



The Informer

RETIRED EMPLOYEES ASSOCIATION OF ORANGE COUNTY, INC.

New Year Luncheon Set for Wednesday, January 25th

Welcome to New Year 2017! Let's start the year out mingling with our friends and former colleagues, sharing our resolutions and news and hearing updates from our REAO Board. Enjoy a presentation from "Clutter Cleaners" aimed to help you unclutter and organize your home and "stuff" in 2017. Of course, this is all happening at our usual Fountain Valley Mile Square Golf Course Clubhouse venue. The menu is shared on page 7.

Don't miss out. You may win a door prize, a centerpiece or the Progressive Drawing. As always, you must be present to win!

Reserve your seat by sending the form on page 7 and your check to arrive at the REAO office no later than Wednesday, January 18. Check-in begins at 11:00 a.m. and lunch is served at noon. Please carpool if possible.

Presidents' Message

Greetings and Happy New Year from Doug and Linda

On behalf of the entire REAO and AREOC Board of Directors, we wish all retirees exceptional health, happiness, wisdom and unity during 2017. Bring out those New Year's Resolutions and turn them into reality.

We first want to thank you for re-electing us as your Co-Presidents at the December Holiday Luncheon and Annual Business Meeting and for re-electing each Director and Officer to the positions they hold on your Board. It is an honor to serve you.

2016 YEAR IN REVIEW It certainly has been an "E-ticket ride" over the past year. Thankfully, a very contentious election is behind us and we will soon see what the future holds in store for our nation, state, county and, specifically, for government retirees and employees. We think you would agree that in today's world, being informed and unified is crucial. As we move forward, the REAO team will continue to track and report to you political decisions, legislation and policies that could

affect our future financial security and well-being. That said, here are a few highpoints of REAO activities during the last twelve months.

REAO has worked closely with the California Retired County Employees Association (CRCEA), the statewide organization representing over 180,000 County retirees from all twenty 1937 Act counties. CRCEA provides a persuasive, effective voice in Sacramento, organizes two informative conferences each year and enables retiree associations throughout the state to share vital information when retiree challenges surface, which can or has the potential to affect us. REAO has branched out by networking at the national level with the National Conference of Public Employee Retirement Systems (NCPERS); this, to expand our capacity to protect retiree rights and benefits.

Four scholarship grants were awarded to highly qualified students in pursuit of a college or advanced degree. REAO membership increased to over 5,700 retirees. The

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Progressive Drawing \$100.00

Barbara Solliday won the grand prize of \$500 for the December progressive drawing. Remember—you must be present at the time of the drawing to win. See you on Wednesday, January 25, 2017 at Mile Square Park.

Value-based Medicine

By Rebecca Guider

Michael S. Sherman, M.D., M.B.A., M.S., C.P.E., F.A.C.P.E., from The Center for Health Care Management and Policy, presented a lecture on "Outcomes-based Pharmaceutical Contracting: Moving from Paying for Pills to Paying for Value," at U.C.I. on October 21, 2016. Dr. Sherman serves as Chief Medical Officer and Senior Vice President for Harvard Pilgrim Health Care. Needless to say, his credentials live up to all of the letters behind his name. He also teaches at Harvard Medical School and is Chair of the Board of Managers of the Harvard Pilgrim Institute.

Over the past few years, the health care system has strived to move from a fee-for-service payment

model to focusing on paying for outcomes or results. Many places in the country, including California, are moving toward models that support the "Triple Aim" which includes improving the patient experience of care (quality and customer satisfaction), and improving the health of populations, thus reducing the per capita cost of health care.

Pharmaceutical companies have noticeably been absent from these discussions and yet, when we are asked to select a health plan each year, the cost of our medications drives much of our decision. As seniors with multiple health conditions, the choice can be very complicated. What caught my eye in the announcement flyer for this lecture

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REAOC

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John Iagjian	Membership Committee
Robin Mattocks	<i>The Informer</i> Editor
Bill Castro	Luncheon Committee
Norma Roberts	Board Watch
Linda Robinson	CRCEA Delegate
Lou Scarpino	Legislation
Jan Grimes	Scholarship Committee

Presidents' Message

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class action lawsuit continued to proceed through the court process with attorneys proactively seeking resolution. For the third year in a row REAOC and the County's Human Resources staff co-sponsored an Open Enrollment seminar in November. REAOC Board members staffed a booth at the September OCEA Health Fair event. Board Watch Committee Members attentively monitored Board of Supervisor meetings every month. Five luncheons each were held in Fountain Valley and in Hemet. This newsletter was published five times. REAOC Office Manager, Ilene Barcenas, fielded hundreds of calls and communications from retirees. Larry Leaman

provided updated news on the REAOC website to inform retirees and Board members on retiree-related news activities across the country. Board members attended conferences and monthly Board meetings throughout the year. It's been a busy, but productive, 2016 and we look forward to continuing our service to our membership.

Lastly, Happy 2017 everyone! Thank you for your participation, support and membership. Take care and be well. Stay united, informed and active, retirees!

- Linda and Doug

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 them.

The mission of REAOC is to promote and maintain fellowship and camaraderie of OCERS retirees and their spouses by sponsoring social and recreational activities and by maintaining contacts via the newsletter, the REAOC website, email, or other means of communication. A secondary purpose is 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. 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.

2017 Keith L. Concannon Scholarship Program

REAOC continues the Keith L. Concannon Scholarship Program which is named in honor of the late REAOC President and representative on the Orange County Employees Retirement System Board. Starting January 11, 2017, scholarship applications may be requested by email at reaoc@reaoc.org or by telephone at the REAOC office.

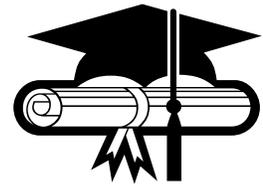
Now in its 13th year, the Scholarship Program assists bright, accomplished students in their pursuit of a college or advanced degree. Applicants must be related to a REAOC member, although Orange County residency is not required. Students who are related to a member of the REAOC Board of Directors

or the Scholarship Committee are not eligible to apply. Also ineligible are students who have already received a scholarship grant from REAOC.

Qualifications Applicants must be full-time students having at least a 3.0 grade point average on a 4.0 scale. Students must be either high school seniors who have been accepted as full-time candidates for a college degree program in the Fall, 2017; or students already pursuing a degree at an accredited educational institution. These include colleges and universities, institutions authorized to provide full credit toward a bachelor's or higher degree, and accredited institutions authorized to train students for gainful employment in a recognized occupation.

Deadline Complete applications including the response to the essay question and certification must be electronically submitted to REAOC by April 1, 2017. The official high school or college transcript and reference letter must be mailed separately with a postmark no later than April 1, 2017. The application instructions should be thoroughly reviewed for requirements.

Please encourage your family members to apply for a 2017 scholarship grant!



Value-based Medicine

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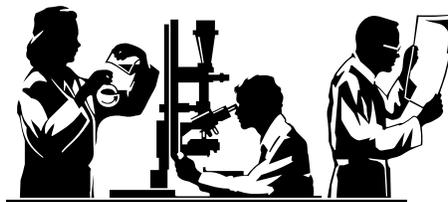
was Dr. Sherman's success as a leader in driving the adoption of outcomes-based provider and pharmaceutical contracts.

The terms, "added value," "outcomes-based," and "big data," crop up over and over in recent discussions about health care reform. The cost of drugs has led to more interest in the value or benefit we are receiving. Instead of simply "paying for pills," we are interested in whether we are getting our "bang for our buck." For example, a common medication to treat toe fungus costs \$6,000 per patient for a one-year supply. But the drug is only effective 18% of the time. That means 82% of the time, people are paying for this drug, taking it, and it is not working at all! That is a terrible waste for us

as individuals and all people in our health plans. The cost of a drug should in part, be tied to its effectiveness. We are starting to see more transparency in profit margins on drugs which, at times, enrages the public. Shifting the incentives for patients who request and take the drugs, doctors who prescribe them, pharmacies who sell them and insurance companies who decide what they will make available through their plans, will help to obtain the best product for the best price. Everyone in the "chain" (research and develop-

ment production and distribution) of medication, who observes the profit margin with this new approach, is beginning to see the need for change.

Through recent technology, enormous amounts of data are being collected about all of us. With increasingly new algorithms, this "mega data" is synthesized and analyzed to gather evidence about treatments and medication that are most (and least) effective for many conditions. The availability of healthcare data needs to be used to help create innovative ways to ensure that healthcare dollars and value are maximized. This challenge is complicated, but I found it reassuring to learn that experts are working on these important issues.



NCPERS 2016 Public Pension Funding Forum

by Lou Scarpino

As the battle for the future of public pensions moves more prominently into the national arena, the National Coalition of Public Employers Retirement Systems (NCPERS) has become an increasingly important resource for REAOC. In response to increased traction pension opponents are enjoying, and to further threats expected to materialize with the end of the 2016 elections, the annual NCPERS Public Pension Funding Forum, with its emphasis on new research, funding concepts and advocacy, is especially critical. Held August 21-23 in New Haven, Connecticut, the Forum featured prominent national economists, funding experts and pension advocates.

As I am currently serving on NCPERS' Research Advisory Panel, and consistent with my role on the CRCEA Retirement Security Committee, the REAOC Board found it prudent to expand REAOC's knowledge and influence by sending Frank Eley and me to this year's expanded Funding Forum. Frank, who will also be serving on the REAOC Board, brings to the table a wealth of experience on pension funding and practices. He has served as the Employee Representative on the OCERS Board since 1999 and now serves as the Retiree Representative.

Given the expected ramp up of anti-pension forces and the funding questions that Frank, OCERS and other retirement fund boards face, we approached the forum with three strategic goals in mind. For the sake of brevity, I will spare the reader a

full discussion of supporting arguments in favor of simply stating these goals and the main conclusions Frank and I reached as follows.

Goal 1 Establish a firmer footing and enhanced relationships to influence research topics and efforts that better support our own state and local pension funding advocacy.

Conclusion Economists have the expertise and opportunity to provide the key to enlightened retirement security public policy that can produce traction in policy circles. This is especially important at the national level. However, current status of research completed is still not adequate to sway policy makers, leaving those policy makers no choice but to parrot populist solutions consistent with their chosen ideologies and largely unsupported by academic research. Economists, who are themselves not immune from ideological influences, can benefit immensely from challenges we local level policy advocates can provide. Our challenges are to identify missing research elements needed to fuel both compelling policy setting and advocacy arguments. Further, economists should be encouraged to research the value of workable retirement security policies and systems that best ensure a future, healthy economy. Several concepts I pitched and discussed at this Forum are now under active consideration.

One critical note of caution – Absent compelling evidence and bipartisan agreement that retirement security at functional and sustainable levels is critical and essential to a healthy ongoing economy, opening

up the national policy issue would most likely be counter-productive.

Goal 2 Determine if there is a sense that the U.S. economy will continue to support pension commitments and funding assumptions, with particular focus on promising associated new or favored funding concepts.

Conclusion How to fund the pension gap has been the key question since the economic downturn of 2007. Some elements discussed were encouraging, especially pegging the real pension funding gap at just 0.2% of GDP over 20 years, a far less dramatic characterization than pension opponents typically portray. Options discussed, though helpful, did not come across as definitive, but rather just potential and partial solutions.

It is also clear that economic studies have not fully addressed the question of the economy's ability to support pension commitments. These studies have not addressed what would happen to the economy if the \$3.5 trillion of public pension working capital, currently invested in the economy, disappeared. Studies on the long-term effects of alternate retirement security policies, including no retirement security for major segments of the population, are not being tackled. This leaves public pension advocates weakly armed.

Concepts like pension fund stress testing and utilization of fund projections would be helpful both on the advocacy and the operational sides. Likewise, linking existing pension fund dollars, already paid out by

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Why Does the County Own a Motel in Dana Point Harbor?

by Larry Leaman



Newspaper reports last year about apparent favoritism in the pricing for a room at a motel in Dana Point Harbor have prompted some to question why the County of Orange even owns a motel. Let me explain.

Dana Point harbor was built in the 1960s by the Orange County Harbor District, an entity governed by the County Board of Supervisors. The Harbor District no longer exists, but the harbor remains a County regional recreational facility just like Irvine and Mile Square Parks, Salt Creek and Aliso Beaches and many other large recreation facilities.

The concept used to develop and operate the harbor for its first 30 years was that of a public-private partnership. The County would build the harbor infrastructure (the public part), and then make land and water leases available through a bidding process for private sector people and businesses to lease for a 30-year period. Parcels of land and/or water were mapped out and identified to be developed for things like boat slips, commercial fishing, restaurants and shops, a motel, a fuel dock, a boat repair yard and the launch ramp and



dry boat storage.

Nearly \$2 million dollars was bid on those leases. That money helped pay for some of the final construction in the harbor, including picnic grounds and landscaping. Starting in about 1970 the lessees began construction on their improvements, and that construction took several years to be completed. From 1969 to 1978 I worked for the Harbor District and its successor County organizations and was the administrator of that leasing program. The first lessee-developed businesses opened about 1971 and, with a few exceptions, have been successful. The public enjoyed their improvements and services for the next 30 years.

At the end of the 30 years the leases expired and the lessee-constructed improvements became the property of the County. Thus, the County became the owner of the boat

slips, restaurants, shops, the motel, the fuel dock and other lessee-constructed improvements.

After 30 years, some of these lessee-constructed improvements were just about worn out, along with some of the County built improvements like public restrooms, walkways and marina bulkheads. The County has been enmeshed in over 15 years of planning to rehabilitate the harbor trying to satisfy diverse stakeholders about what the harbor should look like in the future. The recent controversy about special rates for special people at the motel is hopefully an isolated incident that will not permanently tarnish what has been an outstanding facility for boaters and non-boaters alike.

Volunteers Needed for Board Watch Committee

by Norma Roberts

The Board Watch Committee protects retiree rights by monitoring the Board of Supervisors (BOS) agendas, minutes and meetings to identify any items that might affect retiree rights or be of interest to REAOC members. The Board now meets only twice per month.

Each committee member is responsible for four to six meetings per calendar year. All necessary information is online at the BOS web site. We either watch these meetings live or later that day directly from our home computers. Two brief reports

are written about each meeting—one on the proposed agenda and one after the Board meets and approves agenda items. These reports are sent to the REAOC Co-Presidents. For more information, go to the REAOC website, www.reaoc.org and click on "Get Involved." If you are interested in becoming a committee member, please call Norma Roberts at 949-645-9421 or email her at robertscn@att.net.



Clever Puns

Venison for dinner again? Oh deer!

A cartoonist was found dead in his home. Details are sketchy.

I tried to catch some fog, but I mist.

They told me I had type-A blood, but it was a Type-O.

I changed my iPod's name to Titanic. It's syncing now.

I stayed up all night to see where the sun went, and then it dawned on me.

I did a theatrical performance about puns. It was a play on words.

Broken pencils are pointless.

What do you call a dinosaur with an extensive vocabulary? A thesaurus.

Public Pension

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taxpayers, to fund a major policy goal, specifically rebuilding aging infrastructure, may be a good match for use of pension funds, as well as a plus in the advocacy arena. This would not be without detractors and would need specific, smart legislation to avoid problems. The pitfalls exemplified in Phil Angelides "Invest in California" must be analyzed and re-learned so that good money is not sent into weak investments by ignoring the economic facts. All other fixes proposed appear incremental at best.

One of the more frustrating elements of the conference was the herd-like acceptance of expecting significantly lower returns over the next five years. Frank Eley expressed his discomfort with this approach noting that he has experienced this same attitude among the investment consultants in 2001 and 2009. Yet,

for every one of the seven previous major declines of the U.S. markets (defined as a loss of 25% from the previous high), there has been a subset of asset allocation categories that, if identified at the time, could have pulled the entire fund back to the funded level before the drop in less than three years.

Frank further noted that, while drops will occur, the fiduciary's duty is to attack the problem with the understanding that each drop represents investment opportunities for long-term investors like public pension funds. So, the answer is out there. It is up to the fiduciaries to recognize it and hold firm.

Goal 3 Determine the state of Advocacy efforts and identify new resources.

Conclusion New, more resourced, networking partners

around the nation are clearly available, willing to share and may work with us and other California public pension advocates. They come with models, in some cases, and shareholder information we may use locally and through our state organizations and partnerships. With increasing, politically empowered and homogenous opposition to counter, these resources should prove valuable to the extent we can connect with and utilize them.

As we expected, the event did provide the opportunity to network and discuss the issues in-depth with economists, Dr. Michael Kahn, Dr. Teresa Ghilarducci and Dr. Stephen Kay, advocate Claire Barnett and funding experts. This form of networking enhances the capabilities of REAOC for the benefit of all we serve.



Hemet Chapter Valentine Luncheon



When: Tuesday, February 14, 2017 at 11:30 a.m.

Where: The First Presbyterian Church, 515 E. Kimball, Hemet

Price: Only \$9.50 per person

Menu: Lasagna, Green Salad, Garlic Bread, and Brownie

The Hemet Chapter invites new members and all REAOC members who live in the area or within driving distance to join them for the luncheons. Call Joyce Emery (951) 658-2549 by Thursday, February 2, 2017 to reserve your seat.

Welcome, New Members

OCCR: David Bickelhaupt

OC Public Works: Joe Mangiameli, Mercedes McCarthy

OCSA: John F. Davis

OCTA: Minh Quang Nguayn

Probation: Billie Jean OKeith

SSA: Pat Hammond



Hold These Dates

The following dates have been reserved for our 2017 luncheons:



March 22
May 24
September 27
December 6



In Memoriam

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

April 2016 – November 2016

- Richard Adelsperger, OCSA
- William Bonnar, DA
- Clemente Dominguez, Probation
- Ann Golden, SSA
- Evelyn Hunt, Probation
- Hilda Love, OCCR
- Donald Mooney, OCSA
- Tran Moore, Superior Court
- Dodson Morgan, SSA
- James Neal, Probation
- Beverly Parr, HCA
- Tranquillina Reyna, UCI
- Wanda Young, Superior Court



Menu for January 25



*Cornflake-crusted Chicken Breast
With Honey Glaze*

Chive Potatoes, Fresh Vegetables

*House Salad with Italian or
Ranch Dressing*

Rolls and Butter

Dessert

Coffee and Iced Tea



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, Jan. 18, 2017

Print Name: _____

New/Changed Email 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

PLEASE CAR-POOL!

The Informer

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

INSIDE THE INFORMER

New Year Luncheon January 25th

Value-based Medicine

NCPERS Pension Funding 2016

Scholarship Submissions

Why Does The County Own a Motel?

Dated Material – Please Deliver Immediately

Presorted
First Class Mail
U.S. Postage
PAID
Permit No. 100
Gardena, CA