

Official Publication of the Retired Employees of the City and County of San Francisco

NEWS & VIEWS

A MEMBERSHIP ORGANIZATION WORKING FOR ALL CITY RETIREES

Health Service Committee Report

By Claire Zvanski

The Rates and Benefits process continues. This is the process by which the premium rates for the next year (2017) are being negotiated and set. We have not seen rate proposals from the health plans yet. All of the preliminary adjustments that impact our rates are being reviewed.

- **2016 10 County Survey:** This is the annual survey of the 10 most populous counties in California (except S.F.) that is used to set the charter-mandated **employer contribution** toward our health benefit premiums. We can thank Santa Clara County, as it increased its contributions by 16.82% so that the overall average rate increase is 4.42% for 2017. The current dollar contribution for 2016 is \$579.24 and the **2017 contribution will be \$604.84.**
- The System is self-funded for all plans except Kaiser; so, it must set aside reserves from the trust fund to meet the claim obligations. These are called **contingency reserves**. It is also required to have stop-loss insurance for all claims over \$1,000,000 in its PPO plans, including the Delta Dental PPO plan for active employees. These reserves were set during this meeting.
- The System's actuary, AON Hewitt, researched our current medical carriers and their strategies related to a strategy called **Value Based Insurance Design (VBID)**. It is a strategy that minimizes or eliminates out-of-pocket costs for high-value services that are especially related to **chronic conditions** such as diabetes, asthma, organ transplants and tobacco cessation. Kaiser and United Healthcare

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Retirement Committee Report

By Claire Zvanski, Herbert Weiner, and Herb Meiberger, CFA

The Fiscal Year is off to a shaky start!

- In February, the Fund lost .07%.
- From 7/1/15 to 2/29/16 (FYTD), Northern Trust and staff reported the Fund declined in value by 4.33%.

Private Equity Portfolio—the portfolio's gem!

- Private equity consultant Cambridge Associates and staff, led by Managing Director for Private Investments Art Wang, reported on the performance of the private equity portfolio for the periods ending Sept. 30, 2015.
- The private equity portfolio, comprised of limited partnerships in venture capital, leveraged buyouts, and other illiquid investments, returned 15.9% since its inception in 1988. Private equity has been the best-performing asset class in most time frames.
- The reported value was \$2.5 billion. This represents 12.7% of total assets, which is below the target allocation of 16%.
- In 2014, \$860 million was committed to new investments; in 2015, \$1.2 billion was committed. For 2016, the target is to commit \$850 million to new investments. It is a challenge to increase the weight in the asset class, as the general partner determines the sale of companies, which determines the return of cash to the limited partners.

Real Assets Portfolio — Real Estate and Natural Resources

- Real assets consultant Cambridge

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April Calendar

Regular Meeting

Wednesday, April 13

Business meeting & program:
10 15 a.m.

Irish Cultural Center
45th Ave. & Sloat Blvd.

News & Views

Editorial Committee Meeting

Tuesday, April 19, 9 a.m.

Taraval Police Station
All interested parties welcome.

Executive Board Meeting

Tuesday, April 19, 10 a.m.

Taraval Police Station
All interested parties welcome.

Public Meetings:

Retired Firemen &

Widows Association

Thursday, May 19, 1 p.m.

Irish Cultural Center,
45th Ave. & Sloat Blvd.

Veteran Police Officers

Tuesday, April 12, 11 a.m.

San Francisco Scottish Rite
Masonic Center,
2850 19th Ave. & Sloat Blvd.

Retirement System

Wednesday, April 13, 1 p.m.

1145 Market St., 6th Floor

Health Service System

Thursday, April 14, 1 p.m.

City Hall, Room 416

UESF Retired Division

For time/location, contact
Diane Doe at 1 (415) 822-2099 or
Ddoe@mac.com.

SEIU 1021 West Bay

Retirees Chapter

Monday, April 18, 12-2 p.m.

Union Hall, 350 Rhode Island St.,
100 South Bldg.

Contact: David Williams

1 (415) 939-5149 or iamdhw@comcast.net.

Retirement Committee Report

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Associates and staff reported on the performance of the real assets portfolio for the periods ending 9/30/15.

- Cambridge reported that \$1.38 was returned for every dollar invested. This portfolio outperformed its benchmarks for all time frames. For 20 years ending 9/30/15, the total return was 9.5% per year, compounded annually.
- The reported value was \$2.0 billion. This represents 10% of total assets, which is below the target allocation of 17%, with real estate and natural resources representing 12%, and 5% of assets, respectively. For 2016, the target is to commit \$700 million to new investments.

Investment in China-A Shares

- Staff recommended that SFERS commit to invest with *Cephei Capital* and *Spring Capital*. Their mandate would be to invest in concentrated portfolios of the unlisted “A shares” in China. These investments are shares of companies that are traded on the Shanghai and Shenzhen stock exchanges that are denominated in the renminbi, the Chinese currency.
- Although no specific dollar amount was mentioned in staff and consultant’s written recommendation, staff mentioned \$200 million to each manager in its oral presentation to the Board.
- Commissioner Makras voiced several concerns, including the inability to ask questions in public session because of a “non-disclosure agreement” that staff reported as required by the Chinese firms before they would consider meeting with our staff.
- Commissioner Meiberger noted that the fees at “2 and 20” (that is, annual management fees of 2% of assets and 20% of profits) would be the highest of any manager of public securities and are comparable to those typically charged by hedge fund managers.
- The item was continued to the April meeting.

Executive Director’s Report

- Jay Huish reported that the System completed the remaining payments to the post-1996 retirees as required by the court mandate (Proposition C lawsuit). Estates still need to be researched and paid. **All interest payments will be made by 5/31/16.**

Questions? Comments? Contact Herb Meiberger at herb.sf@gmail.com, Herbert Weiner at h.weiner@sbcglobal.net or Claire Zvanski at czvanski@hotmail.com.

New Members

Mike Cunnie	FIR
Bobby Long	CAT

Health Service Committee Report

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rate high in VBID services. Blue Shield does not currently offer any such services within its existing product portfolio, but is exploring a few options.

- By Feb. 10, 2016, 51,000 **1095 forms** were distributed to all active employees and City Plan retirees. HSS and the HMO plans send the membership information to the IRS, so you don’t have to submit your 1095 form with your taxes. **Keep this proof of health coverage.**
- The CA Pharmacy Board is setting the regulations for the **disposal of drugs** that are no longer needed, or expired. Kaiser, Walgreens Pharmacy, and CVS now have **boxes to collect** these drugs so that people won’t be tempted to throw them in the garbage or down the plumbing. The greatest concern is the disposal of narcotics.
- Two classes were added to the **Wellness Center** schedule. These are focused on increasing movement activities, especially for retirees. Check out the schedule and register on myhss.org.

Questions? Comments? Contact Claire Zvanski at 1 (415) 341-3085 or cvanski@hotmail.com.

Rest In Peace

The following members have recently passed away.

Mary J. Chimienti	FIR	Eleanor L. Kendall	BOE
Pat A. Deering	BOE	Don V. Lorensen	DPW
Roy Giorgi	POL	Richard J. Pierce	BOE
Josephine Gurnsey	DPT	Gary Titus	DPH
Paul W. Husby	POL	Thomas G. Wood	POL

Useful Phone Numbers

RECCSF Office

Email: reccsf@att.net

Website: sfretirees.org

Phone Number:

1 (415) 681-5949

Health Service System

Website: www.myhss.org

Phone Numbers:

1 (415) 554-1750

1 (800) 541-2266

S.F. Retirement System

Website:

www.sfgov.org/sfers

Phone Numbers:

1 (415) 487-7000

1 (888) 849-0777

President's Message



By Claire Zvanski

While many of our members know that RECCSF is an independent organization and that SFERS is a city department, it seems that many others aren't aware of the difference.

SFERS pays your retirement stipend. RECCSF is a membership organization that represents San Francisco City and County retirees, and is the only officially recognized representative of CCSF retirees.

RECCSF needs more dues-paying members in order to continue our work and our mission. We are relying on you, our members, to help identify newer retirees and encourage them to join.

When we retire, our priorities in life change. Travel, classes, grandchildren, or a new career fill our lives. We are very fortunate to have our retirement income and health care coverage, so that we can concentrate on our new lives. It's wonderful!

But, when something seems to threaten our pension or health coverage, many of us don't seem to know which way to turn! I am still surprised at the number of calls we continue to

get in the RECCSF office asking about Proposition C, the lawsuit, the supplemental COLA payout, and the new health/dental plan rate.

Are we communicating well? Please let us know. Write to the editor. Write to the office. Tell us what you like and what you think needs change. **RECCSF is your voice; but we must hear your voice!**

Questions? Comments? Please feel free to contact me at 1 (415) 341-3085 or czvanski@hotmail.com.

Handling Cash Flow Changes

By Flo De Jesus, Golden Gate Branch Service Supervisor
San Francisco Federal Credit Union

With gas prices ever increasing, we're all feeling the pain in our budgets. The extra money we're putting into the gas tank is coming from somewhere. Where are you feeling the squeeze? Have you cut back on \$3 coffees and dining out? Have you decided to take a less expensive vacation? Are you supplementing your income with credit cards?

Cash flow changes—whether due to the cost of fuel, the cost of healthcare, reduced income, or a life change such as retirement—affect us all. These changes can be stressful because they make us feel out of control.

You can take control, however. Assess the situation by examining your income, withholdings, assets, expenses and debt. We can help you design a budget, complete with an action plan that will serve as a tool to guide you through the cash flow change.

Cash flow changes can be expected as we journey through life's different stages and challenges. Facing the cash flow change early and getting professional advice is the best way to weather any financial storm.

We are here to help you through difficult financial times. Contact us to learn about products and services that can save you money and get you back on track.

Travel Committee Report

By Beverly Pardini and
Marylou Allen

Tue., April 5

ADA-accessible tour of the *new* Rosie the Riveter National Historic Park—located in the reimagined Richmond shipyard—that celebrates the men and women who helped make a WWII victory possible; hosted lunch included at the nearby Assemble Restaurant. Time permitting, we will view the USS Red Oak Victory Ship nearby.

Wed., April 20

First stop: Stewart and Jasper Almonds, an extensive gift store located in Newman. Lunch stop: Hilmar Cheese Factory. Continue on to Modesto and Sciabica & Sons Olive Oil for a tasting and gift store visit.

Tue.-Thur., May 17-19

High Sierra Trails begins with the first overnight at the Mont Bleu Resort, South Lake Tahoe. The following day, take a self-guided tour of the Dangberg Ranch in Minden, Nevada. Lunch is included at a Basque restaurant in Gardnerville, before checking in for a second overnight at the Carson Valley Inn, Minden. Before returning home the third day, we stop at the Silver Legacy in Reno.

Tue., July 12

Talented "senior" performers, "The Kut-Ups," celebrate their 44th anniversary with an afternoon of song, dance and music at the Spreckles Center for Performing Arts in Rohnert Park. Lunch before the show at the Olive Garden.

Info: Marylou at 1 (800) 334-3465 or mrylallen@yahoo.com.

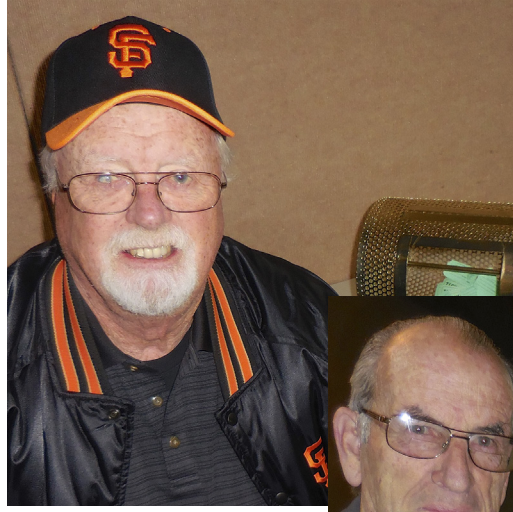
March 15 Board Meeting Actions:

- Board seeking speaker and installer for Annual June Luncheon.
- Board researching feasibility of conducting out-of-city general membership meetings.

March General Membership Meeting



Speaker Al Garza, Fire Department, shared his passion for health, good nutrition, and fitness with RECCSF members.



Raffle volunteer Jim McCoy, Fire Department.



Member Johnie Wong, PUC.



From left: Frugal Few raffle ticket purchaser George O'Connell, Water Dept., and coordinator Linda Tabor-Beck, School District.



Speaker Al Garza leading an exercise warmup demonstration.



Member Ellen Shanahan participating in Mr. Garza's exercise warmup session.

Annual Luncheon and Installation of Officers Wednesday, June 8, 2016

United Irish Cultural Center, 45th Avenue and Sloat Blvd. San Francisco

11 a.m. No-host Cocktails ~ 12:15 p.m. Luncheon

Luncheon Tickets: \$30.

Make your reservation at the **April 13 or May 11** general membership meetings *or* mail this form with your check (payable to RECCSF) to the RECCSF Office, 3915 Irving St., San Francisco, CA 94122-1294.

Reservations and payments must be received by Wednesday, June 1–no exceptions!

All information must be filled out, or your reservation form will be returned to you. No payment will be accepted without a properly completed reservation form, and no form will be accepted without payment. No tickets will be sold at the door, and no seating will be rearranged at the door.

For your information:

- On luncheon day, *each* attendee (except *reserved tables*) will be given an envelope with the table number on the outside; inside will be an entrée ticket, to be placed on the table for the servers.
- Raffle tickets will be sold at the luncheon for \$1 each, or six for \$5. The number of \$20 *each* cash prizes to be awarded depends on how many tickets sold, with 50% percent of the proceeds going to prizes and 50% to the RECCSF operating fund.

If you have any questions, contact RECCSF Office Manager Reyna Kuuk at reccsf@att.net or (415) 681-5949; include your name and phone number in the message.

Annual Luncheon Reservation Form ~ Please Print!

Name(s) (e.g., John and Jane Doe): _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Email address: _____ Daytime Phone (w/area code) _____

Entrée choice: If making a reservation for more than one person, please indicate how many of each entrée type:

Entrée choice(s):

Beef Pot Roast with Mashed Potatoes ☐

Parmesan Crusted Sole with Rice ☐

Cheese Ravioli ☐

Please note the names of all other attendees with whom you would like to share your table.

Name/s: _____

Total amount enclosed: \$ _____

Detach and mail to: RECCSF Office, 3915 Irving St., San Francisco, CA 94122-1294.

Open Letter to Protect Our Benefits (POB)

By John Madden

When, in 2011, the City proposed a charter amendment to deal with the fiscal crisis, it asked that active employees pay more into the Retirement System, that the City contribute more into the Retirement System, and for retirees to forego the “good times” supplemental COLA until the System reached 100% of market value; in other words, to delay payment until the market value was sufficient to provide for all—actives who might retire and retirees already retired—to receive all the benefits promised.

POB sued, contending that already retired folks had a vested right to receive the “good times” supplemental COLA

when retirement earnings exceeded the planned rate, ultimately taking the case to the California Supreme Court. The final ruling was that, in fact, there was a vested right, but only for folks who retired after the approval of the charter amendment in 1996.

As a result, many retirees received retroactive adjustments, although those who were the most impacted by high cost of living increases prior to 1996 were adjudged to have no vested right to the supplemental COLA amounts.

Recently, POB asked the Retirement System to basically ignore the court findings and pay pre-1996 retirees the supplemental COLA. The System replied that its fiduciary duty to all

beneficiaries meant that it could not violate the court action.

It is unfortunate that some of the most deserving of an adjustment were left out, but we live in a land governed by laws.

It doesn’t make sense to keep spending retiree monies to pursue the issue further. Please, POB, shift your focus and preserve retiree donations for other, more pressing, issues.

Open Letter to RECCSF President

By retiree Jim Sutro

President Claire Zvanski, you and a small group of dedicated individuals have done an admirable job of “protecting our benefits.”

This kind of work simply makes my eyes glaze over, and I am in awe of people who can do it so well.

So, I am sending 10% of my unexpected COLA kickers to POB as a “thank you,” to assist in your further efforts for the pre-’96 retirees—and perhaps also in a nice lunch for the POB Committee.

It will be well spent; I appreciate the opportunity to return a bit of my good fortune to those who made it possible.

Thank You!

Health Service System Retirement Fitness Classes!

The Health Service System has a Wellness Center at 1145 Market St., San Francisco, that offers a range of activities, including exercise classes, educational seminars, wellness coaching, and special events.

We’d like your input as to what type of activities and times appeal to you.

Please complete this survey at

<https://www.surveymonkey.com/r/RetireeMovementClass>
by April 30, 2016.

For a list of current classes, visit:

<http://myhss.org/events/seminars.html>.

Health Service System

“Eat Better, Feel Better”

Nutrition Challenge for Retirees and Families

Win weekly prizes!

Track your fruits and vegetables for six weeks.

(Eating five fruits and vegetables daily is easy and delicious.)

Registration starts April 4, 2016.

Program starts April 18, 2016.

Register by April 18 at

myhss.org/well-being.

Abbreviated Financial Statement for RECCSF

For the Six Months ended
Jan. 31, 2016

Revenue:

Membership Dues	\$16,896.66
Contributions	470.84
Others	<u>2,442.92</u>
	\$19,810.42

Expenditures:

News and Views	\$4,342.78
Meeting & Office Expenses	22,562.63
Others	<u>3,695.23</u>
	<u>\$30,600.64</u>
Deficit for the period	(\$10,790.22)

Protect Our Benefits

By Skip McKinney

Protect Our Benefits is an independent political action committee which falls under the provisions of the San Francisco Ethics Commission. The opinions are those of the writer.

Executive Director of SFERS Jay Huish, in a letter dated 02/15/16, informed POB that the Retirement Board “**must**” apply the “full funding” requirement to the pre-1996 retirees. This was a result of numerous closed session conferences with the city attorney and SFERS board members.

It is our view that the city attorney took the opinion of the court—which stated that the full funding requirement “**may be applied**” to the pre-1996 retirees—and incorrectly cited it as an absolute ruling when stating definitively the full funding requirement “**must apply**.”

Not only is the city attorney’s opinion in error, but it also presents an inherent financial and ethical conflict of interest. As authorized by the city charter, POB has requested that SFERS engage counsel other than that of the city attorney.

The *Westside Observer* recently ran an informative article addressing points POB continuously pressed on behalf of retirees. Visit www.stopLHHdownsize.com to read an article containing accurate economic information addressing our issues: *Mayor’s Hiring Binge vs. City Retiree Pension*.

You will be exposed to other, inaccurate, writings that blame retirees for all of the

City’s economic shortfalls. The court did not change the language in charter section A8.526 (b), which requires that “each retirement allowance” shall be increased by 3.5% when the previous year’s earnings exceeded the expected earnings; i.e. the supplemental COLA. This section applies to both pre- & post-1996 retirees; there is no distinction. The Retirement Board, consistent with the charter and ordinances, shall be the sole authority and judge as to who may receive and continue to receive benefits. Yet, they relinquished their duty to its participants and relied on the advice of the city attorney’s office—whom, we have reason to believe, has a prohibited financial and ethical conflict of interest.

At the POB March 14 meeting POB

attorney David Clisham explained several options as to how we may proceed in protecting pre-1996 retirees. Stay tuned for further developments.

Also, stay tuned to the Health Service System agenda regarding early retirees and their dependents. POB unanimously voted for no increase in rates in Kaiser or Blue Shield health plans for early retirees and their dependents.

POB will aggressively continue to protect the benefits of both pre- & post-1996 city retirees; but we need your help to succeed. Please consider a contribution to POB via our website, or mail a check to: POB, P. O. Box 320067, San Francisco, CA 94132.

Thanks in advance!

RECCSF Members Running for Board

President

Claire Zvanski

First Vice President

Mary Anne McGuire-Hickey

Second Vice President

Linda Tabor-Beck

Secretary

vacant

Board members

Nancy Aguirre

Beverly Pardini

Sharon Johnson

One seat vacant

John Madden

Membership and Subscriptions

for retired city employees as of July 31, 2015

Membership application: www.sfretirees.org; email: reccsf@att.net.

- \$48, annual
- \$600, lifetime (payable over four months in four payments of \$150 per month, or annually over four years in increments of \$150 per year)
- Members without computer access should contact the RECCSF office at 1 (415) 681-5949.

News & Views is the publication of the Retired Employees of the City & County of San Francisco, Inc., a nonprofit organization. *News & Views* is published to express the policies, ideals and accomplishments of the organization. Nothing shall be published herein that is racist, sexist or ageist, or that is derogatory toward religious beliefs and other personal issues; nor shall be published anything in violation of Article VII, Section 1 of the RECCSF constitution. Editorial contributions from individuals, organizations and groups other than RECCSF and its members may be included in *News & Views* only upon the approval of the Editorial Committee.

Submissions to *News & Views* are solicited and encouraged.

Submit in Word document to: sheilamullen@mac.com, or

Sheila Mullen, editor, RECCSF office, 3915 Irving St., San Francisco, CA 94122-1294

Telephone: 1 (415) 681-5949, Fax: 1 (415) 681-5398



Retired Employees of the
City and County of San Francisco,
3915 Irving St.,
San Francisco, CA 94122-1294

News & Views

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Claire Zvanski, President
Linda Tabor-Beck,
First Vice President
John Madden,
Second Vice President
Secretary, Vacant
George Lau, Treasurer
Leo Martinez, Sergeant-at-Arms

Executive Board Meeting

Tuesday, April 19, 10 a.m.
Taraval Police Station
2345-24th Ave.
All interested parties welcome.

Note to members:

Please keep RECCSF updated
with changes in address,
phone number and email.

News & Views

May Deadline:

☛ Friday, April 15, 5:30 p.m.
Please email your submissions to:
sheilamullen@mac.com.
Letters to the Editor of 50 words or less welcome.
All letters subject to further editing.

Visit our website:

sfretirees.org

RECCSF office
email address:
reccsf@att.net

Welcome, New Retirees

Upcoming General Membership Meeting

Wednesday, April 13

*A speaker from the Red Cross will present preparedness
strategies for earthquakes and other natural disasters.*

