



T R E N D

(Thinking Retired Employees Need Direction)
Retired Employees of Kern County

Volume MMXVI-III

May & June 2016

www.reokc.org

Phil Franey, President

M. L. Bennett, Editor (mlbennett36@sbcglobal.net)



President's Message Phil Franey

Our mission is to promote the education and earned benefits of all retirees of Kern County, advocate the safeguarding and continuation of Kern County retiree pension and health benefits, provide avenues of support and information for Kern County retirees and beneficiaries, ensure proper and necessary representation on the Kern County Board of Retirement, and participate as an integral contributor in our Kern County communities' quality of life.

Well the County with SEIU support, through collective bargaining, is finally taking the next step to propose SRBR legislation in Sacramento. The following is the REOKC response to the County concerning their information letter, questions and answers statement, and draft legislative language - not included:

REOKC RESPONSE TO THE KERN CAO Q & A AND INFORMATION LETTER SUPPLEMENTAL RETIREE BENEFIT RESERVE

The Kern County Administrative Office (CAO), for the Board of Supervisors, recently sent interested parties an orchestrated question and answer statement with an information letter concerning their proposed Supplemental Retiree Benefit Fund (SRBR) legislation. The CAO documents are misleading and fail to honestly present the facts including California Law. Rather than addressing the many misstatements in their correspondence, the Retired Employees of Kern County (REOKC) provides the following statement based on fact and law.

REOKC is the representative organization of almost 8,000 Kern County (County) retirees and beneficiaries with a membership of over 4,900. Retirees are facing inflated health and health premium costs, long-term care issues, and an eroding quality of life. This is a serious situation for active and retired employees. Facing 20, 30, or more years of retirement is a daunting quality of life challenge to retirees and future retirees. Higher risk older retired members during their 70s, 80s, and 90s continue to face increased living costs with more health care

issues, long-term care, care of relatives (children and adults), etc. [For example and according to an article in the April 16, 2016 AARP Bulletin, drug costs doubled in just seven years "the average retail cost for a year's supply of many widely used prescription drugs has surpassed \$11,000" and "about half of the median income of someone on Medicare." This is just one of the many health care issues that continues to erode our quality of life.]

Under the standard provisions of the County Employees Retirement Law of 1937 (CERL), any excess earnings (earnings in excess of the Retirement Fund's actuarial assumption rate) that are realized by the primary pension fund for a county are controlled 100% by the Board of Retirement. In 1984, however, the Kern County Employees Retirement Association (KCERA) Board and Board of Supervisors adopted the alternative financial provisions of Article 5.5 of the CERL. The result was to put in place a statutory SRBR formula. The statutory SRBR formula limits the authority of the KCERA Board over distribution of excess earnings, by mandating that any excess earnings be equally divided, with 50% of the total to the County to fund the County's retirement liability and the other 50% to the SRBR to fund current and future retiree loss of purchasing power due to the burdens created by annual inflation.

The SRBR currently provides various categories of supplemental retiree benefits:

- Tier 1 – \$35.50 per month payable to retirees who were hired on or before July 1, 1994.
- Tier 2 – Three additional monthly stipends payable to retirees:
 - a. \$1.372 per year of service for Members who retired prior to 1985. This was granted July 1, 1994.
 - b. \$5.470 per year of service for Members who retired prior to 1985. This was granted July 1, 1996.
 - c. \$10.276 per year of service for Members who retired prior to 1981. This was granted July 1, 1997.
- Tier 3 – Additional benefits to maintain 80% purchasing power protection.
- Death Benefit – A one-time payment of \$5,000 to a Member's beneficiary is made upon the death of the Member.
- The Retirement Board has set aside a portion of the SRBR Reserve to help pay for an additional 0.5% COLA adopted under the Ventura Settlement.

(continued on Page 5)

KCERA Retirement Board

By

Phil Franey, KCERA Retiree Trustee

“A retirement system board’s duty to the system’s participants and their beneficiaries shall take precedence over any other duty” (Section 17(b) of Article XVI of the California Constitution).

The movie “The Big Short” was made from the book of the same title about a true story. A story about greed and lack of oversight - then the nation’s mortgage market collapsed and almost the entire global financial markets. This is also a very sad story about a serious lack of fiduciary duty of those responsible for others’ financial interests. Taxpayers incurred the debt of the resulting bailout while many of them also lost their homes, pensions, and the life they earned. Now we have another true story that is not as dramatic about a culture that is played out over and over again by local governments across the nation - failure to act as a fiduciary for those they serve.

At the beginning of the movie, you will see a quote of Mark Twain as follows: *“It ain’t what you don’t know that gets you into trouble. It’s what you know for sure that just ain’t so.”*

Now this story is about the County (B OF S) attempting to again impose its will on KCERA Board trustees to some success. As you have been told, KCERA trustees have the **fiduciary duty solely to the system’s participants and beneficiaries** (according to the California Constitution) - **not to the County or any other employer**. The KCERA Board consists of nine trustees including the Treasurer-Tax Collector (TTC), four Board of Supervisor appointed trustees (one that is a supervisor), and four elected trustees representing members being two general, one safety, and one retired. During any year the KCERA Board continually receives legal advice that its fiduciary duty is solely to participants and beneficiaries. Each trustee takes an oath of office to uphold the California Constitution and laws that state the protections of KCERA participants and beneficiaries.

Last year the KCERA staff performed a study of the County’s annual prefund program of employer retirement contributions and found that the County was benefiting to the detriment of KCERA funding of benefits while increasing the long-term fund debt. As a result of staff and legal counsel advice, the KCERA Board implemented a program to fulfill its fiduciary duty under the law and to terminate the prepay program.

Almost a year later trustee TTC Jordan Kaufman requested that the matter be reviewed again by the KCERA Board at a special meeting. At the special meeting on March 29, 2016, the KCERA Board was given a more than hour presentation by outside fiduciary legal counsel and KCERA legal counsel about their **fiduciary**

duty solely to KCERA - not the County. KCERA staff provided another report on the prepay program and its detriment to the KCERA investment and funding programs. Despite the advice of both legal counsels and staff, TTC Kaufman was heard immediately after by giving a lengthy presentation of why he thought the program should be continued for a few more years because the County faced fiscal challenges. His presentation was immediately followed by his motion to reinstate the prepay program followed with a second from B of S appointee Dustin Dodgen. Before any vote could be taken, the remaining trustees were allowed to comment on the issue and motion. During the ensuing discussion legal counsels continued to remind trustees of their fiduciary duty to KCERA members and beneficiaries while staff reminded them of the detriment to KCERA benefit funding. During the discussion Kaufman and Dodgen made many attempts to persuade the other trustees of the benefit to the County while disregarding advice of legal counsels and staff.

After an exhaustive discussion a vote was taken on Kaufman’s motion to extend the prepay program. The motion failed with five votes against and four in favor. Another motion and second were made to clearly confirm the earlier action taken last year by the KCERA Board to terminate the prepay program. The motion passed to confirm termination the prepay program with the same four prepay program supporters being opposed - B of S appointed members Supervisor David Couch, Dustin Dodgen, Lauren Skidmore, and Jordan Kaufman as TTC. Legal counsel and staff advice was clearly ignored by these trustees for the benefit of the County. Over the years the KCERA Board has weathered attempts by County friendly trustees regardless of KCERA legal counsel advice. Fortunately, they have not prevailed, yet.

Do not get too comfortable, just five votes make a majority that can do the County’s bidding to the detriment of KCERA participants and beneficiaries. If a County friendly majority controls the KCERA Board, then this will most likely cause a legal action accompanied by unnecessary taxpayer costs.

The public recording of the March 29 meeting clearly speaks of these matters with the real issue being fiduciary duty within the law. This matter was also written about in The Bakersfield Californian on March 31, 2016 (page nine) titled, **Conflicting loyalties on view in KCERA tiff**. Two excerpts from the article state the matter clearly: *According to retirement lawyer Ashley Dunning of Nossaman LLP, who was brought in to train trustees on their duties, that’s a move trustees are not allowed by law to make “Your fiduciary duty is not to the employer, the sponsor of the plan,” she said. “The appointed members are not agents of the Board*

(Retirement Board report concluded on page 4)

DO YOU HAVE INTERNET ACCESS?

TREND EMAIL LIST CONTINUES TO GROW!

Thanks to all of you who have signed up for membership in the TREND Email list. We are almost up to saving **\$3,475.00 per year** and that's not chump change!

We need to keep this "trend" going. :)
So, if you have internet access, please email Mary Lou Bennett to sign up and help our budget.

To receive the TREND newsletter electronically:
Send an email to mlbennett36@sbcglobal.net with your name, current mailing address and your email address. (Subject: TREND mailing list).

Host/Hostess Project

During the month of February 2016,
30 volunteers worked 90 hours assisting 1,052 visitors at the County Administrative Building.

During the month of March 2016,
27 volunteers worked 81 hours assisting 1,093 visitors at the County Administrative Building.

Since 1992 our volunteers have worked over 28,700 hours assisting more than 348,400 visitors to the County Administrative Center at 1115 Truxtun Ave.!

There is always a need for volunteers; please contact Barbara Goodlow at 304-0677 if interested.

SUNSHINE COMMITTEE NOTICE

If you know of any of our members who could use a get-well or sympathy card, please contact **JOSIE DE LA TORRE** at (661) 348-4222
Thank you!

TRAVEL TIPS

May 18, 2016—WEDNESDAY: Huntington Library

8:00 a.m.—6:00 p.m. Cost \$75.00 per person

June 16, 2016—THURSDAY: Nethercutt Museum

8:00 a.m.—6:00 p.m. Cost \$75.00 per person

May 24, 2016—TUESDAY: Chukchansi Casino

Bus 8:00 a.m.—7:00 p.m. \$15.00 per person

15 Day Panama Canal Cruise Nov. 1–16, 2016

Inside cabin from \$2,273.00 per person

7 Night Caribbean Cruise July 1—8, 2017:

From \$1,712.00 per person

Call **Julie** at **The Cruise Port**, (661) 324-6910 with any questions or to make reservations for these or other trips.

UPCOMING EVENTS

May 4 KCERA Board Meeting:
Investment/Regular Board 8:30 am
KCERA Office, 11125 River Run Blvd., Bakersfield

May 10 REOKC Board Meeting 10:00 am
Norris Road Veterans' Hall

May 10 REOKC Lunch 11:30 am—noon
General Meeting 12:00 noon
Norris Road Veterans' Hall

June 8 KCERA Board Meeting
Investment/Regular Board 8:30 am
KCERA Office, 11125 River Run Blvd., Bakersfield

June 14 REOKC Board Meeting 10:00 am
Norris Road Veterans' Hall

June 14 REOKC Lunch 11:30 am—noon
General Meeting 12:00 noon
Norris Road Veterans' Hall

UPCOMING REOKC PROGRAMS

May 10, 2016:

■ Chuck Nordstrom, from the Bakersfield SPCA (Society for the Prevention of Cruelty to Animals), will be speaking to us.

June 14, 2016:

■ Gloria Dominguez, Executive Director of the Kern County Employees' Retirement Association (KCERA), will be our speaker.

LUNCHEON MENUS

May 10th, 2016

Lemon Chicken Breast

Red Herb Garlic Potatoes

Green Beans—Garden Salad—Rolls

German Chocolate Cake

Iced Tea, Coffee, Water



June 14th, 2016

Beef Tips Over Noodles

Mixed Vegetables—Rolls

Santa Maria Salad

Pineapple Upside-Down Cake

Iced Tea, Coffee, Water

PAYROLL DEDUCTION FORM

To sign up for (or stop) payroll deduction, check the box(es) below, complete the form, and submit it to REOKC.

- REOKC Luncheon Payment**
By checking this box, I authorize KCERA to deduct \$4.00 per month from my pension benefit as an additional elective payment to REOKC. This deduction shall begin with my next pension payment.

(Sign up for the luncheon payroll deduction and save \$1.00 per meal!)

- REOKC Membership Dues**
By checking this box, I authorize KCERA to deduct \$2.00 per month from my pension benefit as dues for my REOKC membership and to pay that organization. This deduction shall begin with my next pension payment. I understand my authorization and REOKC membership are voluntary and may be revoked by me, in writing, at any time.

Name (print) _____

Address _____

City _____

State _____ Zip _____

Phone _____

Email (optional) _____

Social Security # _____

Signature _____

Date _____

Clip out completed form and send to:

REOKC / PO Box 2592 / Bakersfield, CA / 93303

STOP DEDUCTION(S)

- Check box to stop your deduction for the luncheon.
- Check box to stop your deduction for REOKC membership dues.



"WELCOME!"

NEW MEMBERS OF THE RETIRED EMPLOYEES OF KERN COUNTY



AGING & ADULT SERVICES: Ruben Burciaga

AGRICULTURE: Alpha Kamara

ASSESSOR: Deborah Newlen

CHILD SUPPORT: William Malloy; Janice McFadden; Marian Rocha; Myra Salgado

DISTRICT ATTORNEY: Sandra Dodd; Dianna Matthias; Monay Onyeguli; Jeanne Spencer

FIRE: Diana Connolly; Heidi Dinkler; William Dodson; Gary Morse; Ken Payne; Linda Qualls; Sarah Razo; Roy Stephenson

GARAGE: Ronald Munoz

HUMAN SERVICES: Sandra Abrams; Socorro Benitez; Sherry Davis; Antonia Gillies; Eliseo Ibarra; Cathie Jackson; Elizabeth Juarez; Margarita Soza; Mary C. Stamper; Ernestine Torres

K.C. WATER AGENCY: Gary Hill

KERN MEDICAL CENTER: Marina Ancheta; Ramona C. Gutierrez; Cynthia Morgan; Cheri Mudryk; Lisa Neri; Linda Rendes

LIBRARY: David Yonaki

MENTAL HEALTH: Lisa Gavin-Cruse

NOR SANITATION: Ronald Reid; Steven Whitaker

PARKS & RECREATION: Thomas Cullen

PROBATION: Elizabeth Gong; Terry M. Morris; Pat Stramler; Carole E. Ward

PUBLIC WORKS: Charles J. Biggar

S.J. VALLEY UAPCD: David P. Baldwin

SHERIFF: Natalina Davis; Danny D. Edgerle; Eusebio Garza; Steven Hansen; Linda S. Holt; Shelley Murphy

SUPERIOR COURT: Chere Grimes

RETIREMENT BOARD concluded from page 2

of Supervisors." When the employer like the County plays politics with the retirement board, she said, it interferes with the legal duties of the trustees. Further, the article stated KCERA legal counsel, Zahry, told Kaufman, "You've essentially elevated the county to a higher priority than the members and retirees."

If adherence to the law is bothersome to some trustees, maybe they should just do the right thing and resign. [Read President's article in this TREND]

"Nearly all men can stand adversity, but if you want to test a man's character, give him power."

~ Abraham Lincoln



WHAT IS?

By WALTER E. STEWART

WHAT IS A MAN? A man will smile when things go wrong because he has already thought of who he can blame it on. Never ask a man if he is honest because you won't believe him anyway. Many men don't want to die because of the determination not to give surviving associates the satisfaction of their death. No man should speak ill of himself, his friends will always say enough on that subject. Men argue with fools and nobody can tell the difference.

A man that believes politicians are admirable also believes in Santa Claus, the Easter Bunny and the Sugar Tooth Fairy. MARK TWAIN said, "When ever a man casts an eye on



Mark Twain



Will Rogers

public office a rottenness enters his soul." WILL ROGERS said, "Once a man holds public office he is absolutely no good for honest work." ROGERS also said, "I have a friend whose oldest son is a congressman, his younger son is no good either."

ther."

And here's one for the ladies: When a woman steals another woman's husband there is no better revenge than to let her keep him.

WHAT IS TELEVISION? Garbage is not thrown away, it is made into television programs. Television is an invention that permits you to be entertained in your living room by people that you wouldn't let enter your house.

WHAT IS HISTORY? History is facts that become legend in the end; legends are lies that become history in the end.

WHAT IS A FUNNY JOKE? This joke came from page 16 of the November 2012 Reader's Digest: During a state visit to Great Britain, President Reagan was horseback riding with Queen Elizabeth. One of the horses loudly, loudly passed gas. The queen apologized and said, "There are some things even royalty can't control." Reagan replied, "You didn't have to apologize, I thought it was the horse."

(Drawings by Walter E. Stewart)

In the early 2000s the County was able to legally draw down more from the excess earnings for funding the County's 2% cost-of-living-adjustment reserve before the 50% sharing of benefits with SRBR. Before the 50% sharing, the formula also provides for the funding of a 1-3% Retirement Fund Contingency Reserve.

*For the record, REOKC retirees are in need of an inflation offset and they should not have their benefits hijacked because of misinformed and questionable political influence. From the **Actuarial Study of June 30, 2013**, Retired Tier I General Members by type, population, and payment are as follows: regular retired - 3,975 members with average monthly pay of \$2,547; disabled retired - 519 members with average monthly pay of \$1,690; and beneficiaries - 697 members with average monthly pay of \$1,209. [The pay does not include any SRBR payments where they apply.] More detailed information is available from the previously mentioned actuarial studies at the KCERA website that shows the actuarial studies in their entirety.*

For more than 15 years available vested SRBR funds have continued to increase as the County continued to be rebuffed by numerous legal opinions stating that attempts to manipulate the SRBR funding were prohibited by the California Constitution and retirement law. During those same years the KCERA Board acquiesced to County pressure by grudgingly approving a slight allocation of the increasing available SRBR funds.

*Understand, the County provides benefits to employees and creates the liabilities for the Retirement Fund. On the other hand, the KCERA Board is charged by law to administer and ensure those benefits are paid. This situation would never have been an issue if the KCERA Board performed its fiduciary duty without undue County interference. **For years there is no reason why the two boards should deliberately deny the needed benefit funding that is protected by law and to be used exclusively for retirees and future retirees.** END [Read KCERA Retirement Board article in this TREND]*

We are again planning to conduct the membership health fair during the day (10:00A-2:00P) of our July 12 BBQ luncheon (free to REOKC members). This year's health fair will be a similar format as last year. Steve Pettee of Pacific Group Agencies, Inc. (PGAI) is coordinating an effort to have representatives of various supplemental benefit providers at this luncheon. Pacific Group Agencies, Inc. The Supplemental Benefits Program is a **separate program from that of the County's health insurance benefit program. The Supplemental Benefits Program is administered by the PGAI, not KCERA.** The program is endorsed by REOKC to offer additional benefits to retirees and beneficiaries, such as

(concluded on page 6)

PRESIDENT'S MESSAGE—concluded from page 5

legal services and other insurances to include: dental insurance, vision, pet, and accident/travel. Eric Barthel of Hub International, health care consultant for REOKC, will also solicit the services of local health care providers in offering health information and testing for cholesterol, blood pressure, etc. Similar to last year, retirees will be offered the health information and health screenings from such providers as Kaiser, San Joaquin Hospital, and CSUB Nursing Program.

As an ongoing reminder to save publishing and mailing costs, all of our 4,900 plus members are encouraged to request placement on REOKC's email list by contacting Mary Lou Bennett at mlbennett36@sbcglobal.net to receive timely notice concerning important retirement matters. You also may access past TREND issues and other important retiree information at reokc.org.

Don't forget our next luncheon will be on May 10th with serving by table number beginning at 11:30 A.M. The general meeting will begin at 12:00 Noon. I leave you with the following quote:

“You can fool all the people some of the time, and some of the people all the time, but you cannot fool all the people all the time.” - Abraham Lincoln

QUOTES TO PONDER

“Don't worry about avoiding temptation. As you grow older, it will avoid you.” ~ *Winston Churchill*

“I don't feel old. I don't feel anything until noon. Then it's time for my nap.” ~ *Bob Hope*

“I was married by a judge. I should have asked for a jury.” ~ *Groucho Marx*

Change of Address Form

If your address has changed, in order to receive the TREND newsletter and other important notices from REOKC, you must complete this form and send it to REOKC, PO Box 2592, Bakersfield, CA 93303:

Name _____

(print)

NEW Address _____

City, State, Zip _____

OLD Address _____

City, State, Zip _____

Signature _____



**WE WILL ALWAYS REMEMBER
OUR DECEASED REOKC MEMBERS:**

- William Amsbary—District Attorney
- Danny Beasley—Probation
- Margaret Herrera Camarena—Kern Medical Center
- Linda Castaneda—Kern Medical Center
- Gregory Cossel—Sheriff
- Joan Dobbs—Library
- Norman Estes—Sheriff
- John C. Fidler—Sheriff
- Richard Fischer—Fire
- Deon Hamilton—Environ. Health Service
- Michael Henning—Sheriff
- Helen Hoffman—Fire
- Patricia Holt—General Services
- Wanda Lane—K.C. Water Agency
- Donald Mailloux—Probation
- Karen S. Phillips—Child Support
- Richard Qualls—Fire
- Ruth Ray—Human Services
- Irene Redford—County Counsel
- Carole Rugnao—Kern Medical Center
- Virginia Russell—County Clerk
- Emma Sipe—Sheriff
- Henry Snow—Info. Tech. Services
- Helen Stennes—Ag & Measurements
- Terry Stuebner—Inyokern Comm. Services
- Doris Williams—Treasurer-Tax Collector
- Martha Wood—Roads
- Virginia Yeomans—Library

***“A life well-lived leaves behind
A beautiful bouquet of memories.”***

Author unknown

Reminder: The surviving spouse of a retired Kern County Employee is eligible for REOKC membership. Just complete the Payroll Deduction Form on Page 4 and mail to:

REOKC, PO Box 2592, Bakersfield, CA 93303

NOTICE: All views and opinions expressed in the TREND are solely the representation of each writer. REOKC's only intention is to fairly inform our membership. The information presented in the TREND is believed to be from reliable sources. REOKC does not sell or disclose information about our members to third parties.

TIME TO DRIVE



KERN FEDERAL CREDIT UNION SPRING

CAR SALE

APRIL 8th - MAY 31st, 2016

RATES AS LOW AS 1.89% FOR 60 MONTHS* | NO PAYMENT FOR 90 DAYS**

Apply online or over the phone anytime, day or night 661.327.9461 | kernfcu.org

* Annual Percentage Rate for 2008 or newer vehicles with less than 100,000 miles. 100% financing on approved credit up to 60 months (extended terms available – inquire for details). For a \$10,000 auto loan for a term of 60 months with a 1.89% APR, the monthly payment will be \$174.80. The offer applies to purchases and refinances from other institutions from April 8, 2016 to May 31, 2016. Purchases must be funded by June 10, 2016. Rates and terms based on evaluation of applicant's credit. This offer does not apply to refinancing of existing Kern Federal Credit Union loans.
** Maximum First payment Deferral is 90 days. Interest will begin to accrue the date the loan is funded. First payment due no later than 90 days after loan funding. Credit restrictions apply: must have a minimum of 12 months on-time auto payments to be eligible for deferred payment. Federally insured by NCUA.



Retired Employees of Kern County
P.O. Box 2592
Bakersfield, CA 93303

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May & June 2016
Time Dated Material

Official Newsletter of
The Retired Employees of Kern County Inc.

May Luncheon Reservation

May 10th, 2016—11:30 to noon, Veterans' Hall, **400 NORRIS ROAD**. If you wish, You may use this form to order tickets for this luncheon. Please send your check, made payable to **REOKC**, together with a stamped, self-addressed envelope to **REOKC, PO Box 40801, Bakersfield, CA 93384-0801**. Deadline for reservations is the Wednesday prior to the luncheon (05/04/2016). Phone reservations are not accepted. You may cancel your reservations by calling Brenda Preston at (661)204-4386 or Mary Thorp at (661) 832-5578 prior to the deadline. Cancellations after the deadline cannot be refunded.

Member's name (\$5.00) _____ Spouse (\$5.00) _____
Member's Phone No. (required) _____ Email _____
Guest (\$8.00) _____ Total tickets _____ Amount enclosed \$ _____

June Luncheon Reservation

June 14th, 2016—11:30 to noon, Veterans' Hall, **400 NORRIS ROAD**. If you wish, you may use this form to order tickets for this luncheon. Please send your check, made payable to **REOKC**, together with a stamped, self-addressed envelope to **REOKC, PO Box 40801, Bakersfield, CA 93384-0801**. Deadline for reservations is the Wednesday prior to the luncheon (06/08/2016). Phone reservations are not accepted. You may cancel your reservations by calling Brenda Preston at (661) 204-4386 or Mary Thorp at (661) 832-5578 prior to the deadline. Cancellations after the deadline cannot be refunded.

Member's name (\$5.00) _____ Spouse (\$5.00) _____
Member's Phone No. (required) _____ Email _____
Guest (\$8.00) _____ Total tickets _____ Amount enclosed \$ _____