



# The Latest Wrinkle

*A Periodic Publication for Retirees and Beneficiaries of SCERS*

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### Important Telephone Numbers

- SCERS: 916-874-9119
- SCERS FAX: 916-874-6060
- SCERS TOLL FREE No: 1-800-336-1711
- Web Address: [www.saccounty.net/retirement](http://www.saccounty.net/retirement)
- COUNTY INSURANCE OFFICE: 916-874-5568; 916-874-5569
- PACIFIC GROUP AGENCIES (DELTA DENTAL): 1-800-288-6601 or 1-818-364-2979

## “VENTURA CASES”

### Is There Light At The End Of The Tunnel?

As you may recall, litigation was brought in 1998 against various 1937 Act county retirement systems (including SCERS) asking for a retroactive application of a 1997 Supreme Court case decision and for additional items to be included in the calculation of monthly retirement allowances. If successful, such suits would result in recalculations of retirement allowances.

The SCERS Board and Sacramento County Board of Supervisors on October 16 and October 21, 2003, respectively, have approved a proposed Settlement Agreement in the matter which, if approved by the court, will bring closure for active and retired members to the entire litigation, known as the *Coordinated Cases*, now entitled *Retirement Cases* (aka “Ventura”).

The Agreement would be implemented in January and February, 2004 if approved in Superior Court.

The Agreement would include a lump sum payment to be made retroactively to December 1, 1994 and a going-forward percentage increase for future monthly retirement allowances. To be eligible, retirees or beneficiaries must meet two criteria:

- 1) must be receiving a retirement or survivor’s allowance on January 1, 2004; and,
- 2) must have had the initial retirement allowance calculated based upon compensation earned prior to October 1, 1997.

No retirement allowances will be reduced as result of the Settlement Agreement.

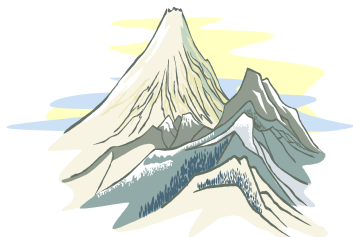
### It Ain’t Over ‘Til It’s Over!

Note: This is a proposed Agreement.

A Notice Of Proposed Settlement And Fair Hearing will be sent out to all class members near end of October. The Notice is to advise you of your rights under the proposed Settlement Agreement that may increase your retirement allowance, or provide you with other remuneration. It will also indicate that you may object to the settlement and appear in court. Once received, you should read the Notice carefully.

The Notice will advise you as to whom you might direct questions, if you have any.

**Do not call the SCERS office to ask questions pertaining to the proposed Agreement. If approved by the court, SCERS will notify you, accordingly.**



#### RETIREMENT BOARD

James A. Diepenbrock, President  
Appointed by the Board of Supervisors

Ron Suter, First Vice-President  
Elected by Miscellaneous Members

John Kelly, Second Vice-President  
Appointed by the Board of Supervisors

Mark Norris, Director of Finance  
Ex-Officio

Keith DeVare  
Elected by Miscellaneous Members

Winston H. Hickox  
Appointed by the Board of Supervisors

Robert Woods  
Appointed by the Board of Supervisors

William Cox  
Elected by Retired Members

William D. Johnson  
Elected by Safety Members

Steven Soto, Alternate  
Elected By Safety Members

Nancy Walford-Landers, Alternate  
Elected By Retired Members

##### Executive Staff

John R. Descamp  
Chief Executive Officer

Jeffrey W. States  
Chief Investment Officer

Linda Seher  
Chief Benefits Officer

Kathryn T. Regalia  
Chief Operations Officer

Newsletter Coordinator - Virginia Hayes

**Sacramento County Employees'  
Retirement System**  
980 9th Street, Suite 1800  
Sacramento, CA 95814

### SCERS BOARD ELECTS OFFICERS

The SCERS Board has announced results of the election of officers by the SCERS Board members for the term July 2003-June 2004.

Elected as Board President is James A. "Jim" Diepenbrock. Recently re-appointed by the Sacramento County Board of Supervisors for a second three-year term, Mr. Diepenbrock has served as a Board member since August 13, 1997. He is employed with UBS Financial Services as a senior vice-president.

Elected as First Vice-President is Ronald Suter, who serves as an elected trustee chosen by the non-safety members of the system. Mr. Suter has served as a Board member since July 1, 1997. He is employed with the County of Sacramento as the Director of Regional Parks, Recreation and Open Space.

Elected as Second Vice-President is John B. Kelly. Mr. Kelly is also re-appointed by the Board of Supervisors for a second three-year term having first taken office January 21, 1998. Mr. Kelly is employed as an investment advisor with Capital Financial Group, an affiliate of Massachusetts Mutual.

The SCERS Board manages a defined benefit plan with assets of \$3.4 billion serving 16,000 active members and 6,000 annuitants with a total annual pension payroll in excess of \$100 million.

The Board employs forty-one permanent in-house employees for administration of the system as well as seventeen professional asset management firms and Mercer Investment Consulting as investment consultant for the system.

The Board is composed of nine members: four appointed by the Sacramento County Board of Supervisors; three elected by active employees; one elected by retired annuitants; and, the county treasurer serving as ex-officio. There are also two alternates: one who votes in event of the absence of the "retiree" member of the Board; and, one who votes in the absence of any elected active member of the Board.

### **Hoganson Becomes A “Retired Annuitant”**

After serving as a Sacramento County employee since March 15, 1971 and, since January 1, 1986, serving as a SCERS Board member, Sheriff’s Captain Jan Hoganson retired effective July 4, 2003.

During his seventeen year tenure on the Board, Hoganson served honorably in carrying out his fiduciary duties as a Board member managing the retirement system. Elected President of the Board, he guided the Board and staff through many issues significantly important to SCERS members, Sacramento County elected officials, employee bargaining organization representatives, citizens and taxpayers of Sacramento County.

Having served with honor and integrity with a compelling dedication to plan participants in creating policies and taking actions compliant with applicable laws, he set an example for current and future fiduciaries.

Congratulations to Mr. Hoganson now allowing SCERS to serve him as a happy SCERS monthly annuitant!!!

### **New Board Members**

With their retirements from active service with Sacramento County, SCERS’ elected “safety” Board member Jan Hoganson and James C. Crump, Jr., “alternate” safety board member, necessitated a special election of active SCERS members to fill their unexpired terms (through December 31, 2003) and a regular election for a new three-year term (January 1, 2004 through December 31, 2006). Also at issue was a new three year term for one “miscellaneous” Board member.

An election was held September 26 through October 6, 2003. The results are in: “Safety” Board member is William D. “Bill” Johnson; “Alternate” Safety Board member is Steven Soto; and, “Miscellaneous” Board member is Ronald Suter.

The candidates were required to submit a Personal Statement Of Qualifications. **Statements submitted by the successful candidates are:**

**William D. (“Bill”) Johnson**

Occupation: Sheriff’s Lieutenant

Age: 38

I am a Sheriff’s Lieutenant, currently assigned as the Assistant to the Chief of Correctional and Security Services, and hold a Bachelor of Arts degree in Criminal Justice Management. I have been employed at the Sheriff’s Department for 16 years and my father is retired from the Sheriff’s Department. I have allegiance to all beneficiaries; past, present and future.

As your Safety Board member I am committed to safeguarding the assets of the retirement system to ensure that benefits are available to all, upon retirement. I will support the position that investments should be fundamentally sound and based upon sound investment policies, yet produce solid earnings to grow the assets of the retirement fund. Board members have a fiduciary duty to serve in the best interests of the members of the system.

I have experience managing budgets to include Division level, Service Area level and the Inmate Welfare Fund. These budgets total over \$93,000,000 annually.

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(continued from page 3)

### New Board Members (continued)

#### Steven Soto

Occupation: Assistant Fire Chief

Age: 51

I served in the United States Air Force from July 1969-1989, until retirement. In 1989, I was hired by the Sacramento County Airport System as Fire Operations Supervisor. I was promoted to Assistant Fire Chief in 1992. From 1990-1992, I served as the Vice President of the Sacramento County Supervisors Association. I have experience in planning, budgeting and managing multi-million dollar assets for the military and county. I also served five years on a Trustee Board and a Finance Committee of a civic 501 (C) (3) organization.

In these austere economic times, questions are being asked regarding recently implemented retirement benefits and the impacts on government agencies. I believe that every Safety member deserves to know that the Retirement System is going to be there for them in their future. If elected, I will consider all avenues, inputs and option available to ensure the solvency and stability of our Retirement System and will explore all available information in order to make the best decisions on behalf of our Safety members and the Sacramento County Employees' Retirement System.

#### Ronald Suter

Occupation: Parks Administrator

Age: 55

Your financial security in retirement depends on selecting a reliable, knowledgeable professional with Retirement Board experience. I currently serve as Vice-President of your Retirement Board and have worked diligently ensuring that your retirement fund is protected and competitive.

Recently your Retirement Board successfully worked with the Board of Supervisors, County Executive and Labor associations in obtaining enhanced benefits for all County employees.

During my 7 year tenure I worked actively to help realize:

2% at age 55 ½ enhanced benefits;

The ability to purchase up to four years of public service credit;

The minimized affect the downturn in the market had on your retirement fund, it grew from \$2.3 to \$3.5 billion;

The development/production of "The Finish Line", first published in 1999;

The development of a website, to allow members access to their retirement account.

[www.saccounty.net/retirement](http://www.saccounty.net/retirement)

With my knowledge of retirement law, experience and success in stocks, mutual funds and bond markets, I can best serve your interests by remaining a key member of the Retirement Board. Voting for me ensures you are provided an experienced and concerned voice on our Retirement Board.

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Congratulations to our SCERS Board members!!!

### Sacramento County Employee Benefits Office Holds Annual Enrollment

The Employee Benefits Office (“EBO”) scheduled an Annual Enrollment for SCERS retirees who are enrolled in Sacramento County-sponsored medical plans, to take place October 1-31, 2003. Professionally produced informational booklets *Annual Enrollment Guide For Retirees* and *Health Insurance Summary For Retirees* were mailed by the EBO to retirees’ addresses of record.

These exceptionally informative booklets, in conjunction with the opportunity to ask pertinent questions to EBO staff in enrollment sessions, provide opportunity for retirees to make informed decisions relative to selection of County-sponsored medical plans.

As previously reported in *The Latest Wrinkle*, county-sponsored health plans are provided pursuant to contracts between the health plans and the County of Sacramento and are subject to labor negotiations with employee representative organizations.

Negotiations between the County and the health plans occur annually. Per agreement, new premium rates are effective January 1 of each year. For coverage beginning January 1, 2004, the new premiums amounts will be collected from the December 2003 monthly pension payroll. Premiums are set in accordance with the Internal Revenue Code (IRC) Section 125 Plan provisions.

### **INVESTMENT RESULTS IMPROVE WITH EQUITY PICKUP**

A strong recovery in the US and international equity markets in the second quarter lifted SCERS total fund investment return for the quarter to 11.5%, net of fees, and helped SCERS achieve a positive investment return for the 2003 FY. The 3.4%, net of fees, fund return ended the string of two consecutive fiscal years of negative returns. This improvement reflects the overall slow but steady recovery in the US economy, which is expected to continue through 2004.

SCERS total fund return for the fiscal year benefited from its investments in fixed income and in commercial real estate. Both of these asset classes had good positive returns throughout the year. For the fiscal year the fixed income investments return is 11.4%. The return from the commercial real estate investments is 9.9%.

Below is a summary of SCERS investment return and the dollars invested by asset class for various periods ending June 30, 2003. Returns are net of investment management fee. Returns for 3 and 5 years are annualized.

<b>Sacramento County Employees’ Retirement System Investment Performance Summary Periods Ending June 30, 2003</b>					
	<b>Market Value (\$ in millions)</b>	<b>2<sup>nd</sup> Quarter</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>
Total Fund	\$ 3,328.9	11.5%	3.4%	-2.4%	2.7%
Domestic Equity	\$ 1,335.1	16.0%	-0.8%	-9.4%	-1.0%
Intern. Equity	\$ 670.7	20.2%	-4.0%	-12.9%	-3.1%
Fixed Income	\$ 911.7	3.8%	11.4%	9.5%	7.5%
Real Estate	\$ 392.3	4.5%	9.9%	8.3%	9.5%

**SACRAMENTO COUNTY  
EMPLOYEES' RETIREMENT SYSTEM**

980 9TH Street, Suite 1800  
PO Box 627  
Sacramento, CA 95812-0627

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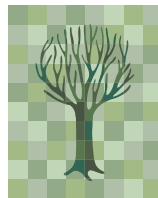
**PAID**

SACRAMENTO, CA  
PERMIT #24

# SCERS

Phone: 916-874-9119  
Fax: 916-874-6060  
Email: [sacretire@saccounty.net](mailto:sacretire@saccounty.net)

VISIT THE RETIREMENT WEBSITE:  
[www.saccounty.net/retirement](http://www.saccounty.net/retirement)



## Interesting Observations Regarding SCERS Annuitants

Our oldest living retiree is 99.  
Our oldest living beneficiary-receiving an allowance is 102.  
Our oldest living active member death survivor is 101.

We have a service-connected disability retiree now retired for 49 years.  
We have a non-service connected disability retiree now retired 43 years.  
We have a service retiree now retired for 40 years.  
We have two retirees credited with more than 50 years of service credit.

