
721 - St. Maarten
758 - St. Lucia
767 -Dominica
784 - St. Vincent and Grenadines
809, 829 and 849 -Dominican Republic
868 - Trinidad and Tobago
869 -St. Kitts and Nevis
876 - Jamaica

IS THE "CALIFORNIA RULE" AT RISK?

By Art Goulet

Retired Employees Assoc. of Ventura County

The Courts have not been kind to current public employees recently! In two cases brought by employee unions, the Courts have held that pension benefits can be reduced for service not yet rendered; i.e., for prospective service. A third case is pending.

The "California Rule" is a legal doctrine that states that pension benefits in effect the day a government employee is hired must be honored throughout the employee's entire career, and cannot be reduced without an offsetting benefit, not even on a prospective basis (although benefits could be increased, even retro-actively). This doctrine is based on a 1955 California Supreme Court decision that stated "changes in a pension plan which result in disadvantage to employees should be accompanied by comparable new advantages." In some subsequent cases, "should" became "shall." However, in the recent cases that have been decided, the appeals court opined there was a big difference between "should" and "shall" or "must."

The first case, Marin Association of Public Employees et al v. Marin County Employees' Retirement Association et al, which was decided in Division Two of the First District Court of Appeal (August 17, 2016, A139610, the "MAPE decision"), upheld the constitutionality of provisions of PEPRA (Public Employees' Pension Reform Act) that applied to legacy members eliminating certain pay items from compensation earnable, which had previously been included. Importantly, inclusion of these pay items was always optional with 1937 Act retirement boards.

In reaching its decision, the Court found there was no evidence of legislative intent to create a hard and fast rule, such as the "California Rule". The Court also said that the legislature had the implied authority to make reasonable alterations, changes and modifications in retirement plans that reduce or eliminate certain aspects of a retirement benefit, so long as the resulting pension is "reasonable", and the changes do not apply to already retired employees.

The second case, Cal Fire Local 2881 et al v. California Public Employees Retirement Sys-tem et al, which was decided in Division Three of the First District Court of Appeal (December 30, 2016, A142793, the "Airtime decision"), upheld a provision of PEPRA that repealed a 2003 law that allowed employees to buy up to five years of non-qualified service credit, known as "airtime", to increase the amount of service used in calculating their pension benefit. The Court found there was no evidence that the 2003 legislation was intended to create a permanent benefit and relied heavily on the MAPE decision.

The MAPE decision has been appealed to the California Supreme Court, which has agreed to hear it. As of this writing, the Airtime decision has not been appealed.

The third case, known as the "Consolidated Cases," was as-signed to Division Four of the First District Court of Appeal. It has been fully briefed, and is waiting for oral argument to be set. It involves many of the same issues as the MAPE decision so it will be very interesting if the court comes to a different decision. If they do, the Supreme Court will decide which Division was correct. If they don't, the Supreme Court will decide whether or not to uphold the MAPE decision.

Thus far, there haven't been any cases addressing what a "reasonable" pension is. If the MAPE decision is upheld, there most certainly will be, as agencies attempt to reduce their pension obligations.

PRIME TIME - MARCH 2017