CONTRA COSTA COUNTY
RETIRED EMPLOYEES ASSOCIATION, LOCAL ONE

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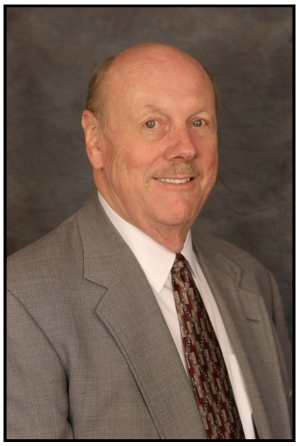
Winter 2015

Representing the Past, Present & Future

President's Message



Since our last newsletter, so much has happened that I am not really sure where to begin. I suppose the best place is to start is with the issue, which is the most important to our retirement security. In the last newsletter (Page 4), Mike DeBord from Sacramento County wrote an enlightening article regarding the effects of the Reed/DeMaio initiative and the damage it would cause if passed by the electorate.

That initiative was intended to eliminate the defined benefit retirement program (this is the type of program used by Contra Costa County) for newly hired public employees throughout California. Reed/DeMaio wanted to have voters decide on any new pension plans and/or increases in current plans. This would mean that county residents (you) would have to vote for every retirement decision made by each public entity in every county. That would include a vote in each school district, water district, sanitary district, waste disposal district, and on and on.

The main thrust of this initiative was to gut the collective bargaining process, and it would have eliminated the Public Employee Relations Board (PERB), which oversees complaints of labor issues before they are heard in court. Reed/DeMaio would have forced disputes into the court process and bypass the PERB.

Finally, the initiative would have changed the California Constitution and eliminated the "California Rule" which states a vested benefit cannot be taken from a public employee without replacing it with another benefit of equal value.

Mike DeBord and I spent a considerable amount of time in Sacramento lobbying the State Finance Office, the Attorney General, and the Office of the Legislative Analyst on behalf of our membership. We may have had a little influence, as the proponents of that initiative did not like the Attorney General's Title and Summary at all. In fact, they have withdrawn this one and have filed two different versions. Later in this newsletter (Page 7), Mike DeBord will again explain the difference between the previous initiative and the two newer ones.

POSSIBLE SETTLEMENT IN RETIREE SUPPORT GROUP (RSG) LAWSUIT: If you are a member of RSG, you should have gotten a letter or an email advising of a potential settlement of the health care lawsuit filed by RSG in 2010. A meeting will be held on November 10 at the Crown Plaza Hotel in Concord to explain the ramifications of the settlement. I realize this newsletter might reach you too late to remind you to attend this meeting, but the meeting is/was for information sharing only, and no vote will be taken there. Each current RSG member will receive a mailed ballot explaining the settlement, and given a chance to vote for the acceptance or rejection of this agreement. It is very important that you return your ballot with your vote.

CCCREA SCHOLARSHIP PROGRAM: Our Scholarship Committee has been working hard to put together all of the necessary processes to make our first awards, when school resumes for the fall 2016 semester. The committee will now attempt to secure a school administrator in the Contra Costa school system, who would be willing to review our scholarship applications and make recommendations to the Board from a list of qualified candidates.

To start, we will be offering three scholarships at $1,000 each. If there is a member of your immediate family, who you believe might qualify and benefit from one of these scholarships, please contact Mary Forney (marjo1244@sbcglobal.net), and she will send you the application and rules for applying.

CalPERS LAWSUIT UPDATE: Refer to the lengthy, but interesting update on Page 4.

CRCEA WEBSITE UPDATE: The California Retired County Employees Association's new website is up and running. Please check it out at www.http://crcea.org, or you can just Google CRCEA.ORG. I think you will find this site very easy to navigate and chock full of information regarding all twenty counties governed by the 1937 Act. Please keep in mind this is a work in progress and will be continually updated. If you have any suggestions for something you would like to see on the site, don't hesitate to let me know.

Also, your Board of Directors was so impressed with the site's designer that we have contracted with her to design and build a new website for CCCREA. We hope to have our new site operational by the first of the year.

CRCEA/CCCREA 2016 FALL CONFERENCE: In October of 2016, CCCREA has the honor to be hosting the CRCEA Conference. We have already secured the Embassy Suites Hotel in Walnut Creek for the venue. The rooms will only be $139 per night, and that will include breakfast and an evening hospitality event.

(Continued on page 2)

(President's Message Continued from Page 1)

Last month, seven members of your board of directors attended the CRCEA Fall Conference which was hosted by San Joaquin County in Stockton. The RESJC conference committee did an excellent job, and we hope to learn from their successes to make our conference even better.

The most important thing we learned is that the success of the event depends heavily on having a large number of dedicated volunteers. We will need people willing to assist with the registration desk, securing and distributing door prizes, assisting with the organization of the banquet, and many more diverse projects. If you think you might be able to help out for a couple of hours over the four day event (October 16th through the 19th), please contact me at mesloan1@aol.com or the address at the top of this newsletter.

VOLUNTEERS NEEDED TO SERVE ON THE BOARD OF DIRECTORS: In January, there will be an election for positions on the Board. Five positions will be open at that time, including three held by current board members, and I believe they intend to run again. The two remaining openings will be for director positions.

One current board member contacted me prior to their making a decision to apply and asked, "What are the responsibilities of a Board member?" I realized then, we did not have a readily accessible and clear cut answer available. So, in an attempt to provide an answer for others with the same question, I have included an article in this newsletter explaining the duties and time commitment of a Board member. (See Page 5.)

NEXT LUCHEON MEETING: Our next luncheon meeting is scheduled for Thursday, December 10th, at Zio Fraedo's Restaurant in Pleasant Hill. This will be our annual Christmas luncheon (I know, I can't believe it either) and the Summerset Singers from Brentwood will again grace us with a beautiful holiday program.

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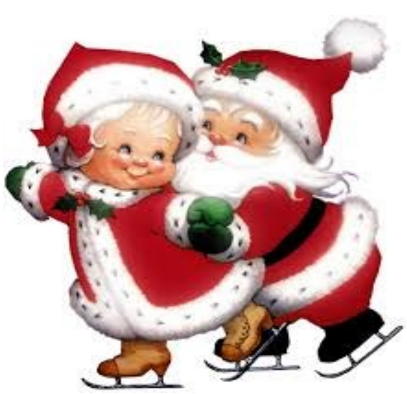
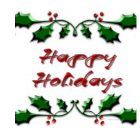


See's CANDIES



We still have See's certificates for sale, however, the price was raised by $.50 in January of this year so the current price is $15.50.

If you would like to order certificates, please send your check made out to CCCREA for the amount of the purchase along with $1.50 postage for 5 or more and $3.00 for 6 or more. Mail your request to CCCREA, P.O. Box 2973, Martinez, Ca. 94553. You may call Marilyn Cramlett at 510-724-6788 for further information.

There is no expiration date on the certificates, and we have them for sale all year.

During the holiday season See's opens a discount store in Concord where you can purchase their candy at a great discount. But, to take advantage of this discount you must show your CCCREA membership card. This year the store will be in the Willows Shopping Center, and the address is 1975 Diamond Blvd., Concord. The store opens November 7, 2015 and will be open until Christmas.

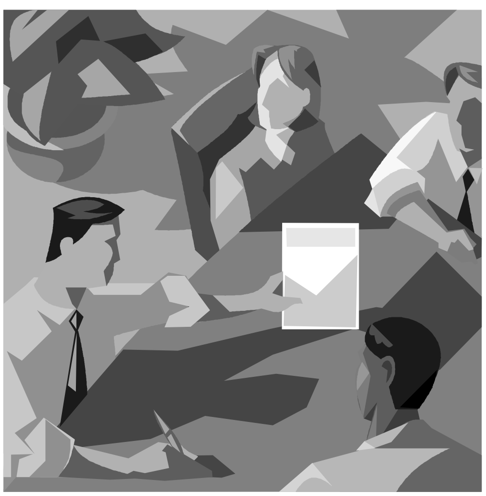
2016 Luncheon Dates

- March 10, 2016
- June 9, 2016
- September 8, 2016
- December 8, 2016

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!

CRCEA CONFERENCE DATES



Kern County - April 11 - 13, 2016

Contra Costa - October 17 - 19, 2016

Details to be Announced

Contra Costa County Retired Employees Association Board of Directors

Mike Sloan, President
mesloan1@aol.com

Jan Aaronian, Vice-President

Marcia Coudyser, Treasurer

Marilyn Cramlett, Recording Secretary
(510) 724-6788
email: mcramet@aol.com

Board Members

Maria Catanese-Helberg
Carl Doolittle
Vicki Doolittle
Mary Lou Williams
Tony Arcado
Milt O'Neill
Petrenya Boykins
Maya Kennedy

2016 Regular Meeting Dates

January 12, 2016
February 9, 2016
April 12, 2016
May 10, 2016
July 12, 2016
No Meeting in August
October 11, 2016
November 8, 2016

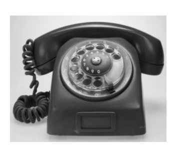
MEETING LOCATION:

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)



CalPERS LONG TERM CARE LAWSUIT UPDATE

Law Offices of Shernoff, Bidart, Echeverria, & Bently

This month (September) the plaintiffs filed their Motion for Class Certification. In this motion the plaintiffs are asking the court to certify that the case may proceed as a class action rather than requiring each Long Term Care policy holder to file an individual lawsuit. In the motion, the plaintiffs summarize the evidence that has been obtained in the case to date and argue that the case should be permitted to proceed on a group basis.

Specifically, the plaintiff's motion has a lengthy discussion concerning a "second opinion" actuarial report that was ordered by CalPERS a year after it started the program in 1996. In the report, the actuaries were very critical of the way CalPERS had set up its program and provided several warnings that eventually came to fruition. In the report, the actuaries warn that CalPERS decision to invest a large percentage of the Long Term Care Fund in equities was highly unusual within the insurance industry. Unlike most insurance companies that invest almost all premiums in bonds and other low risk investments, CalPERS decided to invest 65% of the long term care fund in the stock market. The actuaries expressly warned CalPERS that this would most certainly cause rate increases down the road. The report also noted that CalPERS was compounding the problem by failing to incorporate reserves into its pricing structure. As such, any errors in the assumptions used to set premiums (even small errors), would lead to rate increases. The report concluded that these two actions would likely lead to "criticism that [CalPERS] had 'low-balled' premiums to attract sales, with the intent—or at least willingness—to make future increases."

Plaintiffs further claim that CalPERS did nothing in response to these warnings.

It did not change its pricing structure or divest itself from the stock market. As predicted in the report, CalPERS ordered rate increases following stock market crashes in 2002 and 2008.

It was not until 2012 that CalPERS finally decided to "stabilize" the fund. To do this, it reduced its stock holdings from what was originally 65% to 15%. It also decided to incorporate a 10% reserve into its pricing structure. These two actions were the primary basis for the 85% rate increase that was adopted by the Board in 2012.

In their motion, Plaintiffs assert that under the contract with policy holders, rate increases are not permitted when they become necessary due to stock market losses, a change in investment strategy, or CalPERS' decision to incorporate reserves into its pricing model. Plaintiffs assert that this issue is the type that should be decided on a class basis instead of individually for each class member.

The plaintiffs also assert that CalPERS breached its fiduciary duty to class members. The basis for this claim is CalPERS' failure to advise class members about 1) CalPERS' highly unorthodox investments strategy, 2) its unorthodox no reserve policy, and 3) the fact that CalPERS was told in 1996 that rates were almost certain to rise in the future. Plaintiffs also assert that the problems with the Program were likely the result of the way CalPERS structured the compensation of the outside vendors who were responsible for helping set premiums and create advertising for the program. Specifically, the company that was hired to prepare all of the advertising for the Long Term Care Program and the actuaries who helped set premiums were both paid on a "per applicant" basis. Hence, these vendors had a strong economic incentive to "underprice" the policies, and omit important negative information from the advertising for the program. In fact, the company responsible for creating advertising for the policies now makes approximately $20 million per year from the program.

The hearing on the motion for requested class certification is set for November 23, 2015 in Department 308 of the Los Angeles County Superior Court. (Further updates for this case can be accessed at http://crcea.org/litigation-information/.)

CCCREA BOARD OF DIRECTORS POSITION REQUIREMENTS

Some members have considered becoming more involved with our Association, but have been reluctant because they were unsure of the time commitments or what skills are required of a Board member. Hopefully the following article will answer those questions and encourage you to take that next step and volunteer to be part of our leadership team.

The one concern that most people seem to have is their "fear", or at least dislike, of having to make public presentations or run meetings. While some members of the Board do this regularly, those who would prefer not to are allowed to just be the gears turning the hands on the clock. Most often the only speaking involved is in a group format in a meeting of the Board, when the member is expressing their opinion on a particular subject.

The requirements to be a Board member are minimal. The person must be a member in good standing of CCCREA, have a willingness to help us make the necessary decisions to operate the organization, and attend regularly scheduled meetings. We normally meet seven times a year (January, February, April, May, July, October, and November). We usually do not plan a meeting in August due to vacations, however if there is a need for a meeting, we can call one when necessary. These meetings are held locally (currently we meet at TJ's Restaurant in Martinez). This year there will probably be a few extra conference planning meetings, and those will likely be held at the Embassy Suites Hotel in Walnut Creek.

During the remaining months (March, June, September and December), we have our quarterly luncheons at Zio Fraedo's Restaurant in Pleasant Hill. Our next luncheon is on Thursday, December 10th. You will have no responsibilities at these lunches, other than to enjoy food and speakers.

As far as skills, we just need honest people with common sense, and a desire to help make the organization the best it can be. There are a couple of positions, President, Secretary and Treasurer that require extra work over and above the meetings, but for the most part, your time commitment would be 2-4 hours a month to attend our regular board meetings.

The term for board members is two years, and the only person who needs really good math skills is our Treasurer. And even in that position, if you can write a check and balance the check book every month that is pretty much the extent of the math requirements. An outside person, independent of our Association, does the annual "audit" to protect the current and incoming Treasurers.

We also try to send 4 or 5 people to the California Retired County Employees Association (CRCEA) conferences, which are held twice a year......one in northern California and one in southern California. The next scheduled conference is in April and will be held in Kern County. All expenses for these trips are reimbursed by the Association.

We are currently in the planning stages for a new scholarship program, and are working on a new website. Of course the conference next year will be our really big accomplishment.

When people retire, they don't want commitments and meetings; I get that. However, without some help from our membership, this organization will not survive, and with the current challenges to our pensions and benefits, your support is needed now more than ever. Please think about stepping forward and helping making your Association the best it can be.

WHY DID THE CREDIT UNION CHANGE ITS NAME?

In 1949, the Contra Costa County Employees Federal Credit Union was chartered to serve county employees and their families. In 1959, the Credit Union admitted employees of the City of Martinez and in subsequent years, employees of many other Contra Costa County cities and county districts. In 1988, the Board of Directors and management determined a name change was necessary to reflect the more diverse membership. Thus, the "County Employees" was dropped from the name, which became the current Contra Costa Federal Credit Union.

In 2005, the Credit Union was given permission by its federal regulator, the National Credit Union Administration, to expand its membership to any city, county, state or school employee working in Contra Costa, Alameda, or Solano County.

Credit Union membership has stalled in recent years due to declining public service employment. At the same time, there was mounting pressure among current members to provide more branches and remote services and improved communication channels. Management also found that individuals interested in joining the credit union outside of Contra Costa County were reluctant to do so because of the credit union's name.

This resulted in the recent member vote to expand the membership again to become a community charter serving individuals who live, work, or worship in the three-county east bay area. In order to better market to the larger potential membership and create a regional brand, management felt a more inclusive name would be appropriate, hence the name "1st Northern California Credit Union," or "1st Nor Cal" for short.

(continued on page 7)

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

James Brown 6/19/2015	Sandra Coffman 8/23/2015	Bibiana Delalamon 9/25/15
Nancy Fahden 8/25/2015	Peggy Glover 8/20/2015	Patricia Marlow 7/25/2015
Antonio Martinez 9/13/2015	Thomas McCully 8/28/2015	Mary McKiuley 9/24/2015
Charles Messina 8/23/2015	MaryBeth Russo 6/26/2015	Pauline Steffensen 6/24/2015
Lorraine Woodward 7/2/2015		

Welcome New Members

Ingrid F. Lodin	Kay Doyle Schaefer
David Hearst	Ruth A. Roe
Andre Charles	

WELCOME !

Two New Pension Reform Initiatives Filed with Attorney General

By Mike DeBord, Co-Chair Retirement Security Committee, California Retired County Employees Association

If you are a citizen over 18, a resident of California and write a check for $200, you can submit a proposed State-wide initiative to the State Attorney General. A “Fiscal Impact” statement will then be prepared, and the Attorney General will write a “Title and Summary”. Collect 585,407 valid signatures for a “constitutional amendment” and it‘s on the ballot in 2016 (and you will only need a simple majority vote to change the Constitution). **So far this year there are a whopping 84 such initiative filings!**

The topics of these State-wide initiatives are very diverse, including several dealing with “marijuana”, a “1,000% Sales Tax on Political Advertisements”, and a “Shellfish Ban”. By the way, the proposed “Shellfish Suppression Act” initiative states that *“Shellfish are a monstrous evil that Almighty God, giver of freedom and liberty, commands us in Leviticus to suppress. **They also smell bad**.”* The sale or consumption would be considered a serious felony punishable by a $666,000 fine and/or prison sentence of up to six years, six months, and six days. **Obviously, not all proposed State-wide initiatives submitted to the Attorney General are likely to qualify for the ballot or be approved by the voters!**

But included in the 84 initiative filings this year are three “public pension reform” initiatives, and all would impact the State and every local public employer in California. The first is the “Voter Empowerment Act of 2016” that was filed on August 11, 2015. **The two new pension reform initiatives were filed on October 5, 2015 by the same proponents**. One is the “Voter Empowerment Act of 2016”. (Yes it is the same title, by the same proponents, but with different provisions--confusing isn’t it?) The other is the “Government Pension Cap of 2016”. **All three of these initiatives would amend the State constitution and erode retirement security for public employees, targeting new hires.** If any are approved by the voters, they would likely be subject to many costly and lengthy legal challenges.

The proponents are hoping that the Attorney General will write a “nice” Summary for one of these new pension reform initiatives. When the Attorney General wrote the Summary for their public pension reform initiative back in 2013, the proponents didn’t like it and sued her, but the judge ruled in favor of the Attorney General. The initiative was then dropped. Earlier this year, the Attorney General wrote a Summary for the first “Voter Empowerment Act of 2016” initiative and the proponents didn’t like it either. So they wrote two more initiatives, hoping for a different Summary by the Attorney General. They say they will then “poll test” the two new initiatives, dump the one with the least likelihood of getting voter approval and start gathering signatures on the other one to qualify it for the November 8, 2016 election. The proponents are looking for **$2.5-$3.5 million** to fund the signature gathering process.

Honestly, at this time, it is not worth trying to go into detail discussing these two new public pension reform initiatives. After the Attorney General writes the Titles and Summaries, and proponents decide if either or none will go through the signature gathering process, we will provide a full update. **It would be great if all these pension reform initiatives sink along with the “Shellfish Ban”. They all smell bad!**

(Why the credit Union changed it’s name)

Continued from page 5

Please be assured neither the history of the Contra Costa County Employees’ Credit Union nor the contributions of those who supported the fledgling credit union in its early years will ever be forgotten by our staff. We will continue to serve public service employees with the same superior service expected from us. Please contact me if you have any questions or comments.

David M. Green
President/CEO

1st Nor Cal Credit Union

Doing business as:

1st Nor Cal

Contra Costa
Federal Credit Union

Legislative Report - September 2015

By Art Goulet, CRCEA Legislative Chair

The Legislature went through their typical last-minute rush, ending the current session on September 11. Only bills that were passed by both houses and sent to enrollment, or signed by the Governor are included in this report. Bills discussed in earlier reports, provided they passed at least one house and are still alive as a two-year bill will be revisited.

AB 10 (Gatto) would increase the thresholds at which a public official has a disqualifying financial interest in sources of income from $500 to $1,000, in investments in business entities from $2,000 to $5,000, and in interests in real property from $2,000 to $10,000, and would make conforming adjustments to the thresholds at which income, investments, and interests in real property must be disclosed on a public official's statement of economic interests. It would also require certain public officials to disclose information on their statement of economic interests relating to governmental decisions for which they had a disqualifying financial interest. It also requires that a single payment of $5000 or more, or aggregate payments of $5000 or more from the same source within a calendar year, for legislative, governmental, or charitable purposes made at the behest of a candidate for office, or a public official, be reported within 30 days of receipt, **if the behested payment or payments would financially benefit the former office holder or his or her immediate family, the former officeholder's employer or the employer of a member of his or her immediate family, or an entity with whom the former officeholder or a member of his or her immediate family is negotiating employment. The bill passed out of the Senate on September 9 (40-0) and the amendments made in the Senate were concurred in by the Assembly on September 10 (80-0). The bill was sent to enrollment.**

AB 883 (Low) would prohibit employers from asking directly or indirectly, on applications for job openings, if applicants are current or former public employees, nor may they disqualify an applicant for employment because he or she is a current or former public employee. There was concern that public employers would use this tactic to avoid employing persons who would have to be placed in a legacy retirement tier, as opposed to being a PEPRA employee. **This bill was amended in the Senate on September 4 to allow the question to only be asked after it is determined that the applicant meets the qualifications of the position. It passed the Senate on September 9 (29-9) and the Senate amendments were concurred in on September 10 by the Assembly (65-13) and sent to enrollment.**

AB 963 (Bonilla) would revise the definition of creditable service under the Teacher's Retirement Law for service rendered prior to December 31, 2015. **It passed the Senate on September 2 (40-0). The Assembly concurred in the Senate amendments on September 8 (78-0) and the bill was sent to enrollment.**

AB 1031 (Thurmond) would require any public agency that has elected to become subject to PEMCHA (Public Employees' Medical and Hospital Care Act) to make its required employer contributions **including reimbursement for Medicare Part B premiums, if agreed upon in collective bargaining. It passed the Senate on September 3 (33-6). The Assembly concurred in the Senate amendments on September 4 (79-0) and the bill was sent to enrollment.**

SB 21 (Hill) would require a nonprofit organization that pays for certain types of travel for an elected state officer or local elected officeholder that are reasonably related to a legislative or governmental purpose, or to an issue of state, national, or international public policy, to disclose the names of donors responsible for funding the payments. The Political Reform Act currently exempts such gift payments for the actual costs of specified travel from the annual limit on the value of gifts from a single source. The bill would also require a person who receives a gift of a travel payment from any source to report the travel destination on his or her statement of economic interests. **The bill passed the Assembly on September 8 (78-0), the Senate on September 10 (37-1), and sent to the Governor on September 11.**

SB 185 (De Leon) would require the boards of PERS and STRS to divest the public employee retirement funds of any investments and prohibit additional or new investments or the renewal of existing investments in a thermal coal company. This bill would require these actions to be undertaken consistent with the board's fiduciary responsibilities specified in the California Constitution. **The bill passed the Assembly on September 2 (47-30) and sent to the Governor on September 8. Governor Brown signed this bill into law on October 8, 2015.**

SB 216 (Pan) PERL directs the PERS board to invest not less than 25 % of all funds that become available in a fiscal year for new investments in specified obligations and securities connected with residential realty, subject to the board's authority to substitute other investments consistent with its fiduciary obligations to the retirement system and standards for prudent investment. This bill would repeal these provisions regarding investing in residential realty. It would also reduce the frequency of a currently required quarterly report on the system's portfolio. Finally, it would require that the option to purchase service credit for a period a state employee was on uncompensated leave be elected prior to retirement, that the member be returning to state service. Under current law, the board has the authority to audit employers to determine the correctness of retirement benefits, reportable compensation, enrollment in, and reinstatement to the system. **The Senate concurred in the Assembly amendments on August 20 (38-0) and the bill was signed by the Governor on September 2 (Chap. 244).**

SB 272 (Hertzberg) requires each local agency, except local educational agencies, in implementing the California Public Records Act, to make a catalog of enterprise systems used by the local agency available to the public, along with related information. **The bill passed the Assembly on September 4 (79-0). The Senate concurred in the Assembly amendments on September 8 (40-0) and the bill was sent to enrollment.**

SB 292 (Pan) provides that the requirement for employees subject to PEPRA to pay 50% of the actuarial normal cost of their pension benefits does not apply in cities and counties in which voter-approved tax levies were enacted prior to 1978 for the purpose of paying pension costs. **The bill passed both the Assembly and the Senate on September 11 and sent to enrollment**.

SB 354 (Huff) pertains to PEPRA and addresses retirement benefits for employees of agencies that become part of a joint powers agency. **The Governor signed the bill on August 10 (Chapter 158).**