



THE NETWORK

Newsletter of The Retired Employees of San Diego County

June 2020

Honoring Yesterday—Protecting Tomorrow

Vol. 51, No. 6

PRESIDENT'S MESSAGE

By Stan Coombs



Ya never know. . .
The April *NETWORK* had been put to bed, submitted for layout, printing and mailing by the usual March 10th deadline when the coronavirus emergency was suddenly announced and California closed down. We pled no-fault-of-ours to our RESDC Editor and thankfully were allowed to add a short paragraph to the end of the President's Message, ac-

knowledging the scourge, and reporting the extent of infections worldwide and the \$8 billion approved by Congress to engage the fight.

Fast-forward a month. It's April 16th, the morning of the first San Diego County Board of Retirement video-streamed meeting, required because physical gatherings had been prohibited. SDCERA Chief Executive Officer David Wescoe suddenly stepped into the video screen and announced his resignation effective April 30th! There had been no rumors.

The May *NETWORK* had already been submitted, and thanks to an understanding printer, we were again able to add a short note at the end of an article Wescoe had penned for that edition, and get it out on time.

(Continued on page 7)

COUNTY RETIREMENT CEO RESIGNS!



San Diego County Employees Retirement Association CEO David Wescoe suddenly announced his resignation during the County Board of Retirement meeting of Thursday, April 16th. He had previously served as Chief Executive of the San Diego City Employees Retirement System and the Motion Pictures Industry Pension and Health Plans. He appeared on the County retirement scene in early 2015, providing advice to the Board of Retirement about administrative re-organization and investment staffing

There had been vigorous debates on the Board about fees paid to the then consultant investment officer, Lee Partridge, and his firm, Salient Partners.

A sweep of Partridge and other top SDCERA management followed, about the time of Wescoe's hiring as a consultant to County retirement CEO Brian White. White soon resigned, and Wescoe was hired as interim Chief Executive Officer. He became the permanent CEO in September 2015.

Wescoe reported that during his tenure he streamlined operations at SDCERA, reducing staff to forty-odd positions, reducing the SDCERA operational budget about 20% and investment fees in half. Wescoe didn't elaborate about the private sector opportunity he said led to his resignation.

Following Wescoe's announcement, the Board of Retirement appointed current Chief Investment Officer Stephen Sexauer to head the search for a CEO replacement, directing Sexauer to return to the Board's May 21st meeting with search firm candidates, a profile of the planned search, and an operational plan for SDCERA for the next five months. □

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June Calendar of Events

11—(Thurs.) RESDC Board of Directors Meeting
Via Conference Call, 9:30 a.m.

18—(Thurs.) SDCERA Board of Retirement Meeting
Video Streamed Meeting, 9:00 a.m.



PENSION FACTS **Okay, Realistically,** **The Glass Is Barely Half Full** *By Chris Heiserman, Director*



It's a pretty big stretch to try and accent the positive right about now in San Diego, California or America as a whole. As retirees (and bona fide members of the "vulnerable" cohort) we are somewhat sidelined in the battle against the coronavirus beast. Still, I am guessing that many of us, in addition to following the health safety guidelines

of masks and social distancing, are using some of our guaranteed income to support our fellow citizens in need by donating to food banks and relief efforts, and assisting local businesses by purchasing take-out and carefully patronizing essential establishments.

The country is badly divided while Americans face both the most serious health crisis in a century and the worst economic calamity since the Great Depression. It's frustrating, sad and unbelievable that the United States, which has for so long been the global leader in so many ways, is now outpacing the world in COVID-19 cases and deaths. In our station as residents of San Diego County and California we may be fairly powerless to effect major changes beyond our "backyard"; we just have to stay informed and do the best we can to be part of a better future. In the meantime, here's some less than random thoughts for your information and consideration.

SAN DIEGO COUNTY **EMPLOYEES' RETIREMENT ASSOCIATION**

Stephen Sexauer, Interim SDCERA CEO, recently updated the Board of Retirement in a memo reporting that the negative global and national economic news is on a scale never seen before. Yet he estimated the SDCERA Trust Fund returned 5.4% on investments in April and was down about 3.2% to date for the fiscal year. This is not terrible news considering that, as I mentioned in *THE NETWORK* last month, Moody's Investment Services estimated that U.S. public retirement plans will likely see investment losses of about 21% for the fiscal year ending June 30, 2020. We will see how our pension fund

fares in comparison; we can count on the numbers going south but it is certain our retirement fund will be healthier than many because SDCERA has prudently lowered long term investment projections and maintained a well diversified portfolio.

Another somewhat mitigating factor is that fears of retirement costs ballooning as a result of the stock market slide will not materialize immediately. Obviously, higher contributions will be necessary but the pain of the increased cost to the county will be delayed a year because pension plans are a year behind in calculating annual payments. Also, the shock of precipitous economic downturns is softened in the world of public retirement plans by "smoothing" losses over a five-year period. That isn't to say alarm bells are not warranted, but these policies are what move officials at SDCERA and other pension systems to say, "Don't Panic."

THE CONTROVERSIAL "CALIFORNIA RULE"

The California Supreme Court heard arguments remotely on May 5, 2020 in combined actions involving three county retirement associations – Alameda, Contra Costa and Merced. The cases boil down to pension plan officials applying reforms in a 2012 state law to existing workers as well as employees hired after the law went into effect. Specifically at issue is the practice of increasing "final compensation" (and thus pension benefits) for a retiring public employee by allowing them to "cash out" accrued leave balances, on call hours they may have built up, bonuses they received at the end of their career and possibly more.

The Alameda County Deputy Sheriff's Association took the lead in challenging application of the restrictions to workers on the job when the law was passed as unconstitutional. The "California Rule" is based upon a 1983 Supreme Court ruling that held that any modification of vested pension rights which disadvantages employees "must be accompanied by comparable new advantages." In other words, they believed they shouldn't lose the ability to increase their pension benefit with these add-ons unless they were otherwise compensated.

The legal battle has simmered in lower courts and appellate courts for years, finally landing at the Supreme Court with these consolidated cases. Pension reform advocates are hoping for a ruling that will chink the contractual armor of the "California Rule" and allow state and local governments to consider "reasonable" modifications of public retirement benefits going forward. The issue has always drawn considerable national interest, as evidenced in a *Washington Post* editorial on May 8th, 2020, which quoted the state lawyer arguing before the Supreme Court: "The question presented in this case is whether on top of legitimate pension liability, should taxpayers along with their children and even grandchildren, be forced to also shoulder the burden of financing abusive practices to artificially and unlawfully inflate pensions." The newspaper suggests that California's justices should set a national example and say "no."

The public employee groups argue anyone hired before the 2012 law took effect is entitled to the same benefit calculation as those already retired.

We'll see what the Supreme Court says soon. □

FROM THE DESK OF THE EXECUTIVE DIRECTOR

By Mark Nanzer, RESDC Executive Director



Hello RESDC members!
I hope everyone is safe and healthy in these uncertain times. While the RESDC office continues to be temporarily closed at the timing of this writing, our staff is here to serve you. If you need immediate assistance, please call (619) 688-9229 and leave a voicemail detailing your request.

You can also email us at resdc@resdc.net. Staff responds daily to all correspondence received. Whether you have questions related to RESDC benefit plans, or you want purchase discounted See's Candy certificates, or just want to say hello, we look forward to hearing from you.

Back in April, you may remember receiving a letter from RESDC President Stan Coombs discussing our organizational response to the coronavirus pandemic and the resulting statewide stay at home order. In that letter, Stan urged you to consider sharing your email address with us if you had not already. This would provide an additional way to receive communication from us on timely matters. Well, I'm happy to report that since that time, we have added over 400 new email addresses! Be reassured that RESDC member email addresses are held in the strictest confidence. I want to thank you all for forwarding your emails and for those who have not had a chance to share yours, it's never too late! Lastly, don't forget to check our website, www.resdc.net, for up to date information regarding the developing situation with the coronavirus. Please stay safe and we hope to hear from you! □

CANCELLED

REMINDER: RESDC EVENT CANCELLATIONS

In order to comply with the current statewide "Stay at Home" order and prioritizing what is in the best interest of the health and well-being of our members, the following upcoming events have been cancelled:

Flag Day/Independence Day Luncheon, June 16
RESDC Day at the Padres, June 24

RESDC leadership is committed to identifying future opportunities for hosting the great events our members have become accustomed to. As always, thank you for your membership and stay safe! □

RECENT EVENTS

❖ State Supreme Court Hears Oral Arguments in 'California Rule' Case.

In early May 2020, the California Supreme Court heard oral arguments in controversial cases involving legislative pension reform impacting the pension benefits of state and local government active employees. By the close of 2020, the Supreme Court will issue a decision that may very well strike at the heart of the so-called "California Rule."

The case concerns what should be included or not included in retirement payment calculations. Various public employees and public employee organizations in California's Alameda, Contra Costa and Merced counties brought lawsuits, which were consolidated, arguing that applying the state's 2012 pension reform law, as it applied to county pension plan members hired before the law's Jan. 1, 2013 effective date, was unconstitutional. After the pension reform law took effect, all three pension plans applied the changes, which excluded certain pay items that had formerly been included in calculating employees' total compensation for pension purposes, to new hires and existing employees.

❖ New Research: Still Shortchanged: An Update on Women's Retirement Preparedness.

While most Americans are struggling to save for retirement, women face even higher hurdles, largely stemming from the gender pay gap that eventually becomes a retirement wealth gap. Older women receive about 80% of the retirement income older men receive, a disparity that mirrors the gender pay gap.

This research, released by the National Institute on Retirement Security, finds that median household income for women aged 65 and older in 2016 was \$47,244 or 83% of median household income for men, which as at \$57,144. The research also finds that caregiving, especially spousal caregiving, has a more detrimental economic impact on women, while divorce makes retirement more difficult for women.

To access the report, visit:

<https://www.nirsonline.org/research/> . □

First Day of Summer June 21



At the end of the April 16, 2020 monthly meeting of the San Diego County Employees' Retirement Association (SDCERA) Board of Retirement, CEO David Wescoe unexpectedly announced he would be resigning April 30th and taking a new job in the private sector. RESDC routinely monitors Board of Retirement public sessions and the following letter from President Stan Coombs was sent to the SDCERA board members April 29, 2020.

April 29, 2020

San Diego County Board of Retirement
2275 Rio Bonito Way
San Diego, California 92108

Chairwoman Begovich and Members of the Board;

The Retired Employees of San Diego County (RESDC) took particular note of the unexpected resignation of our retirement system Chief Executive Officer, announced on April 16th. Mr. Wescoe's five-year tenure at the helm included substantial changes in organization, policies, practices and staffing, and he seems to be leaving a tightly run organization. He is congratulated for improvements he initiated.

Your Board subsequently directed SDCERA staff to return to your next meeting on May 21st with at least two search firms identified for Board consideration, capable of recruiting qualified candidates for the position.

We urge that the selected search firm be the most broadly qualified and experienced available, and that the search be as comprehensive as possible, encouraging applications from throughout the United States and beyond to assure you have the best candidates to pick from.

We're aware the selection of the top SDCERA manager is appropriately the responsibility of your Board. But as the recognized organization of San Diego County retirees, we are also interested in the selection of your next Chief Executive Officer and in the use of best practices leading to that selection. A retirement system, well run by capable managers, is of paramount interest to retired members.

We look forward to the successful conclusion of the search.

Thank you for your attention. Please contact our Executive Director, Mark Nanzer, at (619) 325-1901, for any additional clarification required.

Sincerely,



Stan Coombs
President

Cc: David Wescoe
Stephen Sexauer



RESDC BOARD OF DIRECTORS CANDIDATE NOMINATIONS ARE OPEN

By Carlos Gonzalez, Elections Committee Chair



Welcome to RESDC's 2020 Board election; this process runs through the middle of October. The terms of four (4) directors, as well as First Vice-President, Secretary, and Treasurer will expire on 12/31/2020; the new term runs 1/1/2021 through 12/31/2022.

Changes that impact San Diego County retirees require active participation by County retirees. RESDC encourages all members to contribute their talents for the benefit of the entire membership, so that our organization continues strong and productive.

We need prospective candidates who are able to volunteer time and effort to promote RESDC's business, attend monthly board meetings, and be present at six general membership meetings each year. One term as director is an excellent way to "get your feet wet" on the Board of Directors and could lead to a position as an Officer.

This year, for the second time in RESDC's history, active employees, registered as Associate Members, are eligible to run in the election. According to recently enacted Bylaws, participation is restricted to the election of one Associate Member, to an open position of Director (Associate Members are not eligible to run for Officer seats.)

Interested RESDC members must file a candidacy statement (200 words or less), with a summary of your background and work experience to: RESDC, 8825 Aero Drive, Suite 205, San Diego, CA 92123, or by email to resdc@resdc.net, by **Monday, August 3, 2020**. Please state your candidacy for one of the following: RESDC Director (4), First Vice-President, Secretary, or Treasurer. Only current and past board members are eligible for the First Vice-President, Secretary, and Treasurer positions.

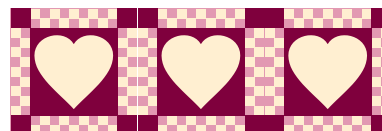
If you have any questions, please contact our office by phone at (619) 688-9229 or by email at: resdc@resdc.net. □



CUPID'S CATERING DISCOUNT TO RESDC MEMBERS

If you've ever attended the RESDC Flag Day Luncheon, you'll remember that **Cupid's Catering** does a wonderful job of providing the delicious food. During this quarantine period, Cupid's has transformed their catering business into a pickup or delivery business for "Heat and Serve Meals" available in both individual sizes and family sizes, as well as special menus for holidays.

They are offering RESDC members a 5% discount and they will waive the \$5 delivery fee also. They will have special barbecue meals available for Memorial Day and July 4th backyard picnics. If you're on Facebook, you can follow Cupid's Catering to see their weekly and holiday specials. Their web address is www.cupidscatering.com. You can also contact them at (619)784-7500. Remember to tell them you are a member of RESDC when you call to place an order. This is a helpful way to support a local business during this difficult time. Cupid's Catering has been an East County business since 1964. □



BITS AND PIECES

Rebecca Jefferis Williamson was a finalist in the San Diego Union Tribune's Cartoon Caption Contest of May 3rd. She was told they receive hundreds of entries, and finalists are selected by Steve Breen, the UT cartoonist. The cartoon of the week showed two archaeologists peering into an open Egyptian Pharaoh's sarcophagus with surprised facial expressions. The winning caption was: "It's another cache of expired N-95s." Rebecca's caption was: "Kim Jong Un?" Rebecca retired in 2016 from Superior Court.

Nancy Miller and her husband, Steve, celebrated their 40th anniversary in February. They traveled in their RV to six different states to celebrate their anniversary with family and friends. Along the way, they were presented with five separate anniversary cakes. They returned to their home in Utah shortly before Covid-19 forced everyone to stay home. She says their timing couldn't have been better. Nancy retired in 1991 from Health and Human Services after about 14 years with the county.

Joseph Pollack recently celebrated his 100th birthday in Milwaukee, Wisconsin where he lives now. Joseph retired from Health Services in 1984 after 16 years with the county. His birthday party was attended by his family, including two great-grandchildren, friends, and caregivers. They celebrated with a lively sing-along. □



President's Message (Continued from page 1)

With events moving at this pace one wonders what to expect before the next *NETWORK*? . . .and what about Wescoe's sudden resignation? See "COUNTY RETIREMENT CEO RESIGNS" on page 1 for more.

We'd be amiss if we didn't update the coronavirus situation. As of this writing, cases worldwide have surged to almost 4.3 million and 290,000 deaths. U.S. cases have increased from the nine reported on March 3rd to nearly 1.4 million and over 82,000 deaths, and San Diego County now reports over 5,000 cases and 175 deaths. And these numbers will be outdated before this *NETWORK* is in the hand of our readers.

On the financial front, U.S. business is substantially closed with nearly 40,000,000 unemployed. San Diego County unemployment is 450,000. That's nearly 27%, we're told. Congress has approved \$2.2 trillion in emergency funding and is considering more.

Our political leaders are trying to find a safe path out of this shutdown, probably too early for most states unless they're willing to risk lives. Johns Hopkins reports that 37 states are still experiencing increased numbers of new coronavirus cases and deaths, or are only holding steady. And yet people need work for income, and income to buy food and shelter and to live.

The medical world says the only way to deal with the economic chaos is to crush the virus first. To paraphrase a financially learned friend, the longer it takes the economy to open, the worse it'll get on an accelerated basis. . . the virus controls that timing. . . unless we shorten it by vastly increasing testing and tracing. . . we aren't close to having the testing and tracing capacity we need to do that. . .

Testing and tracing allows investigators to find infected but asymptomatic persons, and isolate, treat and quarantine them.

Despite this situation, 46 states are reported to have partially reopened by May 10th, which moved two research firms to nearly double their predictions of American coronavirus deaths by August, from 72,000 to 134,000, and from 1,700 to 3,000 a day. Some, including California, are starting a slower, phased easing of restrictions, allowing some low risk business to open, access to beaches only for exercise with no sitting or lying, and continued physical separation. Other states are opening more broadly.

San Diego County has approved "a framework" for some low risk businesses to reopen, claiming compliance with four of five federal criteria that would allow easing of restrictions. And they're making progress on the fifth criteria, they say, which calls for a robust testing program for at-risk health care workers.

World Health Organization criteria that could allow the restrictions to be lifted have also been announced: (1) whether transmission of the coronavirus is controlled; (2) whether the health system has capacity to detect, test, isolate and treat every case and every contact; (3) whether outbreak risks are minimized in special settings like health facilities and nursing homes; (4) whether there are preventative measures in workplaces, schools and other places where it's essential for people to go; (5) whether importation risks can be managed; and, (6) whether communities are fully educated, engaged and empowered to adjust to the "new norm."

World Health Organization says no American state currently meets those criteria. □

ASSOCIATION OFFICERS

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....Karen Hazel

....Andrew Steele

NETWORK EDITOR....Karen Hazel

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QUOTE OF THE MONTH

The friend in my adversity I shall always cherish most. I can better trust those who helped to relieve the gloom of my dark hours than those who are so ready to enjoy with me the sunshine of my prosperity.

▪ Ulysses S. Grant



**Happy Father's Day
June 21, 2020**





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

Business and Inquiries: 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.

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**MEMBERS SHARE
DOROTHY SLOTER**

Former RESDC President **Dorothy Sloter** celebrated her 98th birthday in April, during the quarantine with a drive-by birthday parade. Dorothy's daughter, sons, grandchildren, and great-grandchildren organized a parade with cars, balloons, pets, music, and birthday signs. Dorothy sat in her driveway waving to her family members from a safe distance. Neighbors also came out to wave and wish her a happy birthday. She had a great birthday while still social distancing.

Dorothy worked in Superior Court for 20 years and retired in 1978. Almost immediately after retiring, she joined The Retired Employees of San Diego County and very shortly afterward was elected Board Secretary and Editor of the RESDC *NETWORK* newsletter. She was elected RESDC President in 1995, and was reelected five more times, serving six two-year terms before stepping down in December 2007. Dorothy holds the record as the longest-serving President in RESDC history. During her Presidency, Dorothy founded the Flag Day Luncheon and the annual Health Fair Picnic. She still lives in San Diego in her home of 60 years.

Editor's Note: If you have had an interesting or unusual event, travel experience, or life occurrence, please send your story to us at resdc@resdc.net or by postal mail to RESDC 8825 Aero Drive, Suite 205, San Diego, CA 92123.

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PENSION FACTS AT A GLANCE

June 14, 2020

America's Flag Day marks the Second Continental Congress' adoption of the first U.S. national flag on June 14, 1777. There are now six U.S. flags present on the moon, but the first was placed by Neil Armstrong in 1969.