



The Informer

RETIRED EMPLOYEES ASSOCIATION OF ORANGE COUNTY, INC.

Super Bowl of Luncheons Set for Wednesday, January 25th



Come celebrate the New Year, the winding down of football season and Super Bowl XLVI with

friends, REAO members and guests at the January 25th luncheon at Mile Square Park Golf Course Clubhouse in Fountain Valley. Everyone is encouraged to wear a jersey, sweat shirt, T shirt, cap or the colors of your favorite NFL, College or High School team.

A special menu is being prepared, see page 7 for details. And, as always, beautiful centerpieces will adorn the tables and be taken home by a lucky attendee at each table.

You'll hear the latest on Retiree Health Benefits and other pertinent Retiree information. Prizes and surprises await, including the \$100 Progressive Drawing! You could be the next winner but you must be in attendance to win. Don't miss out.

Make your reservation today by sending in the form on page 7 with your check to arrive at REAO no later than Wednesday, January 18th. Check in starts at 11:00 AM and lunch is served at noon. Please car-pool if possible. See you on Wednesday, January 25th!

Presidents' Message

Greetings from Linda Robinson and Doug Storm

Happy New Year, Members of REAO!! Your entire Board of Directors wishes you and your family, friends and loved ones a happy, healthy and prosperous 2012.

It is an honor to serve as your Co-Presidents and we thank you for re-electing us to this office at the December Holiday Luncheon and Annual meeting. Each REAO Director thanks you for your votes of confidence, as well. All of us consider it a privilege to work within an organization which provides a voice for so many retirees who faithfully served the public and the County of Orange for so many years. We want to extend a big welcome to Bill Castro, the new Treasurer of our organization. Bill will replace Chuck Hulse who has graciously and expertly served as REAO Treasurer for the past 10 years. Thank you Chuck, for the tremendous service you provided to all of us!

2011 Reflections: The past twelve months have been filled with demanding activity. Litigation-related proceedings have clearly been a primary focus of our efforts. In addition, significant outreach efforts have been made to increase REAO membership. This past year brought with it a media blitz that many of us

would describe as one-sided, biased and full of erroneous facts intended to discredit and even disgrace all retired public servants—the very people who provided excellent service to the public during decades of employment with the county. The public should be made aware the overwhelming majority of retirees do not represent the limited, sensational cases highlighted by the media. Given the current economic and political environment it is imperative for current and future retirees to protect the rights and benefits they worked so hard to earn. To do this takes commitment, support and significant numbers so we will make increased membership a priority in 2012. During the past year REAO Board members and volunteers published five newsletters, held monthly Board meetings, organized five luncheons at Mile Square Park, attended Hemet Chapter luncheons, developed and expanded services for our members, provided on-going updates to the REAO website

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Presidents' Message

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including timely, pertinent information and newsworthy articles for review, closely monitored Board of Supervisor meetings, awarded four educational scholarships, engaged in on-going contact and networking with other retiree associations and provided important input to the county's Employee Benefits group regarding plan design changes to the county PPO insurance plans.

Additionally, REAOC has participated in regular AREOC Board of Directors activities and meetings. Looking back we can definitely say it's been a busy and strenuous 2011. Office Manager, Ilene Barcenas, deserves special commendation for her on-going hard work, dedication and expert handling of REAOC business activities, correspondence and regular communication with members and directors throughout the year.

Litigation Update: As you may have read via e-mail or the REAOC website the California Supreme Court on November 21st ruled unanimously in favor of REAOC, holding that under California law an implied contract can arise between a county and its employees. The high court's decision was contrary to the trial court's ruling which stated there could be no implied contracts in public employment. We have strongly believed the trial court's initial ruling was incorrect and now all seven California Supreme Court justices have agreed with our position. While this ruling does not settle the lawsuit, it does mean we have cleared the largest hurdle in our case. There remains more work to do. The Supreme Court has returned the case to the Federal Ninth Circuit Court of Appeals for

additional action and we will keep you apprised as this case proceeds to the next phase. We are very fortunate to have attorneys Michael Brown, from the Law Offices of Michael Brown and Ernest "Ernie" Galvan of Rosen, Bien and Galvan, LLP representing REAOC in protecting the rights and benefits you earned while employed with the county.

I know we speak for your entire Board of Directors when we say we are all committed to do whatever we can to protect your earned benefits and to improve the quality of life for all County retirees and those who will retire in the future. Thank you for your valued membership, support and financial assistance throughout 2011. We look forward to serving you in 2012. Take care and be well.

– Doug Storm
– Linda Robinson

Hemet Chapter Luncheon on February 14th

REAOC's Hemet Chapter will hold its next luncheon on Tuesday, February 14, 2012 at 11:30 a.m. at the First Presbyterian Church located at 515 E. Kimball in Hemet. The cost is \$9.50 per person. Make your reservation by calling Jeri at (951) 672-4594 or Erma Phillips at (951) 654-4312.

Upcoming luncheons will be held on the second Tuesday in April and June 2012.

REAOC

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Santa Ana, CA 92711-1787
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Website: www.reaoc.org
E-mail: reaoc@reaoc.org

OFFICERS

Linda Robinson	Co President
Doug Storm	Co President
June Marcott	Secretary
Bill Castro	Treasurer
Bob Griffith	Past President

DIRECTORS

Gaylan Harris
Chuck Hulse
John Iagjian
John LaRoche
Sara Ruckle-Harms

APPOINTED STAFF

Ilene Barcenas	Office Manager
John Iagjian	Membership Committee
John LaRoche	<i>The Informer</i> Editor, Luncheon Committee
June Marcott	Scholarship & Board Watch Committees
Linda Robinson	CRCEA Delegate
Lou Scarpino	Legislation

The Informer is published 5 times a year. Readers are encouraged to write *The Informer* expressing their views and comments on the subjects of interest to the members.

The mission of REAOC is to promote and maintain the fellowship and camaraderie of OCERS retirees and their spouses by sponsoring social and recreational activities and by maintaining contacts via a newsletter, the REAOC website www.reaoc.org, e-mail, and other means of communication. A secondary purpose of REAOC is the tracking and dissemination of information relating to pension and legislative actions, financial matters, physical and mental health care, volunteer and employment opportunities and other concerns that may be of interest to our members.

OCERS retirees and their spouses are eligible for regular association membership. Their membership dues are \$3.00 per month, payable through payroll deduction. Active employees, who will receive their retirement through OCERS, are eligible for Associate Membership. Dues for associate members are \$1.00 per month payable for the year each January.

Luncheons are held at Mile Square Golf Course in Fountain Valley on the fourth Wednesday of January, March, May and September, and on the first Wednesday of December.

A local chapter of REAOC is active in Hemet.

California Retired County Employees Association Goes on the Offensive

by Louis Scarpino

This year's Fall CRCEA Conference, held in Santa Rosa October 24 to 26, 2011, wrote a new chapter in this increasingly valuable association's history. CRCEA has clearly gone on the offensive in the escalating and contentious pension debate that has been raging over the last five years. One of the twenty 1937 Act county retiree association CRCEA members, REAOC was represented by Co-President Linda Robinson, Board Member Gaylan Harris, and Alternate Delegate Louis Scarpino. As always, the conference was faithful to its historical function of educating its member associations to better prepare them to support their retirees and protect vested rights – highlights of which will be discussed later in this article. The real news from this conference are the specific elements CRCEA has effected that position it firmly as a participant in the pension debate on behalf of current and future CRCEA members. Specifically, the Public Pension Perspectives panel, that debuted at the April 2011 conference, was again moderated by Bob Palmer, the Executive Officer of the State Association of County Retirement Systems (SACRS). Panel participants were Gary Bei, Sonoma County Retirement System Administrator; Robert Eyler, Professor of Economics at Sonoma State University, and Jack Atkins, President of the Sonoma County Tax Payers Association (and a brave proponent for pension reform). It was no surprise that the audience, all retired public employees, were treated to divergent,

sometimes painful viewpoints. It was also no surprise that they shot back with provocative questions and counter points born from solid career perspectives and a healthy dose of public policy making successes.

While the process can be painful at times, both camps in the pension debate recognize that for sound public policy to emerge they need to build upon common ground. Painful as it may be, the face to face discussions did prove helpful in identifying areas of agreement and disagreement, as well as misinterpretations of data that lead to flawed conclusions. This has provided valuable insight to the new CRCEA Ad Hoc Committee on Retirement Security (Committee) – of which this author is a member. Created at the April, 2011 conference, the Committee presented their pension debate products and message dissemination plan completed since April. Further, conference delegates authorized the Committee to provide testimony during the 2011 legislature's interim break hearings to the Joint (California Senate and Assembly) Conference Committee on Public Pension Reform.

The Committee's charge is to develop and implement a strategy to refute myths and misunderstandings associated with current pension reform proposals. The adopted approach is to develop credible well researched white papers on key strategic topics, convert the papers into various presentation formats (e.g. power points, articles, briefing sheets, sound bites, internet video,

etc.) and develop and implement a message dissemination plan that includes both CRCEA and member associations proactive participation. This work is backed up by a compilation of major credible organizations and their relevant works in an on-line Pension Debate Resource Index. Look for this on CRCEA web site at www.crcea.org in the very near future. The Committee challenged all association boards and individual retiree members to review their work products, become familiar with the critical arguments and use them one-on-one and in groups. REAOC members with appropriate research and media skills are encouraged to participate in this important work.

The first white paper entitled *401(k)'s – A Train Wreck in the Making. Can Our Kids Survive – Part I. Impacts on the Individual* was debuted at the Conference as was the *Pension Debate Resource Index*. The white paper challenges the viability of using the 401(k) mechanism as the dominant "solution" to the public sector pension problem. This solution is becoming firmly imbedded into voters' consciousness. The paper concludes that the 401(k) mechanism is seriously flawed, has failed to provide retirement security in the private sector, is a train wreck for too many workers overly dependent on it now, and is a train wreck in the making at both the individual and the overall economy level. A second paper *Part II – Impact on the Economy* will further explore this last point as well as the potential for less

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participation in defined benefit plans to undermine the efficiencies of these currently highly efficient plans.

Shifting gears now, highlights of the conference education program included the annual Legislative wrap up report that was provided by CRCEA Legislative Consultant Amy Brown. Unfortunately, neither of the scheduled Assembly or Senate pension committee consultants could attend as they were diverted to support the Joint Conference Committee on Public Employee Pensions hearings noted earlier.

Always interesting, Amy expects to see dramatic changes in the legislature over the next several years. Of general interest are those driven by four recently passed propositions. The first two: Prop 11, that created an independent non-partisan Redistricting Commission; and Prop 13, that authorized open primaries, are expected to create a more moderate legislature. The Redistricting Commission evidently was so non-political and neutral that the State Auditor had to step in and provide on the job training support. Nevertheless, their resulting work product succeeded in producing the expected uproar in the Capital due to various incumbent's current districts now redrawn to overlap into that of colleagues. This dynamic, coupled with the fact that open primaries make it possible for two members of the same party to end up running for the same seat in the major election, opens the door for moderates in both parties. Why – because the voter on the far right or left of the two same party candidates running generally will be most aligned ideologically

with the more moderate of the two candidates.

The other two propositions changing the Sacramento dynamics are Props 25 and 26. Prop 25 dropped budget approval from a 2/3rds to 1/2 vote of the legislature and forced legislators to lose (not just delay) their pay for the entire period from the budget passage deadline to when a budget is actually passed. Prop 26 controlled the expense side of the budget by retaining the 2/3rds vote requirement to increase revenue. While I won't go through the blow by blow of this first year's experience under the new rules, as it was all widely reported in the press, suffice it to say the Governor is reported as still of a mind to trade pension reforms for revenue increases.

On the legal front, various 1937 Act Legal Issues were dissected and discussed by Jeffrey Lewis, founding partner of Lewis, Feinberg, Lee, Renaker and Jackson. The focus was primarily on the major points of law currently under consideration in the Orange County and other counties' lawsuits. Without going into the detail, it is notable that the audience took a strong interest in the issues presented and discussed, an indication of the level of engagement that 1937 Act counties have reached. This is markedly different than when Orange County stood relatively alone.

Two other areas of interest are worth mention. First, Dave Jones, California's recently elected Insurance Commissioner provided insights into the Affordable Care Act (aka "Obama Care") status and related health care reform issues from his unique per-

spective. His biggest concern is that he has no authority to reject rampant increases in Health insurance premium rates ranging up to 40% each year. In 2008 the five largest insurers in the health insurance market turned in \$11.7 billion or 51% in profits. Commissioner Jones notes that legislation he has been pushing to get that authority has been blocked by the health insurance industry with the same arguments heard when auto insurers were put under the State Insurance Commissioner's authority. Specifically, that companies would be driven out of California. He opines that the argument does not hold water.

With respect to one element that did not get into the Affordable Care Act – multi state insurance pools, Commissioner Jones stated his belief that in-state risk pools are of sufficient size to keep costs under control. This is an important consideration to the success or failure of the exchange component contained in the Act and scheduled to be implemented later.

The second and last area of note is on the traditional consumer protection portion of the program, namely phone related scams. In a presentation by Lou Maricle, Sonoma County Information Services Department, we are warned not to be so trusting and helpful to would be scam artists. Recommendations include: not returning calls from people unknown to you; not honoring pledges to charities you don't remember pledging, never agree to someone meeting you to pick up money; never give out personal bank

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In the News

Edited by Helen Lotos

Nationwide: As presidential candidates routinely condemn governmental employees – and their pensions – here’s a trend that’s alarming. For 21 straight months, the number of private-sector jobs has grown by a total of 2.9 million. The main job losses – 446,000 over the same period – have occurred in government, a decline that would only accelerate under plans advanced by the GOP candidates themselves (*Los Angeles Times*, December 3). The trend held in early December with the Labor Department reporting a gain of 140,000 private-sector jobs in November but a loss of an additional 20,000 government jobs.

In addition to their proposals for the future, the Republican candidates have also taken positions in the past that would have heightened the most recent government job losses. Many layoffs of local and state government employees were postponed by President Obama’s 2009 stimulus package, which the GOP White House hopefuls have roundly denounced. And some of the newly jobless were teachers and others whose layoffs Obama had tried to avert through \$35 billion in federal aid to states, which the GOP candidates also opposed. Fellow Republicans in Congress killed that proposal. The Republican candidates have struggled to outdo one another with plans to scale back government. But in doing so they have emphasized the bloodless slashing of departments and agencies rather than the jobs involved. “The hardship of laid-off public employees has gone

largely unacknowledged by the Republican candidates, even as they decry the slow pace of acceleration in private-sector jobs,” reported writer Michael Finnegan in his *LA Times*’ article on the national scene in Washington, D.C.

Orange County: Closer to home, editorials in the *Orange County Register* continue to disparage government employees as the *Register*’s December 1 editorial on the recent State Supreme Court’s ruling was headlined “Court sides with retirees, against taxpayers.” (government employees = non-taxpayers? Reading the *Register* can be hazardous to one’s blood pressure.) In the *Sacramento Bee*, November 23, an editorial stated that County Counsel Robert Ryan doesn’t think the ruling will have any bearing on a lawsuit local retirees have filed in Sacramento to win back health benefits that the county has cut. The *San Francisco Chronicle*, November 22, reported that the ruling had implications for Bay Area pension disputes, and in *Governing*, November 22, the publication said the decision could impact local governments across the state.

The state is investigating whether Orange County political leaders will be breaking the law if they go forward with their plan to take \$73.5 million in tax dollars that are supposed to go to local schools. County officials said they have no choice but to redirect the money in January and again in May to balance the county’s budget and pay its bills (*LA Times*, November 30). Stay tuned.

Fresno County: Soaring unem-

ployment has pushed California’s poverty rate up for three straight years – but nowhere higher than in Fresno County, according to new Census data in the *Fresno Bee*, November 30. The nearly 250,000 county residents living in poverty in 2010 gives Fresno County claim to the state’s highest poverty rate, at 26.8%. Almost 70,000 more people lived in poverty last year than in 2007 when the financial disaster began.

Solano County: Another union succumbed to having contract terms imposed on its members. The Board of Supervisors voted 3-2 in favor of imposing terms on the Solano County Probation Peace Officer Association. Supervisor Linda Seifert had hoped to postpone a decision by the board until a later date to give the county and the union more time to negotiate; however, her motion died for lack of a second, according to the *Vacaville Reporter*, November 23.

REAOC Updates via E-mail

REAOC officers often send e-mails to our members in order to keep them informed of current events and activities, such as the status of the lawsuit challenging the reduction of retiree health care benefits. If you are not on REAOC’s e-mail list, please forward your name and e-mail address to reaoc@reaoc.org. This will help to ensure you have the latest information in between editions of *The Informer*. Thank you.

2012 Keith Concannon Scholarships

The Retired Employees Association of Orange County (REAOC) proudly continues its scholarship program designed to recognize and support qualified students to obtain further skills and expertise. The scholarship is named in honor of the late Keith L. Concannon, REAOC's dedicated and long serving representative on the Orange County Employees Retirement System Board and former REAOC President.

Applications for the eighth annual scholarship awards will be available on January 2, 2012 by accessing the REAOC website at www.reaoc.org, by contacting the REAOC office at reaoc@reaoc.org, or 714-840-3995, or at the REAOC luncheon on January 25, 2012. Any student who is related to a REAOC member and meets the qualifications listed below is invited to complete the application and submit it to REAOC along with official high school or college transcripts, postmarked no later than April 2, 2012. The only exception to this provision is that a relative of anyone who acts in a decision making capacity cannot apply. This includes the Co-Presidents of the REAOC Board of Directors and the Chair and Members of the Scholarship Committee.

Qualifications: Applicants must be either: (A) a high school senior with a GPA of at least 3.0 on a scale of 4.0 who has been accepted as a candidate for a degree program for the following fall semester on a full-time basis after graduation from high school, or (B) a student with a GPA of at least 3.0 who is already attending an accredited educational institution as a candidate for a degree

program.

A candidate for a degree program means a student who is pursuing a degree at a college or university, or is attending an accredited educational institution that is authorized to provide full credit toward a bachelor's or higher degree, or is attending an accredited institution that is authorized to provide a training program to prepare students for gainful employment in a recognized occupation.

Applicants must be related to a REAOC member, however, Orange County residency is not required.

Applications must be typed. No hand-written applications will be accepted. If an applicant wishes to use a word processor or computer, responses must be placed in numerical order as they appear on the application. Responses to the essay question must be typed on a separate sheet of paper and cannot exceed 300 words. The Certification must be signed and dated and included with the application. These instructions must be carefully adhered to or the application will be rejected. Please include a photograph suitable for publication.

Deadline: Applicant must send official high school or college transcripts to REAOC postmarked no later than April 2, 2012. Please order transcripts early to allow ample time to process. Completed applications and transcripts must be postmarked no later than April 2, 2012 and mailed to:

REAOC
Attention: Scholarship Committee
P.O. Box 11787
Santa Ana, CA 92711-1787



In Memoriam

We extend our deepest sympathy to the families and loved ones of those who meant so much to so many.

September - December 2011

Beale, Arthur, OC Public Works
Brown, Lillian, UCI
Buckley, James, OC Public Library
Clayton, Mary, OC Public Works
Eckhardt, Janet, Probation
Karr, Earl, Probation
Kememy, Elizabeth, SSA
Kirkland, Ruffen, Probation
Littlewort, Edward, OCSD
Marsh, Charlene "Chuckie", PIO
Mattey, Beverly, SSA
Metzger, Donald, City of San Juan Capistrano
Miller, Georgia, HCA
Pell, Joseph, OCSD
Reeves, Henry, OC Public Works
Renich, Carol, OC Community Resources
Trezona, Elvira, OC Public Works
Velasquez, Esperanza, HCA
Wilson, Betty, Assessor

Surviving Spouses

Hale, Francis
Moses, Leonie



Progressive Drawing \$100.00



David Goya of San Juan Capistrano would have won \$50 at the December luncheon if he was present at the luncheon. Remember – you must be present at the time of the drawing to win!

See you on Wednesday, January 25, 2012 at Mile Square Park.

Super Bowl Menu for January 25th

Coconut Macadamia Nut Chicken

Pineapple Rice

Fresh Garden Vegetables

*House Salad with Italian or
Ranch Dressing*

Fresh Baked Rolls

Dessert

Coffee and Iced Tea



On the Calendar: 2012 REAOE Luncheons



March 28
May 23
September 26
December 5



CRCEA

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information; and, remember that banks NEVER call you asking for information in their records – they only ask you for verification information when you call them.

Finally, telephone companies are required by law to add third party billings to their billing statements, but will not vouch for the correct or valid nature of those billings. Too often bills contain new or increased charges from third parties. Mr. Maricle noted examples of charges to Sonoma County phones that amounted to large cumulative amounts and required Public Utility Commission intervention to get relief. He strongly encourages all to regularly review your bills to identify and challenge all charge increases and new charge categories, that appear without warning, that you did not agree to pay for when you initially contracted for the service.

The next CRCEA conference is scheduled for April 16-18, 2012 at the Visalia Marriott at the Convention Center, 300 S. Court Street, Visalia, CA 93291, phone 1-800-798-6506. REAOE members are welcome and encouraged to attend.

Directions to Luncheon at Mile Square Park, Fountain Valley

Mile Square Golf Course is located in Mile Square Park, 10401 Warner Ave., Fountain Valley. From the San Diego Freeway (405), take the Warner Ave. exit and proceed East on Warner. Turn into Mile Square Park Golf Course Clubhouse entrance at Ward St. and park (parking is free). Mile Square Park is bounded north by Edinger Ave., south by Warner Ave., east by Euclid Ave. and west by Brookhurst.

AREOC Litigation Fund

Print Name: _____

Address: _____

City, State, Zip: _____

Enclosed is a check in the amount of:

\$ _____

Please make your check payable to AREOC Litigation Fund and mail the check with this form to:

REAOE, P.O. Box 11787,
Santa Ana, CA 92711-1787

Thank you very much for your contribution to this fund!

Luncheon Reservations Due Wednesday, Jan. 18, 2012

Print Name: _____

E-mail Address: _____

of lunches at \$17.00 each: _____

of Vegetarian lunches: _____

Enclosed is my check for \$ _____

Check-in begins at 11:00 a.m. and lunch is served at noon. Please make your check payable to REAOE and mail to: REAOE, P.O. Box 11787, Santa Ana, CA 92711-1787

Also enclosed is a separate check for \$ _____ payable to AREOC Litigation Fund.

PLEASE CAR-POOL!



Welcome, New Members

Auditor Controller: Sharon Erlik

D/A: Dana Cardi

EMA: Benjamin Oliver

HCA: Mary Louise Casdorff, Pamela Prouty, Michael Price, Mary Ellen Keeseey

OCCR: Douglas Witherspoon

OC Public Library: Virginia Crabb

OCPW: Jerry Harr, Steven Nelson, Charles Antos

OCTA: Norman Stabeck

PA/PG: Kay Campbell

Superior Court: Alan Slater, Denise

Gordon, Donna Colvin, Walter Posey, Sheryl Dye

SSA: Luisa Fernandez-Vasquez, Lynn Meineke, Conchita Dizon, Ruth Rodriguez

Treasurer/Tax Collector: Kim Hansen

Not Stated: David J. Walsh, Doris Asciak, Kathleen Roque

Surviving Spouse: Jean Potter



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RETIRED EMPLOYEES ASSOCIATION OF ORANGE COUNTY, INC.
P.O. Box 11787, Santa Ana, CA 92711-1787

PRESORTED
FIRST CLASS
U.S. POSTAGE
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INSIDE THE INFORMER

Luncheon Set for Wednesday, January 25th

CRCEA Conference Update

In The News

2012 Scholarships

Dated Material – Please Deliver Immediately