



All RESBC Events Postponed Until Improvements in the COVID-19 Risks

VOTE! VOTE! VOTE!

Do you know your voter registration status?
Have you moved since you last voted?
Need a vote-by-mail ballot?

The General Election on Tuesday, November 3rd is coming fast. You can check the status of your voter registration easily online. The National Association of Secretaries of State maintains a good non-partisan website which can put you in touch with all the information you will need to check your status in any state. Check out: <https://www.nass.org/can-i-vote>. The rules for voting vary widely from state to state, so if you have any doubts or questions, check this site early and follow the prompts for your home state.

If you live in California, the deadline for normal registration is October 20th, but why wait? Gov. Gavin Newsom has ordered that all registered voters will receive a vote-by-mail ballot in the mail (Executive Order N-64-20) before the election on November 3rd. You, of course, can still vote in-person if you wish. Californians can check their status, register to vote online, and have many questions answered about California voting at: <https://www.sos.ca.gov/elections/voter-registration/vote-mail/>. To register online, you will need the number on your California Driver's License or Identification Card, and the last four digits from your Social Security Number.

PRESIDENT'S MESSAGE

By Annette Paladino



Hello, Retirees:

I hope this message finds you in good health and enjoying your well-deserved retirement. Thank goodness for our pension benefits in this time when so many are facing serious financial stress.

I really miss our get togethers – the luncheons, museum trips, theater outings and other events. Being isolated for what seems like an eternity, I've come to appreciate that RESBC is an important part of my social life. Many of you feel the same. Those of you who participate in our events know that we are not a bunch of tired, grouchy old folks. (Well, we do have a few of those – you know who you are!) Fortunately our membership is full of energetic people who like to socialize and enjoy "the good life" of retirement. I assure you that RESBC will be back in your lives with many more exciting adventures as soon as it is safe to do.

The Directors and I continue to meet monthly by Zoom, and we continue to work on your behalf. We've discussed the importance of staying in contact with the membership during this difficult time; therefore, our newsletter is more important than ever. We hope you find it appealing and informative. We also recently took action to change our non-profit status from a 501(c)(7) organization to a 501(c)(4) status. This change will eliminate taxes on our investment income and will give us flexibility to engage in a broader range of activity such as political activism and charitable giving, should our membership decide to do so.

Meanwhile, until we can get back to our usual lives, I urge everyone to stay strong physically and emotionally. There is much you can do to promote your well-being, and make the most of your at home time. Unfortunately, I haven't learned a new language or written a symphony – oh, well – but I am cooking new recipes, cleaning my overstuffed closet, walking and reading more, doing art/crafts projects, and watching more TV. (I've discovered all those great streaming networks!) We can do this! The vaccine is on its way!

Thanks to the many of you who email me from time to time with words of support and suggestions for how to make RESBC a great and relevant organization.

Best regards to all,

Annette

Submitted by Zandra Cholmondeley, Retiree Representative

Greetings, fellow retirees:

So what if your plans for cruises and overseas holidays are on hold with no clear end date in sight. Think of all the money you're saving and cheer up. Besides the upcoming general election, there's plenty to pique your interest... daily...on your TV, and of course, right here in this newsletter.

Status of the Fund

In the last issue of the newsletter, I reported that due to the market chaos caused by the impacts of COVID-19, the Fund was 7% down in the spring of 2020. It was remarkable that subsequently, following talk of reopening the economy and a drop in the number of unemployed, the stock market rebounded even as news of the pandemic and the economy worsened, which gave me pause, trying to figure out the relationship of the market buoyancy to actual events on the ground.

And so it was that at June 30, 2020, SBCERS' portfolio rebounded to close the fiscal year with a preliminary market value of \$3,152,158,190, a 0.12% loss in value since July 1, 2019, approximating \$17 million. The market valuation of private equity and real estate, approximately 20% of the portfolio, lags one quarter and is reported three months later, which could change the final numbers. While anything less than the 7% assumed rate of return is disappointing, mechanisms are in place to manage this loss. Over the past 10 years, the Fund's return on its investments has averaged 7.3% and from 1987 to 2020, the Fund's return averaged 7.99%.

SBCERS Board Meetings

Among the items of interest at the May 28, 2020 SBCERS' board meeting was an issue which surfaced in the last actuarial valuation. It concerns the method of calculating retirement costs for employees who work less than 2080 hours in any given year. It turns out that expected retirement benefits and the Plan's actuarial liability for these benefits are understated in the Actuarial Valuation. As of June 30, 2019, a correct calculation would have added 0.72% to the Plan sponsors' cost. This will be corrected in the next actuarial valuation.

At the June 24, 2020 meeting, RVK, the general investment consultant, presented the Annual strategic plan which included projects already completed in 2020 such as the asset/liability study, and the asset allocation study. Goals for 2021 include further implementation of the Private Credit/Lending plan. Then, on July 22, 2020, the Board approved a further investment of \$20 million with Deerpath Capital V, in the Private Lending space.

Santa Barbara Office Relocation

In July, SBCERS moved from State Street, Santa Bar-

bara to the first floor of the building at 130 Robin Hill Road in Goleta. Compared to the State Street digs, this building is huge and when you first visit, you'll think, "why all this space?" Well, the answer is that after a long search, and a few near misses, this was the best value per square foot in this location.

At a total of 30,000 square feet, the main building has two floors and SBCERS occupies an 8,000 square foot section of the ground floor. The remaining 7,000 on the ground floor and the entire upper floor of 15,000 square foot will be leased. Income from these leases, plus leases of the two accessory buildings on the property, will partially offset operating and investment costs of this property.

At the August 26th board meeting, Frank Schipper Construction Company, the lowest of three bidders, was selected to carry out planned modifications to the main building and the Board approved an amount of \$13,900 for the first phase of the project, the Integrated Design and Planning Process. The total project is expected to cost \$6.3 million and includes replacement of the HVAC system, installation of an elevator, ADA improvements, a new roof, outside windows, energy efficiency and site improvements with additional parking spaces. The expected completion date is July 2021. Contract details are currently under negotiation and the final contract is anticipated to be on the September 23rd board agenda.

Santa Maria Office Relocation

The Santa Maria SBCERS' office was relocated to 2236 South Broadway, Suite D, in August 2020, coinciding with the expiration of the lease at 2400 Professional Parkway. The new office occupies a 1,600 square foot space, and comes at a lower cost, with expected savings of 30% over a five year period.

California Supreme Court Ruling: *Alameda County Deputy Sheriffs Assn. v. Alameda County Employees Retirement Assn.*

On July 30, 2020, the California Supreme Court issued its decision in *Alameda County Deputy Sheriffs' Association v. Alameda County Employees' Retirement Association*. The decision may potentially affect SBCERS' compensation earnable (pension) determinations regarding stand-by pay and accordingly, SBCERS has advised the approximately 100 retirees who received stand-by pay of this decision. The implications of the decision are currently under review, and the matter will be calendared for discussion at the September 23rd SBCERS' board meeting.

It's a pleasure to serve as your retiree representative. The next SBCERS' board meeting is scheduled for September 23, 2020 at 9:00 AM, and will be live streamed on YouTube. Take care and continue to enjoy life in the slow lane.



New Members:

Shawna Coleman
Lisa Irwin
Peter Lawson
Jessica Loomis

Ronald Morlatt
Jesse Rose
Patti Sanderson
Lynnette Shumaker

2021 Health, Dental & Vision Insurance Rates

by Zandra Cholmondeley

The Health Oversight Committee met on Zoom on June 30 and July 9, to discuss health insurance rates for 2021. All bargaining units and the RESBC (Zandra Cholmondeley and Scott Turnbull) were in attendance. SBCERS staff was also present. Of a total 4,684 persons receiving benefits, 123 early retirees and 1,257 Medicare retirees are enrolled in County sponsored health plans. In sum, here are the key points:

- Health Insurance costs for active, early retirees and Medicare retirees on Blue Shield will increase by 5.3%. There are 107 early retirees and 861 Medicare retirees currently enrolled in Blue Shield Plans.
- United Healthcare shows a 6% decrease in rates. Three hundred-fifty-one Medicare retirees are currently enrolled.
- Kaiser early retirees will see a 5.3% increase. Medicare rates will be unchanged (no increase) for the Senior Advantage Plans. Sixteen early retirees and 45 Medicare retirees are currently enrolled.
- Delta Dental PPO (self-funded plan) rates will decrease by 2.1%
- Delta HMO rates will be unchanged (no increase). Rate is guaranteed for 2 years.
- Vision rates will be unchanged (no increase).
- A new "Narrow" Blue Shield EPO Plan option at a lower cost than the Low EPO will be added to the offerings. This plan is termed "narrow" because it has a limited number of providers and comes with a higher deductible. It provides for Chiropractic and Acupuncture treatment and adds a 20% copay on labs and x-rays. This new plan does not replace any current plans.
- Carrum Health Referral Program---There is a new mandatory requirement to obtain prior authorization for certain specific surgeries such as hip and knee replacements, and bariatric surgery. First, Carrum would recommend the best place to have the surgery and then, the member could choose to either go through Carrum, or have the surgery locally.
- Care Counsel Healthcare Assistance Program--a zero rate increase for all retirees.

Be on the lookout for official notification of final 2021 plan rates from SBCERS which should be available in September 2020.

Deceased Members

Melinda Britz
Thomas Hill
Sharon Morris

Rosalyn Parson
Mary Van de Mark
Ann Zanella

Retirement Legal News

By Rory Moore

PEPRA Spiking Ban Upheld by CA Supreme Court

In late July, the California Supreme Court unanimously upheld the 2012 ban on so-called "pension spiking," a practice which increases the monetary benefits to public retirees and the costs to public employee pension funds and their sponsoring agencies. The ban took effect in 2013 after the passage of the Public Employees' Pension Reform Act in 2012 (PEPRA.)

In the case, Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association, the plaintiffs argued that the changes were unconstitutional violations of the contracts clause, and they were simply playing within the rules that had existed for years, even though the tactics could increase a pension by as much as 25%. Further, they argued that the changes brought about by PEPRA violated the "California Rule" which came about from a series of legal decisions that have been interpreted to mean the value of a government worker's retirement plan can never be reduced unless offset by other equally valuable compensation. Without the offset, the reduction would be a contract violation, except for narrow changes to maintain the plan.

Writing for the court, Chief Justice Tani Gorre Cantil-Sakauye ruled that the county employees did not have an "express contractual right to have their pension benefits calculated in a manner inconsistent" with PEPRA. Further, since there was no violation of the contract clause under the "California Rule," there was no need for a "fundamental reexamination of the rule." Thus, the "California Rule" remains intact. (See: <https://www.courts.ca.gov/opinions/documents/S247095.PDF>)

CalPERS Long Term Care (LTC) Class Action

Plaintiffs' attorneys in the CalPERS litigation have posted the latest information on the progress of the case. In the bifurcated proceedings the court has ruled that "CalPERS could not raise rates on policyholders with inflation protection if those rate increases were imposed as a result of the increasing liabilities to the LTC Fund caused by the inflation protection benefit." However, CalPERS could increase rates in other risk pools, as long as those increases were not "as a result" of increased liabilities caused by policies with inflation protection. CalPERS' statute of limitations defense was rejected as long as the plaintiffs only seek damages from the 85% increase announced in 2013. The lawsuit was filed less than one year later.

Finally, the Court set March 29, 2021 for the jury trial to determine whether CalPERS breached the insurance contract by raising rates "as a result" of policyholders who purchased inflation protection benefits and, if so, the amount of damages to be awarded to the class. (See: <http://calpersclassactionlawsuit.com/litigation-update.html>.)

RESBC Organizational Changes

By Tony Manuel, RESBC Treasurer

Your RESBC Board wants to inform you about the latest action we are taking to protect our member's interests. You know the old saying, nothing is sure except death and taxes? Well, we're trying to change one of those items, at least for our organization.

Since its formation in 1977, RESBC has been organized under Internal Revenue Code section 501(c)(7). The tax designation definition has changed a little since then, but the crux is that it means we are a social organization. By current definition, a 501(c)(7) is like a recreation club, or a kid's soccer club, or a hobby club. We are a non-profit organization, so we are not taxed on our primary income, dues. But it also means we can be and are taxed on the interest we earn on our savings funds because that is not the primary goal for a 501(c)(7) organization.

Therefore, the Board is in the process of changing our IRS tax designation to a 501(c)(4) non-profit social welfare organization. There are definite benefits to making this change. First, it aligns more with our mission to protect our members' benefits through lobbying or legal action if necessary. Second, it allows the creation and maintenance of a trust fund for such lobbying or legal action costs, which brings another benefit that any interest or capital gains are NOT taxable, which could save us up to \$2,500 yearly. Third, it matches closer with our intent to be a social welfare organization for the benefit of our members, such as providing social events and quarterly information luncheons. Most of the other county retiree organizations belonging to the California Retired County Employees Association (CRCEA) are 501(c)(4) designated organizations.

The Board feels this is a win-win situation for our organization. So, although we have started the paperwork for our designation change, government offices are not working at their normal speed levels (!) due to the coronavirus pandemic, so it may take several more months before this change can be approved by the various federal and state organizations. We are patient and eagerly awaiting final approvals.

If you have any questions, please feel free to call our message phone (805-568-5933) or leave a message on our website, www.resbc.us. I will reply as soon as possible.

A Quick Comparison

IRC § 501(c)(7)—Now

- No political activity permitted
- Organized for recreation, pleasure, social activities
- Limited to individuals with a common goal, ie: tennis club, youth soccer, etc.
- Membership is limited
- No taxes on direct income, dues, fees
- Taxed on indirect income, ie: interest and dividends
- Example: Fraternity

IRC § 501(c)(4)—Our Future

- Organized for Social Welfare, including political or lobbying purposes
- Limited to employees of municipality, individuals with common interests
- No limit on number of members
- Exempt from all taxes, direct and indirect.
- Example: Rotary Club, or Lobbying PACs

Retirement Board Elections

In addition to the nationwide general election on November 3rd, there will be an election for a three seats on the Board of Retirement governing SBCERS. The two seats for retirees are currently filled by our own Zandra Cholmondeley (Retiree Representative,) and Gary Blair (Alternative Retiree Representative.) They are each unopposed for their respective positions. Ballots will not be mailed to retirees. Instead, SBCERS will request the Clerk of the Board of Supervisors to cast unanimous ballots in favor of Zandra and Gary. Congratulations!

There is a single seat open for a general member. Two candidates have filed for this seat, the incumbent Xiaoli Zhang-King, and Justin Greene. While retirees cannot participate in the election for that seat, you can read the candidate statements at <https://www.sbcers.org/board-of-retirement/board-elections/>.

Election materials will be mailed to eligible voters on September 8, and votes will be accepted back at SBCERS through September 29th. Tabulation will occur the next day, on September 30, 2020.

WHAT DO THESE 4 PEOPLE HAVE IN COMMON???



Zandra Cholmondeley, Charlie King, Pauline Coleman and Annette Paladino

ANSWER...

Each served as president of RESBC! We thank them for their leadership. If they can do it, **SO CAN YOU!** We currently have two openings on the RESBC Board of Directors. If you are interested in serving, please contact annetteapaladino@gmail.com for more information.

Important Contact Information

RESBC suggests that members contact SBCERS every few years to verify that your family information is correct and up-to-date, especially if you have had a "life changing" event, such as a marriage, divorce, birth or death. Having a current Power of Attorney and up-to-date Beneficiary Declarations can help prevent problems for you and your loved ones.

SBCERS:

Santa Barbara County Employees Retirement System
130 Robin Hill Road, Suite 100, Goleta, CA 93117
2236 South Broadway, Suite D, Santa Maria, CA 93454

Website: www.sbcers.org

Fax: 805-695-2755

Benefits Questions: 1-877-568-2940, or benefits@sbcers.org

Santa Barbara:

Rebekah Bardakos, Member Services Director
Barbara Gordon, Member Services Representative

Santa Maria:

Scott Dunlap, Member Services Representative
Jenny Labastida, Member Services Representative

RESBC:

Retired Employees of Santa Barbara County
PO Box 30401, Santa Barbara, CA 93130-0401

Website: www.resbc.us • Voice mail: 805-568-5933

Care Counsel: 1-888-227-3334

Resources for your health care needs. Helps resolve problems related to care and insurance, and will advocate for members, but does not provide medical advice or treatment.



NEED A MEAL DELIVERY SERVICE?



During these unsettling times, many seniors may not feel physically able to prepare meals. Also, some seniors cannot afford to purchase nutritious food. Enrolling in a **senior meal delivery program** is an effective solution to both problems. The programs listed below deliver meals to your doorstep 5 or 7 days per week. The cost ranges from \$3 to \$4.50 per meal. (Financial assistance is available.) There is no income test to qualify for these programs. Call and learn whether meal delivery can make your life easier ♥

- **Community Action Commission “Healthy At Home”:**
North County 805.925.3010
South County 805.964.8857 Ext. #1140
- **Meals on Wheels:**
Santa Barbara 805-683-1565; Lompoc 805-736-3257
Santa Maria 805-938-1200; Santa Ynez Valley 805-350-8478



NEED A GROCERY DELIVERY SERVICE?



Currently many seniors prefer to avoid grocery stores or pharmacies. Signing up for a delivery service is smart and convenient. This service may prove to be a “keeper” when things return to “normal.”

- **Instacart** : www.instacart.com
Deliveries as soon as 1 hour from Gelson’s, Smart & Final, Costco, Ralphs, CVS, Lazy Acres, Vons, Albertsons, Lassens, BevMo, RiteAid and more. Cost is from \$5.99 or free with a yearly \$135 membership



TRY A MEAL KIT SERVICE



These are fabulous for busy families, but now work well as a safe option for seniors. Prices vary, and are not cheap, but the service is great, the quality of the meat and produce is very good and the provided extra ingredients are convenient – like tiny packets of seasoning, small jars of mayo, packets of sour cream, soy sauce, etc. Some provide meal ingredients, others provide completed cooked meals.

- **Hello Fresh:** www.hellofresh.com
- **Blue Apron:** www.blueapron.com
- **Freshly:** www.homechef.com



TRAVEL CLUB NEWS

Travel Club is a group of energetic RESBC retirees – couples and singles – who enjoy group travel. We meet regularly to choose new trips and discuss travel plans. Contact Annetteapaladino@gmail.com, to join.

SICILY-SOUTHERN ITALY FOOD/WINE TRIP: New departure date: 10/19/21. Itinerary highlights include: Noto/Avola wine region, National Museum of Magna Greca, Sassi di Matera Cave Dwellings, Lost City of Herculaneum, wine-cheese-chocolate-gelato tastings, special dinners, cooking lessons!


TRAVEL CLUB MEMBERS IN HAPPIER TIMES!



Required USPS Publication

[illegible]

Publication Title		14. Invest Data for (October 2020 - December 2020)	
Retired Employees of Santa Barbara County Newsletter		Third Quarter	Fourth Quarter
15. Intent and Nature of Circulation MA: Intent and Nature of Retired Employees of Santa Barbara County		Average No. Copies per Issue During Third Quarter	Average No. Copies per Issue During Fourth Quarter
		95	89
a. Total Number of Copies (Net press run)		2500	2500
b. Paid Distribution (by Mail, Sales, or the MA's)		830 Mailed Outside Paid Distribution Subscriptions by PS Form 3841 (includes paid subscriptions outside the United States, advertiser's proof copies, and invoice copies)	833 Mailed Outside Paid Distribution Subscriptions by PS Form 3841 (includes paid subscriptions outside the United States, advertiser's proof copies, and invoice copies)
c. Free or Nominal Rate Distribution (by Mail, Sales, or the MA's)		1575	1578
Paid Distribution: Copies for Mail-Including News, Through Vendors and Carriers, Street Vendors, Counter Sales, and Other Paid Distribution Outside USPS®		0	0
Free or Nominal Rate Distribution: Copies of Other Classes of Mail Through the USPS (i.e., First-Class Mail®)		0	0
d. Total Paid Distribution (Sum of 15b, 15c, 15d, and 15e)		2405	2411
e. Free or Nominal Rate Distribution (Sum of 15f, 15g, and 15h)		95	89
f. Free or Nominal Rate Outside Country Copies Included on PS Form 3841			
g. Free or Nominal Rate for Other Classes Included on PS Form 3841			
h. Free or Nominal Rate Copies Mailed at Other Classes Through the USPS (i.e., First-Class Mail®)			
i. Free or Nominal Rate Distribution Outside the Mail (Carriers or other means)			
a. Total Free or Nominal Rate Distribution (Sum of 15f, 15g, 15h, 15i, and 15j)		95	89
Total Distribution (Sum of 15d and 15j)			
c. Copies not Distributed (See instructions to Publishers at page 303)			
d. Total (Sum of 15d and 15j)		2500	2500
e. Percent Paid (15b Divided by 15d times 100)		96.2%	96.4%

UNITED STATES POSTAL SERVICE®		Statement of Ownership, Management, and Circulation for All Periodicals Publications Except Requester Publications	
1. Issuance City/Location		None	
a. Paid Electronic Copies		b. Paid Electronic Copies	
c. Total Paid Print Copies (Line 15c) + Paid Electronic Copies (Line 16a)		d. Total Paid Print Distribution (Line 15c) + Paid Electronic Copies (Line 16a)	
e. Percent Paid (Both Print & Electronic Copies) (15c divided by 15c + 16a)		f. Percent Paid (Both Print & Electronic Copies) (15c divided by 15c + 16a)	
<input type="checkbox"/> I certify that 95% of all my published copies (electronic and print) are paid above a normal price.			
7. Publication of Statements of Ownership			
<input type="checkbox"/> The publication is a general publication; publication of this statement is required. We will print in the <u>3rd</u> Quarter issue of this publication.		<input type="checkbox"/> Publication not required.	
8. Signature and Title of Editor, Publisher, Business Manager, or Owner		Date 09-01-2010	
 Rory O. Moore, Editor			

RESBC Newsletter
Post Office Box 30401
Santa Barbara, CA 93130-0401

July, August, September, 2020

Edition 2

Vol. 3

Periodicals Postage
Paid
Santa Barbara, CA
and Additional Entry
Permit No. 009381

Retired Employees of Santa Barbara County Officers

President	Annette Paladino
Vice President	Zandra Cholmondeley
Secretary	Mark Brickley
Treasurer	Tony Manuel

Directors

Rory Moore Bob Spinner Michael Hardwick

RESBC Officers and Directors meet monthly. Since the onset of the COVID-19 pandemic these meetings are conducted on a virtual platform, and on a schedule that is not entirely regular. If you would like to attend a board meeting, please contact RESBC to confirm when the next meeting will be held, and how to participate. We all look forward to when we can resume our quarterly luncheon meetings with all who want to attend in person.

CRCEA DELEGATE: Annette Paladino
RESBC NEWSLETTER EDITOR: Rory Moore
RESBC WEB MASTER: Claude Rateau

Santa Barbara County Retirement Board



Frederick Tan, Chair
Harry Hogen, Vice-Chair
Steve Lavagnino
Trent Benedetti
Ted Sten
Zandra Cholmondeley
Xiaoli Zhang-King
Robert Adam Perry
Michael Vidal
Gary Blair (Retiree Alternate)
Ryan Sullivan (Safety Alternate)

Meetings for the Santa Barbara County Retirement Board are usually held on the fourth Wednesday of the month, and have been live-streamed through YouTube for the past few months. The public can view and participate in these meetings by following the link and procedures posted as part of the Board's agenda at <https://www.sbcers.org/board-of-retirement/meetings-agendas-minutes/>. Simply click on the PDF link in the Agenda column for the meeting desired.