



# NETWORK

Newsletter of The Retired Employees of San Diego County Since 1961

Vol. 47, No. 5

Honoring Yesterday—Protecting Tomorrow

May 2015

## GENERAL MEMBERSHIP MEETING FLAG DAY LUNCHEON

**THEME:** A PROGRAM OF PATRIOTIC MUSIC PRESENTED BY THE SUN HARBOR CHORUS

**WHEN:** THURSDAY, JUNE 18, 2015, 11:00 AM

**WHERE:** RONALD REAGAN COMMUNITY CENTER  
195 East Douglas Avenue, El Cajon 92020

**WHAT:** LUNCH—\$10.00 per person.



**Menu:** Teriyaki chicken, ham, salads, fruits, vegetables, desserts, coffee or tea. To join us for lunch, please complete the form below, include the name of person(s) attending, and send a check for **\$10.00** per person, payable to RESDC at 8825 Aero Dr., Suite 205, San Diego, CA 92123-8825. **Reservation forms must be received in the RESDC office by Friday, June 12.** Hall limit is 200, so mail your reservations in as soon as possible. Tickets should be picked up at the registration table at the luncheon. They will not be mailed. **Directions to the Ronald Reagan Community Center are found on Page 4.**

Name of Member \_\_\_\_\_ Telephone # \_\_\_\_\_

Name of Guest(s) \_\_\_\_\_ # of Reservations at \$10.00 \_\_\_\_\_

Total Enclosed \_\_\_\_\_ E-mail: \_\_\_\_\_

Department and Year Retired \_\_\_\_\_

## PRESIDENT'S MESSAGE

By Susan Mallett



On March 18<sup>th</sup>, the Board of Retirement announced the resignation of Chief Executive Officer Brian White. This Board action, while not completely unexpected, adds to the uncertainty of who will lead our retirement system going forward. David Wescoe, Efficient Market Advisors, initially hired as a management consultant, will now serve as interim Chief Executive Officer (CEO). Mr. Wescoe will assist the Board to complete

the recruitment and hiring of a number of top management positions at SDCERA and ultimately to include a new CEO to lead the association's executive team.

It is important to acknowledge Mr. White's many accom-

plishments as the top administrator at SDCERA for the past 18 years. In 1996, SDCERA hired Brian White as its first Chief Executive Officer to take over the pension fund administration a responsibility previously held by the County Treasurer. According to Board Chairman, E.F. "Skip" Murphy, "Brian has worked tirelessly on behalf of SDCERA, its trustees, members and staff for 18 years. Under his leadership, SDCERA has experienced tremendous growth, SDCERA attained top-decile investment performance according to Wilshire Trust Universe Comparison Services (TUCS), with fund assets growing from approximately \$3 billion to a record \$10.5 billion during Brian's tenure....In recognition of these and other accomplishments, SDCERA received numerous awards, including being named 2011 Small Public Plan of the Year by *Institutional Investor* magazine. We are grateful for Brian's dedicated service and wish him the best."

At an afternoon farewell at SDCERA, Brian shared his **(Continued on Page 6)**

## May Calendar of Events

**7—(Thurs.) SDCERA Board of Retirement Meeting**  
2275 Rio Bonito Way, Suite 200, 8:30 am

**14—(Thurs.) RESDC Board of Directors Meeting**  
8825 Aero Drive, Suite 205, 9:30 am

**12-15—(Tues.-Fri.) SACRS Conference, Sacramento**

**21—(Thurs.) SDCERA Board of Retirement Meeting**  
2275 Rio Bonito Way, Suite 200, 8:30 am

## BOARD OF RETIREMENT DROPS ANOTHER SHOE

*By Stan Coombs*

Last month's article had barely been submitted when our Board of Retirement dropped another large shoe, seriously dating the message.

The investment strategy for the \$10.5 billion County retirement fund is again being revised, we had reported, apparently on the advice of local news pundits. And, a top-level staff sweep was underway. Three of five top county retirement system executives were either being fired, leaving or retiring: the consultant Chief Investment Officer, the consultant General Counsel and the Chief Operating Officer. We speculated that more heads might roll.

This new Board action followed a closed Executive Session on March 19th. Skip Murphy, Chairman of the Board, announced that, on an 8 to 1 vote the Board had accepted Chief Executive Officer Brian White's resignation. White served as Chief for 18 years.

RESDC immediately transmitted e-mail notices to members who provided their addresses for that purpose (Note to remind members to notify the RESDC office when their e-addresses are changed.)

So, who's running the ship? Temporarily, Mr. David B. Wesco, we were told. Wescoe, a partner in the consultant firm, Efficient Market Advisors, previously ran the San Diego City retirement system. Efficient Market Advisors was hired by the County Board of Retirement a month ago to assist White's replacement of the beleaguered Chief Investment Officer, Lee Partridge. They would receive \$350 per hour for the duty.

Then, at the next, April 2<sup>nd</sup> Board of Retirement meeting, Wescoe was upgraded to Interim Chief Executive Officer, at \$25,000 a month, until White's permanent replacement comes on board.

Wescoe immediately reported some 200 applications received for the important Chief Investment Officer position, culled down to one top-contender. Wescoe also reported a finalist candidate for the Chief Financial Officer opening, and suggested there's no reason to immediately recruit a permanent General Counsel, since a temporary stand-in had been brought on board in the person of experienced

consultant attorney Scott Metzger.

But, the Board seemed uncertain whether to aggressively recruit for a new Chief Executive Officer immediately, or to delay? There was discussion about the exact role they wanted the new Chief to play, how that might fit into the responsibilities of his top-level underlings, and who would develop the specific job description? And, then the situation seemed to become clearer for observers.

Interim Chief Executive Officer David Wescoe was asked point-blank if he would apply for the job, and his answer was non-committal, referencing family considerations.

Board members showed immediate concern that Wescoe not render himself ineligible due to a potential conflict of interest that could result from his participation in the recruitment and hiring process. They ultimately ordered continuation of the search for new Chief Investment and Chief Financial Officers, and asked that legal steps be identified to avoid that potential conflict of interest and to ensure no one is excluded from applying.

How concerned should retirees be?

Retirees should always be concerned when major changes are underway in their retirement system, particularly when there are deep disagreements on the governing board. And, we apparently have an ideological split that disassembled the management of the retirement system. Will it be effectively rebuilt?

One would think so. Defined benefit retirement systems are very long-term operations, and well-meaning people working together for a greater good can achieve much given enough time. But, there are concerns.

**(Continued on Page 6)**

## PENSION NEWS NOW AT RESDC.NET

RESDC's website is frequently updated with links to news stories and journal articles about pension reform proposals and retirement-related commentary from around California and across the country. Click on the links for "Email Updates" and "In the News" within the News and Events sub-menu on the RESDC website. (resdc.net)



# FROM THE DESK OF THE EXECUTIVE DIRECTOR THE SPIRIT OF VOLUNTEERISM

By Mark Nanzer

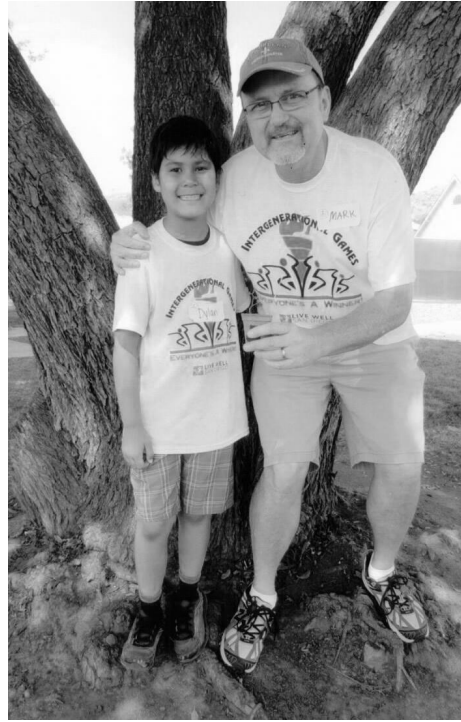
While National Volunteer Week was April 12-18, to me every day should be hailed as a day to give back. One of my favorite quotes about the spirit of volunteerism was from the recently departed Leonard Nimoy, famously known for his role as Mr. Spock on Star Trek. Simple, yet profound, he said, **'the miracle is this - the more we share, the more we have.'** Volunteerism has impacted my life tremendously. For years I was stuck in a dead end job. I felt positive knowing that I was contributing to the company and learning skills. But there was something missing. Don't get me wrong, I appreciated having a job, but I wasn't feeling like it was a long-term fulfilling career path. This led me to looking for a 'work-type' activity where there was an opportunity to be fulfilled.

I became connected with a local non-profit organization that ran shelters for runaway and homeless youth. I started volunteering at a shelter and it changed my life. At first, I wasn't sure it was a fit. I was afraid I couldn't offer anything to these youth, not having any background with the chaos of their lives and wondering if I could truly provide a positive impact. But I stuck it out and discovered that through my sharing, I did have more! The experience eventually led to me quitting my job, going back to school and working at the group home as a child care worker. It also led me to a career working in non-profit organizations for 20 plus very fulfilling years!

I'm positive all of you could equally share the joy you've experienced in similar ways by giving back to the communities you live and worked in.

Some of you may have heard about or participated in a great local event called the Intergenerational Games. I was fortunate enough to participate in the San Marcos Games on April 1. The mission of the Games is to increase mutual understanding and respect between generations and to promote healthy, active, life-long behaviors. What a great experience it was teaming up with elementary school-age students for a half-day of educational and physical activities.

The Games are run annually and located throughout the County. To learn more about the Games and other Intergenerational Programs offered by the County of San Diego Aging and Independence Services (AIS) go to the Helpful Links section of our website - <http://www.resdc.net/helpful-links/>. AIS offers excellent programs and is always looking for dedicated volunteers. I encourage those of you who haven't yet participated in one of their volunteer opportunities to check it out, you won't regret it!



Mark Nanzer, RESDC Executive Director, here with his team-mate Dylan, at the San Marcos Intergenerational Games.

## RESDC DAY WITH THE PADRES



### ATTENTION ALL PADRES FANS! PADRES VS. MARINERS

RESDC is responding to members we surveyed, who asked us to provide day trips and other group events to our members.

RESDC members will attend a game at beautiful Petco Park on Wednesday, July 1, 2015. The game begins at 12:40 pm. We have reserved box-style ballpark seats in the Skyline Patio, a semi-private group area which overlooks 3rd Base and features gorgeous views of downtown San Diego. This semi-private hospitality space includes all-you-can-eat food and soft drinks.

Fifty Tickets are available on a first come, first serve basis. Ticket Price is \$37.00 per person.

To purchase tickets, send a check made out to RESDC, to 8825 Aero Dr., Suite 205, San Diego, CA 92123. Tickets will be mailed to you.



# PENSION FACTS

## LEGAL ISSUES FACING PENSION REFORMERS

By Chris Heiserman, Director

In an informative article for the American Enterprise Institute in May 2013, University of Minnesota Law School Professor Amy Monahan explored the legal issues that confront those who wish to reduce public employees' retirement benefits. The following is a summary of some of the major points she makes. The entire commentary can be found at <https://www.aei.org/publication/understanding-the-legal-limits-on-public-pension-reform/>.

Legal protections for public worker retirement benefits are covered in state law, so public pension reforms face different issues in different states. Courts have relied on two legal theories regarding protection of public pension benefits: that the employees' benefits are considered property (protected by the U.S. Constitution), or that the retiree's pension is considered a contract (protected against impairment by both state and federal law).

In most cases in states where public pensions are considered property interests courts have found that legislative changes to retirement benefits, especially for active workers, equate to "due process" and are constitutional unless they amount to arbitrary benefit cuts without cause. Where a public employee's retirement benefits are deemed contractual, it is generally unconstitutional to act to impair these benefits; however, state courts will likely rule on whether the benefits are protected based on the specific facts in each case.

When a contractual interest is found, a two-step analysis is required to determine whether a proposed pension change is constitutionally permissible. First a court must decide when a contract was formed and whether a proposed change in benefits is a substantial impairment of the contractual relationship. In most pension cases courts have found reductions in retirement benefits to be a substantial impairment. However, the second critical question when a change is proposed to a contractual benefit is whether the change is "reasonable and necessary to serve an important public purpose."

An illustration of how these legal issues can play out is in Rhode Island. Employees and retirees in Rhode Island challenged benefit reductions that resulted from a 2011 pension reform law. The judge in the case said both sides had a burden of proof to meet – the employees needed to show that the pension changes amounted to such a "substantial impairment" of a contract that it was unconstitutional; and the state had to show that breaking the contract was "reasonable and necessary" to save the financially troubled pension system.

This is a very simplistic description of a complicated case involving thousands of past and present government workers in Rhode Island. In April it was announced that a potential settlement was reached in that case. The compromise settlement affects both retirees and active workers and still has to be approved by the Rhode Island General Assembly. An article in the Providence Journal newspaper reported representatives of state retirees, teachers and employees were not happy about the reductions in benefits but were resigned to the fact that it was unlikely they would have prevailed in court.

A more detailed overview of the Rhode Island legal battle will be the subject of a later column. However, since the legal issues surrounding protection of retirement benefits vary from state to state, it is imperative that we track cases that crop up around the country so we are aware of how they may affect litigation over pension reform proposals in California. **(Continued on Page 6)**

## PENSION FACTS AT A GLANCE

**\$569 Million**

**Annual retired benefit payroll for Calendar Year 2014; the majority of these dollars stayed in the local economy.**



Summer is right around the corner and it's not too late to start saving for your next vacation. San Diego County Credit Union's products and services make saving easier than ever. It could be as simple as setting up a new savings account, using our 30,000 surcharge-FREE CO-OP ATMs, refinancing to a lower interest rate or saving money on postage by paying your bills online.

Start saving for your goals today. Visit [sdccu.com](http://sdccu.com), call (877) 732-2848 or come into any of our convenient branch locations.

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★ **FLAG DAY LUNCHEON 2015** ★

★ **Thursday, June 18, 11:00 am** ★

★ RESDC's Flag Day Luncheon is ★

★ scheduled for Thursday, June 18th at ★

★ Ronald Reagan Community Center in El ★

★ Cajon. (195 East Douglas Ave.) The ★

★ theme this year is a patriotic music pro- ★

★ gram, sung by The Sun Harbor Chorus. ★

★ Be sure to get your reservation mailed ★

★ in early! (See reservation form on ★

★ page one.) The cost of the Flag Day ★

★ Luncheon is **\$10 per person.** ★

★ Directions to Ronald Reagan Commu- ★

★ nity Center: ★

★ The center is located one block South ★

★ of E. Main Street in El Cajon, directly off ★

★ Magnolia Ave. Take Interstate 8 to the ★

★ Magnolia off-ramp, go south to E. Dou- ★

★ glas and turn left. Parking is available in ★

★ the front and back of the center. ★

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**ASSOCIATION OFFICERS**

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 2nd Vice Pres.....Merrilyn Carpenter  
 Secretary.....Joan Wright  
 Treasurer....Frank Bittner

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 Janice Graham Heather, Chris Heiserman  
 Joe McGuire, John McTighe,  
 Janel Pehau, George Shoemaker

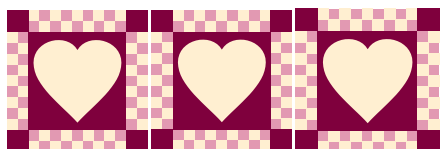
**EXECUTIVE DIRECTOR**

Mark Nanzer

**OFFICE STAFF....Karen Hazel**

.....Benjamin Hemmings

**NETWORK EDITOR...Karen Hazel**



**BITS AND PIECES**

**Warren Norman** and his wife, Misako, celebrated their 60th anniversary last December! Warren worked for Probation for 15 years and he retired in 1983. Warren and Misako live in Las Vegas, Nevada.

**John Cantor** retired in 1979 from County Clerk as Exhibit Custodian. He celebrated his 98th birthday in April! He and his wife, Lois, have been married for 72 years and still live in Rancho Bernardo. John is excited to report that he just passed his driver's exam! In 2013 John was reunited with his daughter after 71 years. His daughter found him on the internet.

**Earl McDougal** recently celebrated his 90th birthday and 68th anniversary with his wife, Beverly! Earl worked for the San Diego Road Department Division 3 for 20 years and he retired in 1965. Earl and Beverly live in Fallbrook.

**N.S. 'Barney' Bernard** celebrated his 90th birthday last summer! Norris worked in General Services and retired in 1988 as a Loss Prevention Analyst. In 2013, he moved from North Carolina to Dublin, Ohio, so he could once again live in his home state.

**IN MEMORIAM**

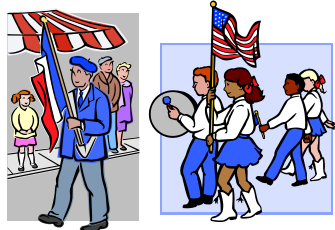
Esther Anderson	Surviving Spouse
Dorothy Armstrong	Surviving Spouse
Jean Auer	Surviving Spouse
Evelyn F. Austin	Social Services
Joyce Bickford	Health & Human Services
Anne L. Bohy	Surviving Spouse
Lou Brooder	Health & Human Services
Lawrence Findley	Auditor/Controller
Kenneth L. Goswick	Public Works
Louise Grant	Health & Human Services
Alice Hanratty	Welfare
Pearl P. Haws	Welfare
Agnes Heath	Edgemore
Elsie Keeler	Surviving Spouse
Neil Kellogg	Community Services
Clara Lyons	Surviving Spouse
Mary McBride	Health & Human Services
Donna McClintock	
Ruth McCrum	Health Services
Geraldine Miller	Surviving Spouse
Gordon R. Mullinger	Social Services
Donna Pierce	Tax Collection
Mary Rogel	Agriculture
Lois E. Rogers	Health & Human Services
Peddie W. Rousakis	Sheriff
Jonathan R. Russell	Sheriff
Commer H. Skipper	Health & Human Services
Gene J. Slauch	General Services
Jo-Ann Smith	Library
Robert Stuart	Public Works
Albert Truchin	Welfare

**As long as we think of you,  
 You'll always be with us.**

The surviving spouse of a member is eligible for RESDC membership. For enrollment assistance, call (866) 688-9229.

**MEMBER PRIVACY**

Any retiree or surviving spouse who doesn't want his/her death notice published in the "In Memoriam" section of this newsletter may notify the RESDC office and your privacy will be maintained.



**Memorial Day  
 May 25th!**



**Office Hours:** 9 a.m. to 2 p.m., Monday through Friday.

**TELEPHONE:** (866) 688-9229 Toll Free

**FAX:** (619) 688-0766

**E-MAIL:** [resdc@resdc.net](mailto:resdc@resdc.net)

**Website:** [www.resdc.net](http://www.resdc.net)

**NETWORK** is the official monthly newsletter of the Retired Employees of San Diego County, Inc. (RESDC), a private non-profit organization.

**Business and Inquires:** Business matters and address changes may be recorded on the office voice mail at any time, call (866) 688-9229. Please spell your last name so the correct member record can be located.

The information printed in the NETWORK is believed to be from reliable sources. However, no responsibility is assumed by the NETWORK for inaccuracies contained herein.

**Retired Employees of San Diego County, Inc.**  
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San Diego, CA 92123

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### (President's Message, Continued from Page One)

appreciation for the years of dedicated work of employees whose efforts contributed to his success. A number of staff present were among the 22 original SDCERA employees on board when Brian was hired. The staff that ensured the efficient operation of our pension system has grown to almost 100 employees. In a press release from SDCERA, Mr. White said, "I have enjoyed my relationships with SDCERA trustees and members, and I would especially like to thank SDCERA's employees for their hard work in service to our members. Thanks to their efforts, SDCERA has enjoyed great success, which I expect will continue. Serving as SDCERA's CEO has been an incredibly rewarding professional experience."

RESDC Executive Director Mark Nanzer and I look forward to meeting with interim CEO Wescoe in the next few weeks. We are hopeful that the transition to a new SDCERA management team will go smoothly and the Board trustees will return to more cohesive and thoughtful discussion as they carry out their fiduciary responsibilities for our retirement fund. As always, RESDC Board members will attend all Board of Retirement meetings and keep retirees apprised of Board actions.

### (Pension Facts, Continued from Page 4)

California has over 60 public retirement systems, ranging from small city and county plans and the University of California Public Retirement System to the two largest pension plans in the nation: CalPERS and CalSTRS. Court cases over the past several years involving various retirement systems have produced rulings based on both statutory and contract principles. Changes proposed in pension benefits will surely be tested in courts and the results will turn on the specific facts in each case.

### (Board of Retirement Drops Another Shoe, Continued from Page 2)

Sudden, dramatic changes of top-level managers are old hat to those who have worked in public bureaucracies. But, firing the top executive at a time when three of his five-member management team are already leaving is at least unusual. The system must keep running while a multi-billion dollar retirement portfolio is transferred to a new investment strategist, and properly managed during the process. Hopefully the Board can hire four talented and experienced management replacements in short order.

Some Board members seem intent on changing the investment strategy, but there's been no progress. What changes will result? How much more will these changes affect earnings, then the recent deleveraging has, and how will the ideological split affect the outcome?

The Board's been advised by their General Financial Consultant that new asset allocations need to be in place and funds transitioned (under the watchful eye of a new Chief Investment Officer) "before Salient walks out the door." Salient is projected to leave in mid-November.

RESDC will continue observing and reporting to members.

San Diego County retirement system net assets increased \$182.8 million during February, bringing fiscal-year-to-date net asset gains to \$341.4 million, and total net assets to \$10.5 billion.

## WELCOME NEW MEMBERS

Mary Kathleen Bailey	Superior Court
Kathleen Feigel	
Janice I. Lau	County Counsel
Dolly Opel	
Marcia R. Powell	Agriculture Weights & Measures
Deborah Klein Smith	
Janeta Bernice Walker	Edgemore Hospital