NEWS BRIEFS

Published Quarterly by
SACRAMENTO COUNTY RETIRED EMPLOYEES ASSOCIATION
Post Office Box 161414 Sacramento, CA 95816

June 2012 Number 1 Susan Cucchi, Editor

PRESIDENT'S CORNER

By Kiyoshi Adachi

At the SCREA Board meeting on April 2, 2012, Director Mike DeBord told us Sacramento County's motion to dismiss the retiree's suit against the County had been denied by the Federal Court. (See Mike's article on page 12.) What happens now? The Judge's order is specific: The county is ordered to respond to the Court's orders in 21 days. So by the time you read this various events may have occurred. SCREA's attorney, Mark Merin, will keep the Board informed and involved. The Board will keep retirees informed. All retirees want resolution to the issues that have been raised. So, we will see.

SCREA Board's lead person in this process is Mike DeBord. He is our contact with our attorney. He has researched old records—some 30 to 40 years old—for background information on the history of the subsidy. He provided possible plaintiffs for the attorney to interview and enlisted SCREA Directors to scour their recollections/memories. He asked SCREA Directors to enlist others to help. It was tiring and grinding work by all. The discussions we had at Board meetings regarding filing the suit were pretty intense. Opinions were diverse and some anxiety was present. Many on the SCREA Board had been in the decision making positions while employed. After discussions, the SCREA Board agreed that proceeding with the suit was necessary.

I want to thank Mike for leading us through this process. He was the correct person for this important endeavor. The SCREA Board participated completely after we agreed to move ahead. The process continues. We will keep you posted.

In other Court news, at the request of the United States Court of Appeals for the Ninth Circuit, the Supreme Court of California was asked to address this abstract question: 'Whether as a matter of California law, a California county and it's employees can form an implied contract that confers vested rights to health benefits on retired county employees." The court case

Continued on page 2

INSIDE THIS ISSUE

PRESIDENT'S CORNER

By Kiyoshi Adachi

Continued from page 1

involved is "Retired Employees Association of Orange County vs. County of Orange". The California Supreme Court concluded that a county may be bound by an implied contract under California law if there is no legislative prohibition against such arrangements such as a statute or ordinance.

Background: In November 2007, Retired Employees Association of Orange County filed suit in Federal Court against Orange County on behalf of approximately 4,600 retired county employees. They were seeking an injunction prohibiting the county from splitting the pool of active and retired employees enrolled in the county-sponsored health program. This practice is also referred to as de-pooling the group or un-blending the insurance rates between actives and retirees.

In Sacramento County current and previous Boards of Supervisors have unanimously supported access for retirees to enroll in the county-sponsored health programs They have also supported retirees under age 65 to pay the same amount of premiums as similar aged active employees. In this county this practice is referred to as blending the rates. It is a big cost saver for retirees under age 65. Retirees very much appreciate the County's blended rate policy.

Continuation of the insurance subsidy for all those eligible is one of the issues of our suit. Retirees enrolled in County-sponsored health programs have been receiving a subsidy to help pay the premiums since about 1980. People who are familiar with how the retiree insurance subsidy began tell this story:

SCREA, designated by the IRS as a 501(c)(4) non-profit organization, was established around 1975. A few years later the Retiree Association Board asked the Board of Supervisors to provide a subsidy to retirees. The Board, the story goes, directed the request to the Retirement Board (at that time it was part of the County government). The Retirement Board responded that some subsidy could be provided from earnings which exceeded the Retirement Systems earning assumption rate. On a yearly basis the Retirement Board had reported back to the Board of Supervisors on the funds provided for the subsidy and such action was routinely approved by the Board until around 2003. At that time the Retirement Board reported that earnings were no longer available for the subsidy. Sacramento County General Fund assumed funding the subsidy around 2003.

This Association's purpose is to provide social opportunities, seek and preserve our benefits and keep retirees informed. The founders of SCREA did a pretty good job for us when, over 30 years ago, they lobbied for the insurance subsidy. The then Board of Supervisors also did a good job in providing this benefit and succeeding Boards did a good job by continuing the subsidy. We thank them all.

Mr. Brad Hudson, new Sacramento County Executive was our guest speaker at the March 16th SCREA luncheon. He spoke about his background and state of the County. He was most recently Riverside County CEO. Prior to that he was with the City of Riverside where extensive city redevelopment was accomplished under his direction. Mr. Hudson said he expects another difficult budget year for the county and he hopes no more employee layoffs will be necessary. The county workforce is down from about 14,500 several years ago to a current number of 10,700. More will be done with less, he said.

For your information here are some important phone numbers:
SCERS 916-874-9119 Employee Benefit Office 916-874-2020

NEW MEMBERS

Gloria Adams
Burke and Pam Adrian
Jennifer Auld
Charles and Wanda Beach
Kevin and Gail Biddick
Elizabeth Bowers
Mike Bradbury
John R. Brown
Seriene Toni and Terrence Brown
Donald Burckhard
Dave and Kate Casey
Susan A. Coolidge
Frank and Patricia Cooney
Thomas J. Coulombe
Karla Crawford
Gary A. Day
Glen Del Sarto
Kim and Keith Dittmer
Rosemary and Patrick Droszcz
Barbara Dymek
Theresa L. Edwards
James and Peggy Ann Feldt
Marc and Tonja Fontes
Yvonne Gooch
Robert Goosmann
Teresa and Russell Greenlee
Debra Hamilton
Barbara Henderson
Deborah Huber
Sharon Herr
Donna Hubbs
Marcia Hutchins
Robert Jarzen
Diane Lawson
Jim Line
Steven McKee
Alice Joan Miller
Anita Morrison
Arminda Nocon
Diane Olson
Kathleen Read
Sharon Rehm
Amado Resuello
Jeffrey and Jeanne Rhey
Joe and Valerie Rohde
Sherry Sands and John Mazurck
Andrea Sarille
Monica Sawhill
Janis Schultz
Thomas Sechser
Angela Stevens
Donna Tate
Michael Thornton
Richard Voss
Bobbi and John Whisenhunt
Nancy and John Whitmer
Glenda Wilson

SACRAMENTO CREDIT UNION
Sacramento County Employee's Credit Union

EQUAL OPPORTUNITY LENDER
Federally Insured by NCUA

JUNE MEMBERSHIP LUNCHEON

June 11, 2012 SCREA LUNCHEON At The Dante Club
2330 Fair Oaks Blvd.

Reserve your space for our June 11, 2012 General Membership Luncheon at the Dante Club on Fair Oaks, Blvd. (Directions below). The RESERVATION FORM IS ON THE BACK OF THIS NEWSLETTER. *Please add the word "Luncheon" after SCREA on the return envelope to help sort out the reservation forms from other SCREA mail sent to the same address.* Should you miss the reservation or send it in on the day of the deadline you MUST contact me at 457-0304 or email me at scarli@surewest.net so that I can tell you if space is available. Please do not show up at the luncheon without a reservation. Remember to allow enough time to find parking or call your retiree buddies and offer to pick them up.

NO HOST BAR STARTS AT 11:00 AM
LUNCH SERVED AT NOON

Menu Choices:
St. Louis BBQ Ribs with Apple Cider BBQ Sauce or,
Baked Herbed Chicken with Mustard Crusted Chicken, or
Vegetarian Cheese Tortellini
Lunch includes
Tuscan Salad-Romaine lettuce with Cannellini, Borlotti, and Fava Beans, Pancetta, onions, celery, carrots and Italian Herbs in a white Balsamic vinaigrette.
Spumoni ice cream and Coffee or Tea

- GUEST SPEAKER: PHIL SERNA, Sacramento County Board of Supervisors, District 1
- BRIEF UPDATE ON THE STATUS OF THE MEDICAL BENEFITS LAWSUIT
- WEB SITE PRESENTATION
- ELECTIONS OF SCREA OFFICERS
- DOOR PRIZE GIVE-AWAY

RESERVATION/CANCELLATION DEADLINE
JUNE 7, 2012

Directions to the Dante Club
2330 Fair Oaks Blvd.

From Highway 50:
Take Howe Avenue north; turn right on Fair Oaks Blvd., right onto the frontage road off Fair Oaks Blvd. Turn right into the parking area just before the car wash and at the stop sign.
From Watt Avenue:
West on Fair Oaks Blvd. Turn left at the entrance to the car wash.

BENEFITS COMMITTEE REPORT

By Kiyoshi Adachi

The County Employee's Benefits Office (EBO) recently gave us a preliminary, unofficial forecast for 2013 health insurance premiums. Kaiser forecasts a single digit increase and Health Net predicts about a 14% increase. Also discussed was possibility of alternative, lower cost plans.

Enrollment in Sacramento County health programs have dropped slightly. The reason for this decline has not yet been determined. According to numbers from the EBO enrollment has decreased from about 4,400 to about 4,200 in the last several years. EBO has told us some decrease is due to dropped enrollment because enrollees claimed that they were unable to pay the premiums. The premiums have increased yearly and the subsidy has been decreased or eliminated or most enrollees in the past year.

A group in which decreased enrollment has occurred is the out-of area (OOA) group. It appears enrollment has dropped from the 300s to the 200s in the past several years. EBO does not have an exact number. OOA coverage under the current County plan is expensive and has a limited selection of providers primarily because of the small numbers of enrollees living in very large areas. For instance only 5 or 10 in a state. EBO suggests that those enrollees, if Medicare eligible, may have other options with better coverage at lower premiums by choosing plans available in that locality.

SCREA is trying to make information available on lesser cost plan options. We want to know if such an endeavor is desired or needed by those age 65 and older enrolled in the County health plan. In an ideal scenario, Medicare eligible enrollees can be interviewed to determine coverage needs, their level of use, drugs needed, etc., and have a plan tailored to their needs at a cost that is affordable without regard to preexisting conditions, annual deductibles and lifetime plan maximums. Perhaps current enrollees prefer to stay with the current County group plan. Alternative or optional plans, if made available, could be individual Medicare plans with some limitations. Would you be interested in something like this? We want to hear from you. Call one of the Directors. We do not want to ask the EBO for something that retirees don't want.

SCREA Directors met with the Assistant County Executive, Nav Gill and his staff, to ask about what the County Executive's recommendation to the Board would be for the continuation of the retiree insurance subsidy for 2013. Currently, about 360 enrollees, referred to as the PERB group, receive a subsidy maximum of $244.00 monthly for medical and $25.00 monthly dental subsidy. Approximately 1,300 enrollees who currently receive a monthly retirement check of less than $2,000.00 receive a $40.00 monthly subsidy. No decision had been made on the 2013 subsidy. The Assistant County Executive will notify SCREA when the recommendation is ready, we were told.

We were given the proposed Sacramento County organization chart. The new County Executive's organization will consist of a new Assistant County Exec., Nav Gill; three Chief Deputy County Execs and a new Chief Financial Officer reporting to Nav Gill. The various functions report to the three Chief Deputies and the Chief Financial Officer. Good luck to the new County organization.

This is an off year for labor negotiations. We are told that next year, 2013, most of the County's 28 bargaining units will be in labor contract negotiations. The County has hired a new Labor Relations Manager. The current County workforce is around 10,800, and layoffs are undetermined. There is some anxiety in the workforce because of the uncertain budget and possibility for layoffs. The authorized workforce is 11,500.

Notice: The information presented in "News Briefs" is believed to be from reliable sources. However, no responsibility is assumed by SCREA, the Editor or the writers for inaccuracies in the articles published.

STANFORD STUDY'S PENSION MATH

Preface by Nancy Wolford-Landers

Recently, there was a report published titled, *Pensions Math: How California's Retirement Spending is Squeezing the State Budget".* This report was prepared by the Stanford Institute for Economic Policy Research, which is headed up by ex-Assembly Member Joe Nation, and was aimed at the State Retirement System, PERS. There was an opinion piece in the Sacramento Bee which supported the conclusions of the study, and since the report's conclusions could also apply to our 1937 Act Retirement System, the County Board of Supervisors was interested in the opinion of the SCERS administrator, Richard Stensrud.

The study suggested using a 4 percent rate of return in the actuarial assumptions and not adhering to the GASB (Governmental Accounting Standards Board) standards. The study's assumptions would treat public retirement systems the same as private retirement systems. Printed below is the response that Richard Stensrud sent to the Board of Supervisors and he has given us permission to share it with SCREA members.

From: Stensrud. Richard
Sent: Tuesday, February 28, 2012 3:30 PM
To: Nottoli. Don; Serna. Phil; Yee. Jimmie; Peters. Susan; MacGlashan. Roberta
Cc: Villanueva. David
Subject: Follow-Up re Stanford Study

Supervisors,

David Villanueva suggested that it would be helpful if I provided some follow-up information regarding some of the matters discussed in the recent article concerning the new study by the policy institute affiliated with Stanford. I am happy to do so.

I recognize that the principles and terminology of pension funding are not areas that you deal with on a daily basis, so I will try to avoid getting too technical. I also understand that you are not interested in a treatise on the subject, so I will focus my remarks on a few key subjects. However, I must apologize in advance because some of these subjects will take a little bit of explanation in order to make sense.

Basic Rule of Pension Funding:

The fundamental rule of pension funding is that Contributions plus Investment returns must equal Benefits plus Expenses (C + I = B = E). If investment returns go up, the required contributions go down. Conversely, if investment returns go down, the contributions must go up. This connection between investment returns and contributions will be important when we talk about the recent study.

SCERS' Financial Health:

Here are some basic facts about SCERS' financial health:

- As of June 30, 2011 (the date of the last annual actuarial valuation) SCERS had an 87% funded ratio. Due to the very strong investment performance in the last two fiscal years (13.71% and 23.81%, respectively), SCERS' assets are back at the level they were prior to the market collapse in 2007 and 2008. In addition, the level of investment losses from 2007 and 2008 that still need to be 'smoothed' into the plan has been substantially reduced. If SCERS continues to meet its investment return assumption of 7.75%, it is expected that the plan will switch from smoothing net losses to smoothing net gains as of the June 30, 2016 valuation. And because the over-hang of losses has been significantly

Continued on page 7

reduced, the funded ratio is projected to remain above 84% during this period.

- Since June of 1986, SCERS has produced an annualized investment return of 8.2%. As a result, 65 to 70 cents of every dollar of benefits SCERS has paid has been provided by investment returns.

- The level of unfunded liability is not a fixed and certain amount. As suggested above, the investment experience can substantially reduce the amount of unfunded liability that is paid off by employer contributions (taxpayer dollars). Historically, investment earnings by the pension fund have paid off the vast majority of any unfunded liability that might have existed at any point in time at a ratio similar to what investment returns provide toward benefit payments (i.e., 65-70 cents of every dollar).

- SCERS is one of the strongest pension plans in California: (1) SCERS' funded status is the 9th highest out of the 24 plans reviewed in the recent study; (2) The employer contribution rate is the 8th lowest; (3) The portion of the employer contributions used to finance unfunded liability is the 5th lowest; (4) The pension plan's cost as a share of total County expenditures is the 7th lowest; and (5) The average annual growth in pension expenditures is the 7th lowest.

Accounting Rules and Actuarial Standards:

As you will recall, SCERS performs an actuarial valuation as of June 30th every year. SCERS' current actuary is The Segal Company, one of the largest and most respected actuarial firms in the country. SCERS also has a financial audit performed each year by an independent accounting firm. SCERS' current auditor is Macias, Gini, which performed annual audits for the County for several years. SCERS' actuary and auditor are required to adhere to professional standards in performing work for SCERS. They are also required to comply with the financial reporting standards established by the Governmental Accounting Standards Board (GASB). If SCERS did not comply with the GASB provisions, or if SCERS did not follow accepted actuarial standards, the auditor and actuary would refuse to issue their respective reports.

Determining the Liabilities of the Plan:

An important question about the pension plan that public officials and taxpayers want to know is what is the size of the financial obligation to employees and retirees and how much will it cost – today and into the future – to meet that obligation? As suggested by the comments above, SCERS and its professional service providers take this question seriously, and follow the established rules for determining the size of the plan's liabilities. There are other parties, however, that advocate for a different approach to determining pension liabilities that is grounded in a subset of economic theory. The problem is that the two approaches are different at the most basic and conceptual levels, and answer fundamentally different questions.

The Public Sector Approach:

The approach used by SCERS and its professional service providers is intended to provide information to plan stakeholders about how much money it will cost and over what period of time to satisfy the financial obligation to plan participants. The approach does this by calculating what is called the actuarial accrued liability (AAL), which utilizes both current information and reasonable expectations about future events over the long term, including the future service and pay earned by employees which will increase the plan's obligations. The approach then incorporates information about past and future investment earnings attributable to the plan's assets to determine a 'discount rate' for calculating the present value of the future benefit payments. Under GASB rules and actuarial standards, the discount rate used to calculate public sector pension liabilities is the long term expected return on the plan's investment portfolio. In the end, the AAL approach provides information about actual costs to the employer (and ultimately, to the taxpayer) based on the way SCERS actually invests. Or put another way, it provides information about what the C (contributions) will be based on the I (investment returns).

Continued on page 8

The Private Sector Approach:

The approach advocated by some parties is not focused on the question of pension funding. It is designed to estimate the theoretical market price of a plan's obligations if all the plan's participants wanted to replicate their accrued pension benefits by purchasing securities that would provide the same stream of income, or if the employer were to terminate the plan and transfer all benefit obligations to a third party. From this perspective the liabilities should be valued independently of the long term expected return on assets since the question being asked is what is the market's 'going price' today if the benefits are to be provided by fixed income investments and not from long term, diversified invested assets. As a result, this approach uses current returns on fixed income instruments to establish the appropriate discount rate. This approach–often referred to as market value liability (MVL) – was developed to address specific financial and policy concerns faced by private sector companies sponsoring pension plans, in particular, the fact that a private sector employer has the ability to terminate a pension plan and freeze all benefit accruals. In such a case, it is important to have a 'termination liability' or 'settlement value' that approximates what it would cost to have a third party take over the liabilities. In the end, the MVL approach only provides helpful information about the current market price of a theoretical set of liabilities, and not on what the C (contributions) will need to be given actual and projected I (investment returns).

Why the Private Sector Approach is not Appropriate for Public Sector Plans:

The MVL approach is not appropriate for public sector plans because: (1) It provides little helpful information about what the plan will likely cost, or the financial health of the plan; (2) It is not relevant to public sector plans because public plans are governed by statutes that do not contemplate plan termination (while an employer could decide to switch from a pension plan to a defined contribution plan for new employees, all the employees in the pension plan would continue to accrue more service and their benefits would be based on their compensation at the point of retirement); (3) It does not take into account the ongoing growth in the liabilities due to future service accruals; and (4) With respect to what the plan will actually cost, MVL estimates will be inaccurate at best and misleading at worst because they do not take into account how the assets of the plan will be invested.

Accordingly, since funding costs are the overriding practical concern facing stakeholders, it is clear that the AAL approach provides more qualitative and quantitative information about current and future costs, and a greater understanding of how the plan fits into the employer's overall financial position.

For these reasons, after more than 3 years of study of whether the MVL approach or the AAL approach should be utilized, GASB and the Actuarial Standards Board (ASB) recently re-affirmed that the discount rate for calculating public sector pension liabilities should be the rate at which plan assets are expected to grow as a result of investment earnings over the long term horizon of the plan – in other words, the AAL approach should be maintained.

Recent Report:

The recent report chose to disregard these legal and operational considerations. It suggested that a 5% discount rate should be used to determine the liabilities rather than the 7.75% long term investment return assumption/discount rate SCERS is required to use. The 5% discount rate was based on the interest rate currently paid on State of California general obligation bonds, and did not take into account the investment returns projected by SCERS' broadly diversified investment model. By using the lower discount rate, the report suggests that SCERS' unfunded liability is larger and its funded status lower than the levels produced by the correct methodology. The report then suggests that the risk to taxpayers is being understated and implies that the 'true' costs will swamp the County budget.

As illustrated by the discussion above, the report's findings are flawed, inaccurate and misleading.

Continued on page 9

It is also worth noting that despite the report's assertion that the calculation of a plan's liabilities should be considered separately from what the plan expects to earn, in the end, the implicit premise of the report is that retirement systems will not be able to meet their investment return assumptions and therefore higher contributions will be necessary. Yet the report provides no explanation or analysis to support this view. In contrast, SCERS' actuary and investment consultants review SCERS' investment return assumption on a regular basis, incorporating a wide range of financial, economic and market factors. It is their view that based on SCERS' broadly diversified investment program, the 7.75% return assumption is reasonable over the 20-30 year time horizon the assumption is meant to cover.

Finally, I think it is important to put the recent report in the proper context. Normally, one tends to think of something coming out of Stanford as being highly credible. In this case, however, I believe there are certain considerations that should cause a reader to take the findings with a grain of salt. First, the authors are not pension professionals – i.e., they are not pension fund actuaries or accountants, and they have not managed a pension fund. Rather, the authors are economists and their key premise is founded in economic theory. This is not intended to disparage the authors, only to make the point that they are looking at the issues from a theoretical perspective and not from the operational perspective of how and why pension funds work the way they do in real life. The second consideration is related to the first – i.e., the authors do not have the same professional standards, duties and potential liability that falls on the professionals who provide actuarial, accounting and pension fund management services to pension funds. Accordingly, while the authors are free to suggest that something is being done incorrectly, pension professionals have the legal responsibility to carry out their duties in accordance with the law and codes of professional conduct.

In sum, the methodology SCERS uses to determine SCERS' funded status is consistent with actuarial standards, accounting rules, and fiduciary responsibilities, and reflects the correct assessment of the plan's funded status under the law.

I apologize again for the length, but I hope this is helpful. Please let me know if you have any questions.

Richard

VACANT SCREA BOARD POSITIONS

By Fran Alberghini, Nominating Committee Chair

The March 2012 News Briefs featured an article seeking nominations of candidates to fill five vacancies on the S.C.R.E.A. Board. Five letters of interest were received by the Nominating Committee. The candidates are Fran Alberghini, Phil Fischbach, Linda Kimura, Sandi Carli and Susan Cucchi. All candidates are currently serving on the board and all are endorsed by the Nominating Committee.

The regular election to fill the vacancies will be held at the General Membership luncheon at the Dante Club on June 11, 2012.

Member questions may be directed to the Nominating Committee: Fran Alberghini (Chair), Ron Hines, Linda Kimura or Lyn Scotti. Their contact information can be found on the last page of this News Briefs.

Notice: The information presented in "News Briefs" is believed to be from reliable sources. However, no responsibility is assumed by SCREA, the Editor or the writers for inaccuracies in the articles published.

IN MEMORIAM

Edwin Aterrado
Donald Bailey
Jessie Ball
George Benbow
Margaret Birchette
Frank Brough
Dorothy Brown
Jack Bussey
Jeanette Calderon
Nancy Chorman
Darlene Conway
Sadie Corrigan
Carl Crump
Joanne Dickson
Ella Donahue
Elizabeth Ellis
Imogene Ellwanger
Mary Lou Evans
Roberta Fassler-Katz
Marvin Freedman

Henry Frgelec
Maria M. Garcia
Robert M. Garcia
Roberta Glass
Beatrice Gonzalez
Lila Grant
Michael J. Green
Lois M. Hall
Della Harder
Alonzo Helms
Mary Jacobson
Margaret Jermstad
Geraldine Joerger
Constance Johnson
Louise Jones
Rick D. Jones
Donald Kassis
Michael Kelley
Loy Kight
Patsy Knox
Beverly Lindgren

Norman Lugwigson
David MacMurdo
Doris Manship
Jacqueline Matthias
James McBride
Holly Ann Meamber
Julia Moraign
Thora Neff
Robert Nyman
Donald Oehler
Margaret Oneto
Joann O'Sullivan
William Perkins
John Pierce
Laura Reveles-Balestrieri
Barbara Richards
Clifford Rickman
Versie Ross
Clarence Schuchman
Mehl Simmons

Herbert Smith
Thomas Stockton
Kathleen Sutherlin
Lois Taylor
Audrey Tepolt
William Thomas
Mary Vota
Francis Wagaman
Reba Waggoner
William Walters
Sheila Watson
Mary Watson
Kenneth Whitfield
Maggrie Wiggans
Robert Willett
Donald Ray Wilson
Terry Wolford
Margarita Zaffa
Janet Zaloski

HAVE YOU MOVED OR PLAN TO MOVE?

Please fill out and mail this notice to:
SCREA, P.O. Box 161414
Sacramento, CA 95816

Name:_____

New Address:_____

City:_____State:_____

Zip:_____ Telephone_____

Email:_____

Date of Move_____

Old Address:_____

GET THE LATEST UPDATES

By Sue Murray

One of the best ways to make sure you are up-to-date with the latest news affecting Sacramento County retirees is to subscribe to our website, www.saccountyretirees.com.

As a subscriber, you'll automatically get an email whenever there is a general change to the SCREA website and when a new item is posted. A recent example is the court order concerning SCREA's lawsuit handed down by the Federal Court—those who subscribed to the website received an email with all the details four days after the decision was rendered!

Just follow these easy steps:

- On the Home Page, go to the lower right corner, below the "News Briefs" box
- You will see "Click Below to Subscribe to this Website"—follow those directions & you'll receive all updates

The surviving spouse of a member is eligible to SCREA membership. For enrollment assistance please contact our Membership Chair, Sue Murray, at 916-359-6394.

PENSION RESOURCE DATABASE

By Mike DeBord

The California Retired County Employees Association (CRCEA) is a statewide organization of the retiree associations for the twenty counties that operate under the 1937 Act retirement law. Our association is a member and SCREA Board Member Ron Hines is our delegate. The website for CRCEA is www.crcea.org

CRCEA provides a forum for educating members and promoting retiree benefits and issues, including legislation. Last year, a CRCEA Retirement Security Committee was formed and I serve as one of the eight founding members. We have now made presentations at the fall 2011 and spring 2012 CRCEA conferences, published articles, provided testimony at the State legislature (regarding the Governor's 12 point pension reform proposal) and are currently working with the National Conference on Public Employee Retirement Systems.

The Retirement Security Committee was established to develop and implement a strategy to refute myths and misunderstandings associated with current pension issues. And haven't we all heard or seen opinions/articles in the press bashing government employees, retirees and our defined pension benefits. Our committee has developed our own website www.crcearesearch.com that includes a solid point of reference (Pension Resource Database) for articles and research that we have found as well as the articles and testimony we have provided. I would encourage you to visit this site and check out our research categories and documents.

WE WILL MISS DON YEE

By Mike DeBord

Former SCREA Board Member, Donald Yee passed away on March 22, 2012. He was as fine a person as anyone I have ever met and one of my very best friends. I first met Don at an employment interview in 1975 when we were trying to fill the accountant position for the Department of General Services. He was a perfect match and he quickly assumed all of the financial duties of the department where he continued to work for 22 years.

A Sacramento native who earned his Accounting degree from Sacramento State College, Don spent the first part of his career working with his Dad in the grocery business. But his interest in professional accounting moved him into the head accounting position in General Services that was comprised of General Fund, Internal Services Fund, Capital Outlay Fund, Enterprise Fund, and Debt Financing Fund activities—"a dream job for Don". When Don retired from the County, he became one of our SCREA Board Members and served as our SCREA Treasurer.

2012 LUNCHEON DATES

By Sandy Carli

Here you will find the
2012 SCREA LUNCHEON DATES AND
DEADLINES FOR
RESERVATIONS
AND CANCELLATIONS.

PLEASE mark your calendar, enter into your iphone, iPod, or just cut it out and put in a visible place!
All events start at 11:00 with
LUNCH
SERVED AT NOON.

2012 CALENDAR FOR SCREA'S LUNCHEONS

JUNE 11, (Monday) 2012
General Meeting at the Dante Club
Deadline: *June 7, 2012*

SEPTEMBER 14, (Friday) 2012
Annual Founder's Day Picnic at William Land Park
Deadline: *September 11, 2012*

DECEMBER 14, (Friday) 2012
Holiday Luncheon at the Hilton Hotel off
Arden Way
Deadline: *December 11, 2012*

SCREA Lawsuit--County Loses "Motion to Dismiss"

By Mike DeBord

On March 31, 2012, the federal judge assigned to the lawsuit filed by SCREA against the County denied the County's "Motion to Dismiss".

Background

The Sacramento County Retired Employees Association (SCREA) filed a class action lawsuit in Federal Court against the County of Sacramento on February 2, 2011. The causes of action included **violation of the contract clause** of both the U.S. and California Constitution, and **violation of the equal protection clause** of both the U.S. and California Constitution. All causes of action relate to the County's actions over the last several years that reduced or eliminated retiree medical and dental subsidies, and provided unequal treatment of County retirees.

Two months after filing the lawsuit, the County filed a "Motion to Dismiss" the case, which SCREA opposed. After considering the matter, on March 31, 2012, the judge issued her decision, and **denied the County's "Motion to Dismiss"**. **This is a significant step and one that allows the case to move forward to trial.**

As stated in the Court's decision, there has been a development in the common law that governs SCREA's contract-based claims. The **California Supreme Court** recently found "**under California law, a vested right to health benefits for retired county employees can be implied under certain circumstances from a county ordinance or resolution**."

County and SCREA Arguments

The **County had argued** in the "Motion to Dismiss" that **counties cannot be bound by implied contracts** to provide compensation. The court rejected that argument. Also rejected in the "Motion to Dismiss" was the County's argument that "retiree health benefits are not vested".

With respect to equal protection causes of action, **SCREA alleges** that after the California Public Employment Relations Board (PERB) decision, for the first time, the **County created distinct classifications amongst its retirees (not based on age or length of service) absent any rational basis or legitimate governmental interest**. This violated retirees' right to equal protection of the law and discriminated against those who either were not members of a County union or who were members of unions who did not join with the other unions in the PERB litigation. The court weighed this argument and found sufficient basis for denying the County's "Motion to Dismiss" for the causes of action related to equal protection clauses.

Next Steps

The court has ordered the County to file an answer to SCREA's complaint by April 21, 2012 and a status (pretrial scheduling) conference is set for June 28, 2012. The court's denial of the County's "Motion to Dismiss" was a very important step in the process and **we now need to focus and prepare for trial**. The SCREA Board respects and appreciates the work performed by our attorney, Mark Merin who is working on behalf of our retirees. We all know how important this matter is to our SCREA membership and we will keep you posted on the progress of this matter.

Website

The Federal Court Decision can be viewed in the SCREA website at www.saccountyretirees.com
(Click on "Litigation", then on "Litigation Status". At the bottom of the article, click on "Order Denying Motion to Dismiss" to read the 11 page decision.)

EXPANDED ACCESS TO BENEFITS FOR SCREA MEMBERS

By Ron Hines

The SCREA Board has made arrangements with Pacific Group Agencies, Inc. (PGA) to provide access for SCREA members to various group insurance products. Pacific Group Agencies provides these services to eight other 1937 Act Counties and is a long time Affiliate of the California Retired County Employees Associations (CRCEA).

The initial products to be offered are; Legal Services; Pet Insurance; Identify Theft; Home & Auto; General Liability; Travel Insurance; Vision; Hearing Aid; D&O Coverage.

You can check out the PGA services that are offered to SCREA members by going to the SCREA website at www.saccountyretirees.com and going to the Supplemental Benefits sections where a link will take you to the Pacific Group SCREA website.

MARCH LUNCHEON

Catching up on all the news.

Friends enjoying each other's company.

County Executive, Brad Hudson.

Board Member, Mike DeBord.

NEWS BRIEFS

Published Quarterly by
SACRAMENTO COUNTY RETIRED EMPLOYEES ASSOICATION
Post Office Box 161414 Sacramento, CA 95816

OFFICERS

President	Kiyoshi Adachi	916-966-0904
Vice President	Barbara Smith	916-684-5344
Immediate Past Pres.	Gil Magness	530-626-3983
Treasurer	Vic Scotti	916-638-5297
Sunshine Chair	Fran Alberghini	916-451-1690
Membership	Sue Murray	916-359-6394
Secretary	Lyn Scotti	916-638-5297

DIRECTORS

Sandy Carli	916-457-0304
Susan Cucchi	916-983-1070
Mike DeBord	530-642-1234
Phil Fischbach	916-933-2910
Warren Harada	916-391-0755
Ron Hines	916-728-2914
Martha Hoover	916-362-4009
Linda Kimura	916-485-8442
Pamela Thomas	916-685-0329
Nancy Wolford-Landers	916-457-3002

SCREA
PO Box 161414
Sacramento, CA 95816

Return Service Requested
Dated Materials

NON-PROFIT
U.S.Postage
Paid
Permit # 1298
Sacramento, CA

SCREA LUNCHEON RESERVATION
MONDAY, JUNE 11, 2012

Member(s) Name: _____ Phone: _____
Member(s) Name: _____ Phone: _____

Non-members Name: _____ Phone: _____
Non-members Name: _____ Phone: _____

#_____	(Members)	St. Louis BBQ Ribs	$14.00=_____
#_____	(Members)	Baked Herb Chicken	$14.00=_____
#_____	(Members)	Vegetarian Cheese Tortellini	$14.00=_____
# _____	(Non-Members)	St. Louis BBQ Ribs	$21.00=_____
# _____	(Non-Members)	Baked Herb Chicken	$21.00=_____
# _____	(Non-Members)	Vegetarian Cheese Tortellini	$21.00=_____

Total Check enclosed _____

RESERVATION DEADLINE NO LATER THAN JUNE 7, 2012
DO NOT SEND CASH. SEND A CHECK MADE PAYABLE TO
SCREA-LUNCHEON, P.O. BOX 161414, SACRAMENTO, CA 95816
Please call Sandy Carli at 457-0304 or email scarli@surewest.net if check is sent on or after reservation date. Cancellations accepted until June 7, 2012