"Ride The Orange Wave" Luncheon Set for Wednesday, May 28th

At our May 28th luncheon we are continuing the "Ride The Orange Wave" theme from the Spring CRCEA conference that was hosted by REAOC. Come casual and join REAOC members and guests at the Mile Square Park Golf Course Clubhouse in Fountain Valley for a great afternoon. A special menu is being prepared, see page 7 for details.

You'll hear the latest on Retiree Health Benefits and other pertinent Retiree information. Prizes and surprises, including gift cards and beautiful center pieces, await the lucky ticket holder. You could also be the winner of the $150 Progressive Drawing, but you must be in attendance to win. Don't miss out.

We will be introducing our Scholarship recipients and honoring our Veterans at this luncheon.

Make your reservation today by sending in the form on page 7 with your check to arrive at REAOC no later than Wednesday, May 21st. Check in starts at 11:00 AM and lunch is served at noon. Please carpool if possible.

Litigation Update

First, the less-than-good news: As reported in the previous Informer, the Ninth Circuit 3-judge panel hearing REAOC's second appeal ruled to uphold a lower court's summary judgment in favor of the county. Subsequently, our attorney filed a Petition for Panel Rehearing and Rehearing EN BANC with the Ninth Circuit. Put simply, if the petition was accepted the case would be reheard by the Chief Judge and 10 randomly selected judges of the Ninth Circuit. The petition, however, was denied—without comment by the court, despite being informed of factual inaccuracies in the panel's written ruling as well as one substantial

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tial credibility issue and a conflicting, prior Ninth Circuit court ruling. Based on the significant issues raised in the petition, the denial was surprising and very disappointing. Would that we could pull back the curtain as to how that decision was made! To be candid—the outcome of this case violates our sense of justice. Though a court ruling may uphold an action as legal, it does not make that action ethical or moral or right. Broken promises undermine credibility and trust in a governing body and that trust can be very difficult to restore.

On the bright side, the REAOC case made history. The California Supreme Court established new case law as a result of our litigation efforts. This has helped retiree colleagues in other jurisdictions to continue litigation efforts on behalf of their members. It is rewarding to know retiree association friends have contributed substantial resources to our legal efforts. The REAOC case has united REAOC members and others on a statewide basis. As a group we did not passively sit by as our retirement benefits were altered. This has been a battle worth fighting. Perhaps it's been a training ground given the numerous attacks on public employee pensions and benefits we've seen in the media and espoused by some politicians. There may be further battles in our future and, as retirees, we must be prepared. Please know your support and participation make an incredible difference in giving retirees a voice of substance. The outcome of this case makes it even more imperative for retirees to stay united.

**Down But Not Out** The Harris, Jahn, McConnell vs. County of Orange CLASS ACTION lawsuit is currently proceeding through the federal court system. This case was heard by a different Ninth Circuit panel on February 6, 2014 in Pasadena. The lawsuit includes not only the splitting out of retirees from the insurance pool, but unilateral changes to retiree medical grants as well as a claim for age discrimination. We do not know what effect the REAOC ruling will have on this panel's legal conclusions but will update you on any case developments as they occur.

**Information Only** On a separate legal front, for any REAOC members who purchased Long Term Care Insurance from CalPERS you may be interested to know that CRCEA has formed an Ad Hoc Committee to monitor the class action that has been commenced against CalPERS, seeking monetary damages and other remedies relating to CalPERS' announcement that it will be increasing premiums by 85%. Further information concerning that Class Action litigation is available at www.calpersclassactionlawsuit.com.

In closing, we want to thank every REAOC member for your participation, support and membership in this organization. We don't know what the future has in store for all of us retirees but we ask you to "Take care, be well and STAY UNITED!!"

Doug and Linda Co-Presidents
Saving Chicago According to the Illinois Policy Institute (April 3), Chicago’s politicians have exploited city-worker pensions for nearly two decades. They’ve used the city’s pension systems as slush funds and pension benefits as bargaining chips to further their own agenda with seemingly no regard for Chicago’s fiscal health. Now those pension systems are nearly insolvent and the city is heading toward bankruptcy. Chicago is facing an onslaught of credit downgrades (Moody’s Investors Service slashed Chicago’s credit rating in March, leaving it just three notches above junk status) and it’s official pension shortfall is now $29 billion. Detroit, by comparison, had a $3.5 billion shortfall when it filed for bankruptcy last year.

Illinois Policy Institute states that it’s time to take pension systems control away from Chicago’s politicians and put it in the hands of city workers. Its plan can be viewed at http://www.illinoispolicy.org/chicago pensions/.

New Jersey Pensions Facing another year of fiscal problems, Governor Chris Christie changed the funding formula for the state’s pension contribution so that he could cancel $93.7 million in previously budgeted pension payments due in June, according to New Jersey News (March 25). He also cut next year’s pension bill by $150 million and put $900 million less into the underfunded pension system by the end of his term.

Christie’s decision to change the pension calculation formula will further add to New Jersey’s underfunded pension liability – which was one of the main reasons Fitch’s Ratings cited when it followed Moody’s and Standard & Poor’s in downgrading the state credit outlook from “stable” to “negative.” Over a 30-year period, Christie’s formula would swell the state’s unfunded pension liability by 10%, actuaries for the state’s pension funds reported.

Connecticut’s Private Retirement Bill The landmark bill expected to address the future retirement challenges for private sector employees in the state has jumped its first legislative hurdle, according to Employee Benefits News (March 19). Senate Bill 249, coined “an act to promote retirement savings,” has been approved by the Connecticut General Assembly’s Labor and Public Employees Committee. The favorable 7-3 vote pushes the proposal to its next round of deliberations. At press time, it was unclear when state legislators would next hear the proposal to create a state-administered retirement savings plan for low-income private sector workers through payroll deductions.

San Jose Mayor’s Pension Reform Initiative Mayor Chuck Reed affirmed his commitment to put a highly controversial pension reform initiative before voters in 2016, despite recent legal setbacks that have threatened the plan’s viability, reported the San Jose Mercury News (March 26). Reed and a few other California city leaders want to make it legal for local governments to reduce the pension benefits going forward for public sector employees such as police officers, firefighters and teachers. Reed had hoped to see his pension reform proposal on the November ballot, but his signature gathering efforts stalled when he took issue with Attorney General Kamala Harris’ official description of the proposal. In a lawsuit, Reed called the wording “false and misleading.” A Sacramento County Superior Court judge ruled against Reed, but he has filed an appeal.

Reed and other mayors who supported the initiative have been heavily criticized by labor, law enforcement and teachers unions for trying to strip public sector workers of benefits they were promised when they agreed to take public jobs.

Awaiting Ventura County Decision A measure phasing out Ventura County government’s pension system would save hundreds of millions of dollars over 15 years while eliminating almost $2 billion in debt, reported the Ventura County Star (March 27). Leaders of the effort to end pensions for county employees commissioned the analysis by the Reason Foundation, an LA-based libertarian research organization.

Steve Bennett, chairman of the Ventura County Board of Supervisors, questioned the accuracy of the predictions and the objectivity of the foundation. “They have a point of view,” he said of the Reason Foundation. “I wouldn’t call it unbiased or even extremely credible in many instances.” He said he is awaiting a fiscal analysis the county has commissioned from Segal Consulting.
Have you ever heard of “mHealth”? I hadn’t until I attended the twenty-third annual Health Care Forecast Conference at UCI on February 20-21, 2014. Mobile Health (mHealth) includes the latest healthcare applications (Apps) for wearable, wireless, devices to count, track, and measure everything you can think of relating to your body! This year’s conference was titled, ACA Implementation: Timing, Challenges and Consequences. The conference focused on various ways in which implementing the Affordable Care Act is expected to impact the healthcare market. Five excellent panels comprised of economists, physicians, researchers, attorneys, representatives from a various health related businesses, and political experts from California and the federal government shared predictions in their various fields of expertise. The development of mHealth is expected to revolutionize healthcare as we know it and it is already happening at an alarming rate. Most of us are aware of devices to track our activity level, weight fluctuation, and dietary habits. We may also be familiar with devices to monitor and measure diabetes and hypertension, but how about breath analytics from our phones, contact lenses that monitor glucose in the body, and pill-box with sensors to track when medication is taken?

The speakers explained that healthcare today is primarily sickness care that requires traveling to the solutions (doctor’s offices, labs, physical therapy, etc). The vision for the future is wellness care that is “patient centered” and comes to the patient via wearable devices. These numerous devices will generate lots of and lots of data. Applications that will provide feedback to improve health will be the name of the game, all done electronically. Medications will be adjusted this way as frequently as needed rather than waiting for lab results and direction from the doctor. Physical therapy will be done at home in front of a TV or computer with real-time feedback from the therapist. As I sat listening to all of this exciting information I kept thinking. How will all of us old retired folks who are so used to the traditional practice of medicine going to manage? I can hardly keep up with technology as it is! Guess what…we are not alone. Many doctors are gearing up to change the way they have practiced medicine for years and not all of them look forward to the changes being thrust on them either. All of us will be learning together, how to incorporate new technology into our healthcare system.

The US Food and Drug Administration is starting to approve applications (Apps) that can be made available via prescription from your physician. This is good because as with anything this big and new, there are lots of “snake oil” charlatans out there. Right now there are 43,000 health related applications that can be downloaded and only100 of them have been reviewed by the FDA so lots of folks are looking to cash in! Which brings us to the subject of research and oversight. As with all science, research is essential to determine the effectiveness of the new devices and to help determine the best use for all this data that is being generated. Treatment options and adjustments medications, will be driven by the individualized data collected on each individual patient through “algorithmic medicine” or complex data analysis. You begin to see how this is really the dawning of a whole new industry. Eventually physicians will function more as diagnosticians and educators, allowing for longer visits and more rewarding interactions between patients and their doctors.

Aging “in place” (at home) will be revolutionized by this technology as well. I have never met anyone looking forward to being placed in a nursing home facility, so this is another great change for the future. All of this is expected to impact the cost of healthcare in positive ways and as the baby boomer generation continues to age, this is a very important consideration. It was an exciting conference packed with exciting information and I look forward to watching the predictions for “new age” healthcare unfold.
Public Retirement Seminar
by Lou Scarpino

This year's annual Southern California Seminar was held on February 27th and the focus was primarily on major changes including CalPERS actions to make that fund whole, union and management perspectives on the pension reform movement to date as well as moving forward, and, notably, the Reed initiative. Speakers included four union and one representative, our CA legislative consultants, and two actuaries.

The Keynote Address was given by Jon Hamm, CEO California Association of Highway Patrol who has been at this job for over three decades and has negotiated with five governors. In his presentation, Eating Marshmallows, drawing a parallel between today's pensions and the 1970 study on delayed gratification, Jon offered his perspective on where we are today by making the case for seven causes responsible for nearly three decades of an expanding economy.

The seven causes discussed were baby-boomers, evolution into two-income families that increased consumption, an exponential increase of debt that allowed consumption to expand even further, the nation's movement from a producer to a consumer driven GDP, a lost ability for long term fiscal planning and discipline, instruments (e.g. derivatives). Jon notes that CalPERS (and 37 ACT) systems are big savers who are especially hurt by current monetary policy—low interest rates.

CalPERS Changes
David Lamoureux, and John Bartel both spoke on the CalPERS recently or still to be made choices to resolve the System's unfunded liability. David's focus was on three items, the 30-year smoothing method adopted by the CalPERS board, Asset Allocation/Actuarial assumptions, and pooling excessive compensation and GASB rule changes.

John Bartel, as a private actuary, expanded on the CalPERS progress and discussed the GASB 45 implied subsidy Exposure Draft Rules impacts on Actuaries that would require Actuaries to comply for 6/30/15 valuations. He also spoke on GASB 68 calling it the New Pension Standard that replaces GASB 27.

In the Q & A that followed, Bill de la Garza from CRCEA asked if CalPERS would be reducing the large Long Term Care rate increase. The short response—No.

Legislative Update
The Legislative Update session was provided by Karon Green, Chief Consultant for the Assembly Public Employees Retirement and Social Security Committee, and Pamela Schneider, Chief Consultant for the Senate Public Employee and Retirement Committee. They started by amplifying on the then loss of the Democrat's super majority due to the legal troubles of two legislators. Senators Rod Wright (D) and Ron Calderon (D) both requested leaves of absence creating one seat shy of the previous super majority.

Leadership changes in both houses are expected. Senator Kevin De Leon is slated as the successor to Senate Pro Tem Darrell Steinberg. Senator Norma Torres is expected to take on the Senate pension committee chair – the fifth in as many years that Pam will be working with.

Finally, Speaker of the Assembly, Assembly Member John Perez is terming out.

Even with the later than normal new bill introduction deadline, Karon noted that she expects to have around 27 bills to work—down from 42 last year. Of these, the focus is primarily on more restrictions to outsourcing services and other labor issues as opposed to pension system changes. Policy committee hearings start the first part of April.

Unions Perspective
Christy Bouma, of the Capitol Connection and Legislative Representative for the California Professional Firefighters, Dave Low, California Schools Employees Association Executive Director and Director of Governmental Relations, and Terry Brennand who was billed as “The Big Cheese” of SEIU, discussed Labor's perspective on the Reed Initiative, Employee Rates and Other Post Employment Benefits (OPEB).

Worker vs. Management
The final panel amplified the previously discussed themes from the perspective of two of state's foremost labor and management representatives. They both have been involved in collective bargaining negotiations, for over three decades. John Holtzman, of Renne Sloan Holtzman Sakai, LLP who represents primarily City management; and Rocky Lucia, or Rain Lucia Stern, PC who represents labor, demonstrate both their thorough understanding of the issues and strong commitment to their respective constituents.
REACO Volunteers Honored at March 2014 Luncheon

REACO's hardworking volunteers who contribute numerous hours of their time to help ensure that our mission and goals are met were honored at the March 2014 luncheon. The chairperson of the Scholarship, Board Watch and Luncheon committees explained the responsibilities of their committee and acknowledged each of the members. Each member in attendance was treated to lunch, thanked for their participation, and received a well deserved round of applause. Doug Storm, REACO Co-President, also acknowledged Vicki Gray for all her work on Health Care Benefits Analysis.

REACO members who would like to volunteer for any of the committees or future projects can do so by calling Ilene Barcenas, REACO Office Manager, at (714) 840-3995 or e-mailing her at reac@reaoc.org.

Board Watch Committee (1)
Chair - Norma Roberts
Luisa Camino, Helen Lotos, Grace McDonald, Coach Roberts, Connie Stennard, Jeanette Tozaki

Luncheon Committee (2)
Chair - John LaRoche
Carolee & Rex Castellaw, Sharon Sedgwick

Scholarship Committee
Chair - Faye Watanabe
Luisa Camino, Linda Elder, Janis Forster

In the News
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The report from Segal, the actuary for the county pension system, is still weeks away from completion.

If approved by voters, the measure would require new employees to enroll in a 401(k)-style system, ending pensions over decades. Ventura County firefighters and sheriff’s deputies have formed the nonprofit Citizens for Retirement Security to oppose the ballot measure, according to the Ventura County Star (March 28).

2014 Scholarship Awards to be Announced at May Luncheon
by Faye Watanabe

Since 2005 REACO has supported the Keith L. Concannon Scholarship Program to recognize bright and promising, full time students working toward their college degrees. Four grants are annually awarded in the amount of $1,500 each to assist with tuition, fees, books, supplies or other items required for the degree programs.

All applicants must be related to a REACO member, and have at least a 3.0 grade point average on a 4.0 scale. Students submit the scholarship applications by e-mail and arrange for mailing of school transcripts and reference letters on their behalf.

All applications are thoroughly reviewed by a committee of REACO volunteers who are not related to any applicant and program staff of the Orange County Department of Education. There are always so many qualified applicants—those selected are based on academic performance, work and volunteer experience and other recognition or awards.

Thank you to the entire REACO membership for supporting this important program. Please plan on coming out to meet this year’s scholarship grant recipients who are able to attend the May Luncheon!
Progressive Drawing
$150.00

Candace Greenewalt of Cypress would have won $100 at the January luncheon if she had joined us at the luncheon. You must be present at the time of the drawing to win!

See you on Wednesday, May 28, 2014 at Mile Square Park.

In Memoriam

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

December 2013 – February 2014
Acedo, Armando, District Attorney
Beach, Edeward, OCSD
Burke, Walter, Assessor
Call, Mildred, Probation
Carota, Carmela, HCA
Colangelo, Shirley, OC Public Works
Connors, Ann, OCSD
Cronenwett, Shirley, SSA
Dorton, Gary, CCTA
Hanson, Sherman, OC Public Works
Holmes, Carl, Public Defender
Holscher, Alice, UCI
Kona, Daniel, Probation
Krewson, Evan, CC Public Works
Lambert, Dorothy, Superior Courts
Lankster, Betty, CC Public Works
Lee, Lendith, OCSD
McInteer, Daniel, CC Public Works
Parras, Gloria, SSA
Patterson, Martha, District Attorney
Plowman, Don, OCSD
Plummer, Patricia, CC Public Works
Prueett, Willis, Probation
Rakas, George, RDMD
Seth, Gertrude, UCI
Shultz, Mildred
Sousa, Ann, HCA
Thomas, Frederick, OCSD
Williams, Sandra, DA
Wright, Eleanor, SSA
Surviving Spouses
Evans, Loretta
Hamilton, Naomi

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.

Luncheon Reservations Due
Wednesday, May 21, 2014

Print Name: ________________________
New/Changed 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 REAOC and mail to: REAOC, 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: Elizabeth Estrada
District Attorney: Joe (Freddie) Moreno, Elizabeth Henderson
HCA: Mark McDorman, Jane Elder, Colleen Naumann
Library: Betty Jean Taylor
OCCC: Robert Ganzel
OC Community Services: Ricky Allen, Maria Ventura
OC Fire Authority: Jane Kehr, Patricia Bello, Don Brown
OC Harbor Justice: Sharon Thomas
OC Parks: Michael Hentzen
OC Public Works: Antonio Vargas, Dave Unger, Ignacio Ochoa, Charles Beal, Juanita Smithey
OC Sanitation District: Catherine Biele
OCSD: Denise Litten, Patrick Higa, Tim Finneran, Davis Nighswonger, Nuri Melendez, Tod Haynes, Alan Roney, Steve Welch, Ernesto Lucero
Probation: Ernest Bryan Wagstaff, Laurel Schwartz
SSA: Melanie Mathis, Nicolas De La Torre, Jr., Raquel Amezcua, Nancy Nguyen, Terri Greenberg, Elva Martinez, Helen Tran, Steven Vandewater, Judith Krajewski, Liz Harris-Leenen, Regina Salcedo, Oscar Aguirre
Superior Court: Carole Rodriguez, Sandra Wingerd, Karl Kramp
Not Stated: Nancy Gillespie, Marguerite Adams, Jean Marie Wilkinson, Ana Cassinelli, Deborah Lundquist, Jeffrey McLaughlin, Barbara Jones, Julie Agin

Hemet Chapter Luncheon

REAOC’s Hemet Chapter will hold its next luncheon on Tuesday, June 10, 2014 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 Maupin at (951) 672-4594 or Joyce Emery at (951) 658-2549. Upcoming luncheons will be held on the second Tuesday in October and December 2014.

The Hemet Chapter would like to have new members join them for the luncheons and encourage REAOC members who live in the area or within driving distance to call for a reservation and attend.