

AGENDA

A SPECIAL MEETING OF THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA

9:00 A.M., THURSDAY, MAY 5, 2016

*The Board may take action on any item on the agenda,
and agenda items may be taken out of order.*

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Regular Meeting of April 6, 2016
- IV. REPORT ON CLOSED SESSION ITEMS
- V. OTHER COMMUNICATIONS
 - A. For Information
 - 1. March 2016 All Stars
 - 2. Chief Executive Officer's Report
(Memo dated April 26, 2016)
- VI. PUBLIC COMMENT
- VII. CONSENT AGENDA
 - A. Ratification of Service Retirement and Survivor Benefit Application Approvals.
 - B. Requests for an administrative hearing before a referee.
(Memo dated April 25, 2016)

VII. CONSENT AGENDA (Continued)

- C. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board dismiss with prejudice the appeal for a service connected disability retirement in the case of **Susan L. Bloom**. (Memo dated April 18, 2016)
- D. For Information Only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services, regarding the Application Processing Time Snapshot Reports. (Memo dated April 18, 2016)

VIII. NON-CONSENT AGENDA

- A. Recommendation as submitted by Vivian H. Gray, Chair, Disability Procedures and Services Committee: That the Board approve the proposed changes to the Disability Retirement Appeals Agenda and Disability Retirement Appeal Summary. (Memo dated April 18, 2016)
- B. Recommendation as submitted by Vivian H. Gray, Chair, Disability Procedures and Services Committee: That the Board approve the termination of Panel Physician Roy Caputo, M.D.'s contract with LACERA. (Memo dated April 22, 2016)
- C. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a "Watch" position on Assembly Bill 2257, which relates to the online posting of meeting agendas. (Memo dated April 21, 2016) (Supplemental Agenda – Memo dated April 21, 2016)
- D. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a "Support" position on Assembly Bill 2853, which allows a public agency that posts a public record on its website to refer persons requesting that record to its website. (Memo dated April 19, 2016) (Supplemental Agenda – Memo dated April 19, 2016)

VIII. NON-CONSENT AGENDA (Continued)

- E. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a “Watch” position on Assembly Bill 2468, which established an alternative benefit formula under the California Public Employees’ Pension Reform Act of 2013 for new nonsafety members of the Public Employees’ Retirement System. (Memo dated April 20, 2016) (Supplemental Agenda – Memo dated April 20, 2016)
- F. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt an “Oppose” position on HR 4822, which would enact the Public Employee Pension Transparency Act. (Memo dated April 13, 2016)
- G. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Board adopt a “Support” position on Assembly Bill 1853, which would enable any retirement system operating under the County Employees Retirement Law of 1937 to become a district. (Memo dated April 27, 2016)
- H. Recommendation as submitted by Fern M. Billings, Senior Staff Counsel, Legal Division: That the Board 1) Adopt the Resolutions specifying pay items as “compensation earnable” and “pensionable compensation;” and 2) Instruct staff to coordinate with the County of Los Angeles to establish necessary reporting mechanism and procedures to permit LACERA to include the qualifying items in the calculation of final compensation. (Memo dated April 25, 2016)
- I. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board direct its SACRS voting delegate to: 1) Support the SACRS Nominating Committee slate of officers; 2) Support SACRS sponsoring Assembly Bill 1853 addressing 1937 Act Operating Authority and Assembly Bill 2376 addressing sworn statement requirements; and 3) Support the SACRS Bylaws Committee amendments to the SACRS Bylaws. (Memo dated April 20, 2016)
- J. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding Assembly Bill 1812 – Benefit Limits. (Memo dated April 20, 2016)

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IX. REPORT ON STAFF ACTION ITEMS

X. GOOD OF THE ORDER
(For information purposes only)

XI. DISABILITY RETIREMENT APPLICATIONS ON CONSENT
CALENDAR

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED
SESSION

A. Applications for Disability

B. Referee Reports

C. Staff Recommendations

1. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board adopt the Proposed Findings of Fact and Conclusions of Law granting **Yvonne Dawson** for an earlier effective date pursuant to Government Code Section 31724. (Memo dated April 18, 2016)
2. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board adopt the Proposed Findings of Fact and Conclusions of Law granting **Kenneth C. Ruffcorn** for an earlier effective date pursuant to Government Code Section 31724. (Memo dated April 18, 2016)
3. For Information Only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services regarding the 1st Quarter Report of Paid Invoices for January 1, 2016 to March 31, 2016. (Memo dated April 18, 2016)

XIII. EXECUTIVE SESSION

A. Conference with Legal Counsel - Existing Litigation
(Pursuant to Paragraph (1) of Subdivision (d) of California
Government Code Section 54956.9)

1. Michael Herek v. Board of Retirement

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XIII. EXECUTIVE SESSION (Continued)

B. Pursuant to Government Code Section 54957 - Public Employee
Performance Evaluation:

1. Performance Evaluation
Title: Chief Executive Officer

XIV. ADJOURNMENT

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Retirement that are distributed to members of the Board of Retirement less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Retirement Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.

Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling Cynthia Guider at (626) 564-6000, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date.

MINUTES OF THE REGULAR MEETING OF THE BOARD OF RETIREMENT

A REGULAR MEETING OF THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA

9:00 A.M., WEDNESDAY, APRIL 6, 2016

PRESENT: Shawn R. Kehoe, Chair
Vivian H. Gray, Vice Chair (Arrived at 9:06 a.m.)
William de la Garza, Secretary
Marvin Adams
Anthony Bravo
Yves Chery
Joseph Kelly
David L. Muir (Alternate Retired)
Les Robbins
William Pryor (Alternate Member) (Arrived at 9:06 a.m.)
Ronald A. Okum

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

Robert Hill, Assistant Executive Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Steven Rice, Chief Counsel

Michael D. Herrera, Senior Staff Counsel

Fern M. Billingsy, Senior Staff Counsel

Johanna Fontenot, Senior Staff Counsel

Jill P. Rawal, Staff Counsel

Dr. Vito Campese, Medical Advisor

Ricki Contreras, Division Manager
Disability Retirement Services

Tamara Caldwell, Specialist Supervisor
Disability Retirement Services

Francis J. Boyd, Senior Staff Counsel
Legal Division

Allison E. Barrett, Senior Staff Counsel
Disability Litigation

Eugenia W. Der, Senior Staff Counsel
Disability Litigation

Barry W. Lew, Legislative Affairs Officer

Leilani Ignacio, Administrative Services Officer
Retiree Healthcare

Thomas J. Wicke, Attorney at Law
Lewis, Marenstein, Wicke & Sherwin, LLP

Michael E. Singer, Attorney at Law

STAFF ADVISORS AND PARTICIPANTS (Continued)

Kirby Bosley, Aon Hewitt

Helen Batsalkin, Aon Hewitt

I. CALL TO ORDER

The meeting was called to order by Chair Kehoe at 9:00 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. Kelly led the Board Members and staff in reciting the Pledge of Allegiance.

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of March 2, 2016

Mr. Chery made a motion, Mr. de la Garza seconded, to approve the minutes of the regular meeting of March 2, 2016. The motion passed with Mr. Kelly abstaining.

IV. REPORT ON CLOSED SESSION ITEMS

No items were reported.

V. OTHER COMMUNICATIONS

A. For Information

1. Service Awards

Mr. Rademacher presented Mary Ortiz with a service award recognizing her for

V. OTHER COMMUNICATIONS

A. For Information

1. Service Awards (Continued)

her 35 years of county service.

2. February 2016 All Stars

Mr. Hill announced the eight winners for the month of February: Vladimir Meyliker, Vincent Lim, Indee Brooke, Maisha Coulter, Melissa Salazar, Mary Arenas, Holly Henderson, and John McClelland for the Employee Recognition Program and Valery Ptacek for the Webwatcher Program. Catherine Lumpkin, Leisha Collins, David Bayha, and Dana Brooks were the winners of LACERA's RideShare Program.

3. Chief Executive Officer's Report (Memo dated March 28, 2016) (Mr. Pryor and Ms. Gray arrived at 9:06 a.m.)

Mr. Rademacher thanked and congratulated Linda Martin who recently retired from LACERA.

VI. PUBLIC COMMENT

Attorney Jacob Kalinski spoke on behalf of LACERA Member, Ralph Ruedas.

In addition, LACERA members, Agneta Dobos and David Estopinal, addressed the Board regarding their respective case.

Lastly, Nestor De Jesus addressed the Board on behalf of his sister, Emelita Mirabueno.

VII. CONSENT AGENDA

Mr. Pryor made a motion, Mr. Adams seconded, to approve the following agenda items. The motion passed unanimously.

- A. Ratification of Service Retirement and Survivor Benefit Application Approvals.
- B. Requests for an administrative hearing before a referee. (Memo dated March 18, 2016)
- C. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board dismiss with prejudice the appeal for a service connected disability retirement in the case of **Carol I. Caudle**. (Memo dated March 22, 2016)
- D. For Information Only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services, regarding the Application Processing Time Snapshot Reports. (Memo dated March 24, 2016)

VIII. NON-CONSENT AGENDA

- A. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt an "Oppose" position on Assembly Bill 1812, which limits the maximum retirement benefit payable for public employees who become members of a public retirement system on or after January 1, 2017. (Memo dated March 24, 2016)

Mr. Lew was present to answer questions from the Board.

Mr. Chery made a motion, Mr. Kelly seconded, to approve the recommendation. The motion passed unanimously.

VIII. NON-CONSENT AGENDA (Continued)

- B. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a “Support” position on Assembly Bill 2376, which amends the definition of Plan D in the Prospective Plan Transfer provisions and authorizes regulations relating to sworn statements in the County Employees Retirement Law of 1937. (Memo dated March 28, 2016) (Supplemental Agenda – Memo dated March 28, 2016)

Mr. Lew was present to answer questions from the Board.

Mr. Chery made a motion, Mr. Kelly seconded, to approve the recommendation. The motion passed unanimously.

- C. Recommendation as submitted by Marvin Adams, Chair, Travel Policy Committee: That the Board approve the proposed revised Education and Travel Policy. (Memo dated March 24, 2016)

Ms. Gray made a motion, Chair Kehoe seconded, to approve the recommendation. The motion passed unanimously.

- D. Recommendation as submitted by Cassandra Smith, Director, Retiree Healthcare Division: That the Board 1) Approve the fiscal year 2016/2017 rate renewal proposal and contractual benefit changes; and 2) Increase LACERA’s administrative fee to \$8 per member, per plan, per month. (Memo dated March 28, 2016)

Aon Hewitt consultants, Ms. Bosley and Ms. Batsalkin, and Ms. Ignacio, were present to answer questions from the Board.

Chair Kehoe made a motion, Mr. Chery seconded, to approve the recommendation. The motion passed unanimously.

VIII. NON-CONSENT AGENDA (Continued)

- E. Recommendation as submitted by Fern M. Billings, Senior Staff Counsel, Legal Division: That the Board 1) Adopt the Resolutions specifying pay items as “compensation earnable” and “pensionable compensation;” and 2) Instruct staff to coordinate with the County of Los Angeles to establish necessary reporting mechanism and procedures to permit LACERA to include the qualifying items in the calculation of final compensation. (Memo dated March 25, 2016)

(Mr. Robbins left the Boardroom at 10:07 a.m.)

Ms. Billings was present to answer questions from the Board.

Mr. Chery made a motion, Mr. Muir seconded, to approve the recommendation. The motion passed unanimously.

- F. For Information Only as submitted by Michael D. Herrera, Senior Staff Counsel, regarding the Board's authority and discretion in collection of overpaid benefits and underpaid member contributions. (Memo dated March 15, 2016)

(Mr. Robbins returned to the Boardroom at 10:10 a.m.)

Mr. Herrera was present to answer questions from the Board.

- G. For Information Only as submitted by Francis J. Boyd, Senior Staff Counsel, regarding the Publication of *Astorga v. Retirement of the Santa Barbara County Employees Retirement System*. (Memo dated March 25, 2016)

Mr. Boyd was present to answer questions from the Board.

- H. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding Assembly Bill 1853 – Retirement System Governance. (Memo dated March 25, 2016)

Mr. Lew was present to answer questions from the Board.

IX. REPORT ON STAFF ACTION ITEMS

In regards to Item VIII. D., Ms. Gray requested staff to look into the current vacancies and staffing needs in the RHC Division.

In regards to Item VIII. F., Mr. Kelly requested staff to provide clarification on waiving the collection of certain dollar amounts for underpayments. In addition, Mr. Muir requested that Attachment A: Board of Retirement Policy For The Recovery Of Member Overpayments and Underpayments be provided in the Board Handbook.

In regards to XIII. A. 2., Mr. Kehoe requested that staff look into the current policies when we advise members when documentation (i.e., domestic partnership certificates/documentation, marriage certificates) is valid. In addition, he inquired about the documentation being viewed in the back end as oppose to the front end. Lastly, Mr. Muir inquired on how many domestic partnership registrations are received in a given year.

In regards to XIII. B. 2., Mr. Kelly requested staff talk to the County regarding the deferred compensation accrual for the one day that the applicant returns to work.

X. GOOD OF THE ORDER (For information purposes only)

There was nothing to report during Good of the Order.

XI. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Law Enforcement Service-Connected Disability Applications

On a motion by Chair Kehoe, seconded by Mr. de la Garza, the Board of Retirement approved a service-connected disability retirement for the following named

XI. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Law Enforcement (Continued)
Service-Connected Disability Applications

employees who were found to be disabled for the performance of their duties and have met the burden of proof:

<u>APPLICATION NO.</u>	<u>NAME</u>
449C	VANESSA A. BARNARD
450C	MIGUEL A. JIMENEZ
451C	DENISE K. SMITH
452C	DAVID R. BETKEY
453C*	JOHN W. MACK
454C**	CRISTINA N. LOKUAN
455C	KATHERINE B. VOYER
456C	DAVID ESPINOZA
457C	ROBERT C. ESSON
458C	JAVIER A. OROZCO
459C*	WILLIAM M. RYAN, III

* Granted SCD – Retroactive

** Applicant Present

XI. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR
(Continued)

Safety-Fire, Lifeguard
Service-Connected Disability Applications

On a motion by Mr. Robbins, seconded by Mr. Bravo, the Board of Retirement approved a service-connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met the burden of proof:

<u>APPLICATION NO.</u>	<u>NAME</u>
1746A	DAVID L. LARSEN
1747A	MICHAEL L. SHORT
1748A	TIMOTHY L. SCOTT
1749A	ALEXANDER O. SOLIS
1750A	JOHN J. WELLINGTON
1751A	WILEY L. CRANNEY
1752A	MICHAEL R. METRO
1753A	MICHAEL J. SIEFERT
1754A	KENNETH H. DOUGLASS

XI. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR
(Continued)

General Members

Service-Connected Disability Applications

On a motion by Mr. Chery, seconded by Mr. Adams, the Board of Retirement approved a service-connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met the burden of proof:

<u>APPLICATION NO.</u>	<u>NAME</u>
2603B*	JACQUELINE L. CLINGMAN
2604B*	ADAM D. CREASON
2605B*	JAMES P. VENAGLIA
2606B**	LISA C. VERMILLION
2607B**	RUTHY L. DRONE
2608B	RICHARD A. CAILLOUETTE
2609B*	CHERYL M. BECKER
2610B**	ERIC D. MOSER

* Granted SCD – Employer Cannot Accommodate

** Granted SCD – Retroactive

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability

APPLICATION NO. & NAME

BOARD ACTION

6882A – VERITTA D. SMITH

Ms. Gray made a motion, Mr. Kelly seconded, to grant a non-service connected disability retirement pursuant to Government Code Section 31720. The motion passed unanimously.

6883A – GERTHA L. BENSON

Ms. Gray made a motion, Chair Kehoe seconded, to grant a service connected disability retirement. The motion passed unanimously.

6884A – DENISE CORNELOUS

Mr. Okum made a motion, Ms. Gray seconded, to grant a non-service connected disability retirement pursuant to Government Code Section 31720 and grant the option for an earlier effective date pursuant to Government Code Section 31724. The motion passed unanimously.

6885A – ROZIE E. VALENCIA (CACHO)

Ms. Gray made a motion, Mr. Adams seconded, to grant a non-service connected disability retirement pursuant to Government Code Section 31720 and grant the option for an earlier effective date pursuant to Government Code Section 31724. The motion passed unanimously.

6886A – VICTORIA I. ORTIZ

Chair Kehoe made a motion, Mr. Adams seconded, to refer back to staff for additional information. The motion passed unanimously.

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability (Continued)

APPLICATION NO. & NAME

BOARD ACTION

6862A – VISHAL MEHTA*

Mr. Chery made a motion, Chair Kehoe seconded, to grant a service connected disability retirement pursuant to Government Code Section 31720. The motion passed unanimously.

6866A – SELINA C. SAFARI

Mr. Chery made a motion, Ms. Gray seconded, to grant a service connected disability retirement pursuant to Government Code Section 31720 and grant the option for an earlier effective date pursuant to Government Code Section 31724. The motion passed unanimously.

B. Referee Reports

APPLICATION NO. & NAME

BOARD ACTION

Richard S. Kim (Deceased) – Thomas J. Wicke for applicant
Nancy Kim (Survivor) Vincent A. Lim for respondent

Mr. de la Garza made a motion, Mr. Adams seconded, to grant a non-service connected disability retirement retroactive with survivor allowance. The motion passed unanimously.

* Applicant Present

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

B. Referee Reports (Continued)

APPLICATION NO. & NAME

BOARD ACTION

Heidi Rayburn (Heinrich) – Thomas J. Wicke for applicant
Eugenia W. Der for respondent

Mr. Kelly made a motion, Chair Kehoe seconded, to grant a non-service connected disability retirement retroactive. The motion passed unanimously.

John Aboytes – Mark E. Singer for applicant
Allison E. Barrett for respondent

Mr. Okum made a motion, Mr. Kelly seconded, to deny a service connected disability retirement and find the applicant not permanently incapacitated. The motion passed unanimously.

C. Staff Recommendations

1. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board adopt the Proposed Findings of Fact and Conclusions of Law granting **Michael J. Singer** for an earlier effective date pursuant to Government Code Section 31724. (Memo dated March 9, 2016)

Ms. Contreras was present to answer questions from the Board.

Mr. Okum made a motion, Ms. Gray seconded, to approve the recommendation. The motion passed with Mr. Kelly abstaining.

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

C. Staff Recommendations (Continued)

2. Recommendation as submitted by Allison E. Barrett, Senior Staff Counsel, Disability Litigation: That the Board find that the service-connected disability retirement application of **Joseph P. Ruggiero** be deemed filed on the day after the last day of regular compensation in accordance with Government Code Section 31724. (Letter dated March 9, 2016)

Ms. Barrett was present to answer questions from the Board.

(Applicant was present)

Mr. Okum made a motion, Mr. Adams seconded, to approve the recommendation. The motion passed unanimously.

3. Recommendation as submitted by Vincent A. Lim, Chief Counsel, Disability Litigation: That the Board find that **Robert D. Campbell** delayed the filing of his application for disability retirement because he was unable to ascertain the permanency of his incapacity and that his application be deemed filed on the first day of incapacity, September 30, 2010. (Letter dated February 2, 2016)

Mr. Lim was present to answer questions from the Board.

Mr. Muir made a motion, Mr. Kelly seconded, to approve the recommendation. The motion passed unanimously.

XIII. EXECUTIVE SESSION

- A. Conference with Legal Counsel - Anticipated Litigation Significant Exposure to Litigation (Pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9)

XIII. EXECUTIVE SESSION (Continued)

1. Administrative Appeal of Ralph Ruedas
2. Administrative Appeal of Emelita Mirabueno
3. Administrative Appeal of David H. Estopinal

The Board met in Executive Session pursuant to Government Code Section 54956.9 in regards to the anticipated litigation of the above mentioned administrative appeals. The Board voted to deny the appeal in the cases of Ralph Ruedas and Emelita Mirabueno. Furthermore, the Board voted to grant the appeal of David H. Estopinal.

B. Conference with Legal Counsel - Existing Litigation
(Pursuant to Paragraph (1) of Subdivision (d) of California
Government Code Section 54956.9)

1. Marlana Graves v. LACERA, Los Angeles Superior Court
No. BS 156040
2. Hudson v. LACERA, Los Angeles Superior Court
Nos. B 247593 and B 248983
3. Hipsher v. LACERA, Los Angeles Superior Court
No. BS 153372

The Board met in Executive Session pursuant to Government Code Section 54956.9 in regards to the existing litigation of the above mentioned cases. There is nothing to report for the cases of Hudson v. LACERA and Hipsher v. LACERA. In regards to Marlana Graves v. LACERA, the Board voted to abide by the court's order to grant a service connected disability retirement with an option of an earlier effective date.

Green Folder Information (Information distributed in each Board Member's Green Folder at the beginning of the meeting)

1. Retirement Board Listing dated April 6, 2016
2. LACERA Retiree – Staying Healthy Together Spring Workshop Flyer: April 27, 2016
3. LACERA Legislative Report - Bills Amending CERL/PEPRA (Dated April 5, 2016)
4. LACERA Legislative Report – Other (Dated April 5, 2016)
5. LACERA Legislative Report – Federal (Dated April 5, 2016)
6. Assembly Bill 1853 – Retirement System Governance (For Information Only) (Supplemental Agenda Information) (Memo dated April 4, 2016)

XIV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:25 p.m.

WILLIAM DE LA GARZA, SECRETARY

SHAWN R. KEHOE, CHAIR



April 26, 2016

TO: Each Member
Board of Retirement
Board of Investments

FROM: Gregg Rademacher 
Chief Executive Officer

SUBJECT: **CHIEF EXECUTIVE OFFICER'S REPORT**

I am pleased to present the Chief Executive Officer's Report that highlights a few of the operational activities that have taken place during the past month, key business metrics to monitor how well we are meeting our performance objectives, and an educational calendar.

Teamwork in Action

Over the last several months the CEO's report has been dedicated to bringing you status updates on our annual "March Madness" efforts. As we move beyond the 2016 "March Madness" period I thought it would be a great time to take a short step back in time to March 2016 to share with your Boards a bit of news that really makes me very proud of our staff.

One of our core Values is Teamwork. LACERA could not meet its mission to Produce, Protect, and Provide the Promised Benefits unless our staff works together as a team. Teams can be as small as a unit of people working in a specific division to a cross divisional team like the Disability Retirement Services/Systems team who are working on the Disability Workspace integration project. Since Teamwork is so important to our mission, managers throughout the organization periodically hold team building exercises. Sometimes this takes the form of a simple potluck and sometimes it involves bringing in outside resources to help an individual work group go through team building exercises. As an organization, we have our annual Forum event that brings the whole organization together for team building.

Earlier this year, one of our HR Specialists came up with an idea for a team building event that also would benefit our community. This community service event would bring together staff from across the organization for a common goal and would provide some good will to the community. The Specialist suggested LACERA staff volunteer for the Los Angeles Regional Food Bank. The Food Bank is constantly looking for volunteers to help sort and assemble food packages so they can provide food to more than 23,000 low-income seniors, women with infants, and children throughout Los Angeles County.

I am extremely pleased to report that on March 26, 2016, over 50 LACERA staff, family, and friends reported for duty at the Los Angeles Regional Food Bank in Los Angeles. The team worked together to help sort and package 27,000 lbs of food which is estimated to feed 23,000 people. Everyone who participated had a great time and really felt good about participating. We look forward to making this an annual LACERA Employee Volunteer Day.

Renovation Updates

We are "breaking ground" on the next phase of renovations for our offices. Beginning on May 9, we will be converting one of two 3rd floor conference rooms into additional space for our Retiree Healthcare (RHC) Call Center. The project is estimated to take approximately six weeks to complete. When we are done we will have a new RHC Call Center area that will allow for the addition of three cubicles, two of which are dedicated to the Call Center, and an improved Call Center environment including a white noise sound system and noise reduction features like carpeted walls to provide staff a more appropriate work environment to serve our members.

We are also in the final planning stages for a major renovation of our Administrative Services division on the 6th floor. This renovation will allow us to meet several outstanding Internal Audit recommendations to improve security operations on the sixth floor. Included in this renovation will be a redesign of the Document Processing Center (DPC) to separate this work area from the rest of the suite; allowing more secure key card controlled access. This will go a long way to better securing all of the sensitive member documents that DPC scans on a daily basis. The renovation will also allow us to redesign our corporate reception area. The current reception area is an open floor plan that would allow anyone (unless challenged by the receptionist) to walk into the Administrative Services suite without passing through standard key card access points. We will be closing off this access and restricting entrance to the suite beyond the reception area to authorized personnel only based on key card access. The reception area will remain and be updated with a more modern and welcoming look.

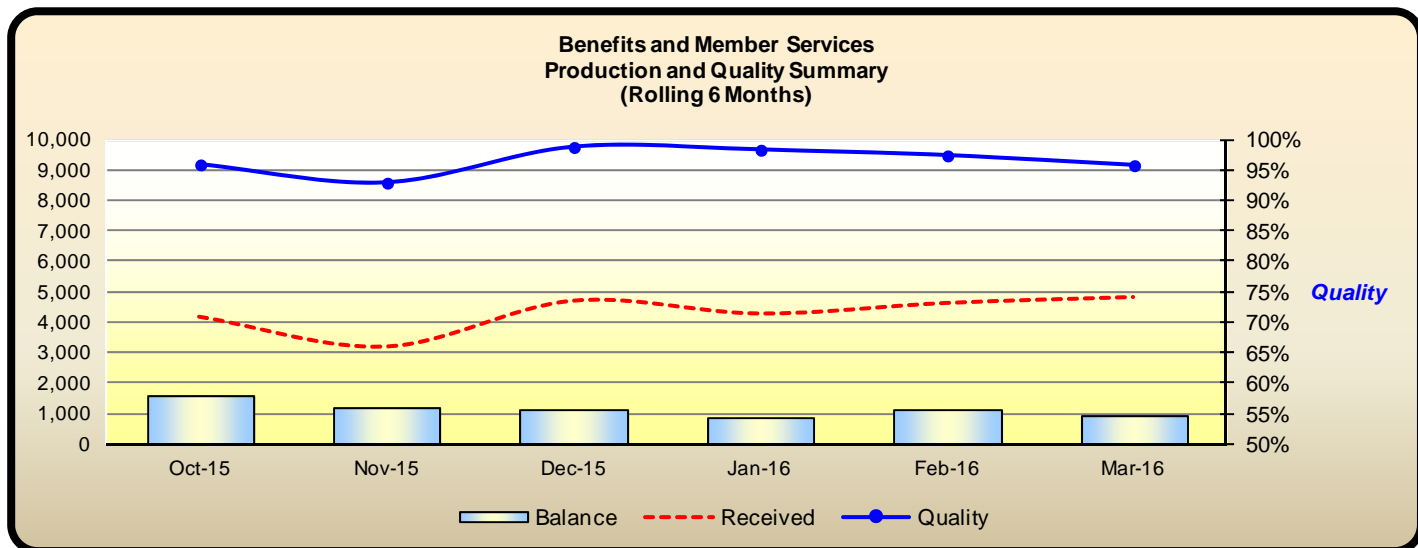
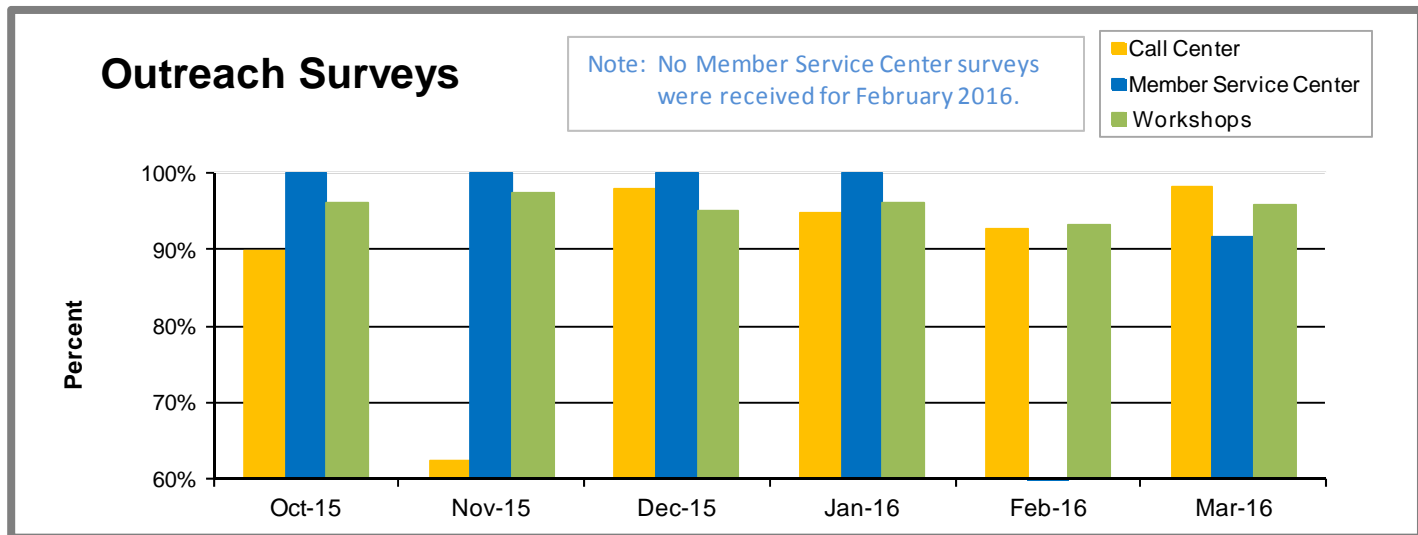
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CEO report Apr 2016.doc

Attachments

LACERA's KEY BUSINESS METRICS

OUTREACH EVENTS AND ATTENDANCE

Type	# of WORKSHOPS		# of MEMBERS	
	Monthly	YTD	Monthly	YTD
Benefit Information	8	122	309	4,162
Mid Career	0	9	0	375
New Member	7	93	172	1,945
Pre-Retirement	6	63	81	1,524
General Information	1	9	67	523
Retiree Events	1	5	15	205
Member Service Center	Daily	Daily	1,889	13,614
TOTALS	23	301	2,533	22,348



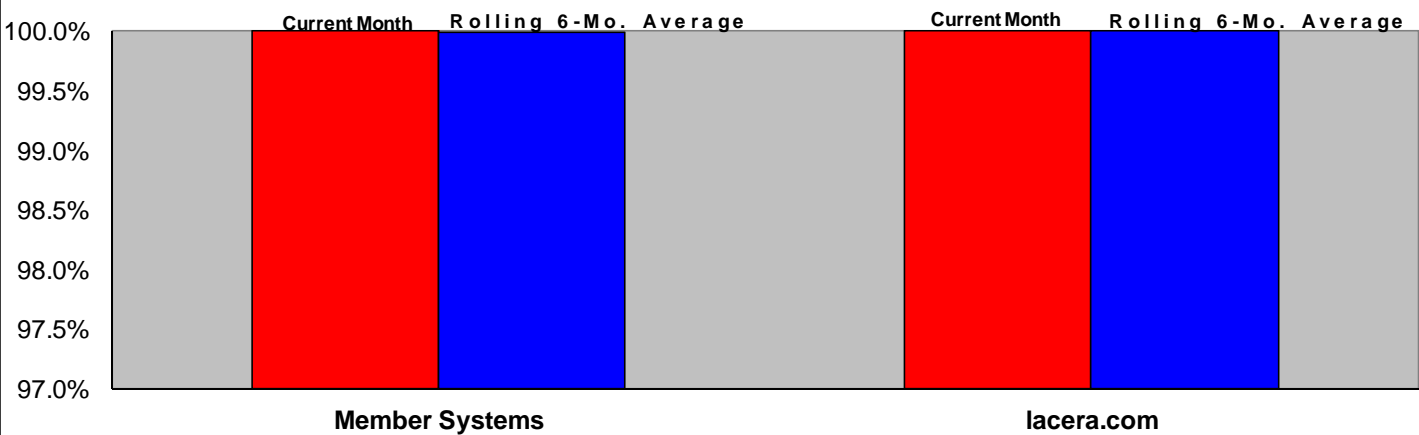
Member Services Contact Center		RHC Call Center	Top Calls
Overall Key Performance Indicator (KPI)	97.48%		
Category	Goal	Rating	
Call Center Monitoring Score	95%	99.10%	100%
Grade of Service (80% in 60 seconds)	80%	60%	25%
Call Center Survey Score	90%	98.21%	xxxxx
Agent Utilization Rate	65%	68%	86%
Number of Calls	12,475	4,576	
Calls Answered	11,598	3,711	
Calls Abandoned	877	872	
Calls-Average Speed of Answer	0:01:47	05:21	
Number of Emails	370	254	
Emails-Average Response Time	05:31:12	1 day	
			Member Services
			1) Retirement Counseling: Estimate
			2) Workshop Info.\Appointments: Inquiry
			3) Benefit Payments: Gen. Inquiry/Payday
			Retiree Health Care
			1) Medical Benefits-General Inquiries
			2) Turning Age 65/Part B Premium Reimbursement
			3) Medical-New Enroll/Change/Cancel
			Adjusted for weekends

LACERA's KEY BUSINESS METRICS

Fiscal Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assets-Market Value	\$35.2	\$40.9	\$38.7	\$30.5	\$33.4	\$39.5	\$41.2	\$43.7	\$51.1	\$51.4
Funding Ratio	90.5%	93.8%	94.5%	88.9%	83.3%	80.6%	76.8%	75.0%	79.5%	83.3%
Investment Return	13.0%	19.1%	-1.4%	-18.2%	11.8%	20.4%	0.3%	12.1%	16.8%	4.3%

DISABILITY INVESTIGATIONS						
APPLICATIONS	TOTAL	YTD		APPEALS	TOTAL	YTD
On Hand	473	xxxxxxx		On Hand	177	xxxxxxx
Received	66	386		Received	4	36
Re-opened	1	2		Administratively Closed/Rule 32	16	32
To Board – Initial	34	305		Referee Recommendation	3	26
Closed	5	46		Revised/Reconsidered for Granting	3	13
In Process	501	501		In Process	159	159

SYSTEMS AVAILABILITY MARCH 2016



Active Members as of 4/25/16		Retired Members/Survivors as of 4/25/16			Retired Members	
		Retirees	Survivors	Total		
General-Plan A	246	19,503	4,750	24,253	Monthly Payroll	242.42 Million
General-Plan B	93	687	62	749	Payroll YTD	2.17 Billion
General-Plan C	87	430	53	483	Monthly Added	283
General-Plan D	47,055	11,605	1,076	12,681	Seamless %	99.29
General-Plan E	21,089	10,875	894	11,769	YTD Added	2,545
General-Plan G	13,402	3	0	3	Seamless YTD %	99.65
Total General	81,972	43,103	6,835	49,938	Direct Deposit	95.00%
Safety-Plan A	12	5,877	1,578	7,455		
Safety-Plan B	11,364	4,225	224	4,449		
Safety-Plan C	1,033	1	0	1		
Total Safety	12,409	10,103	1,802	11,905		
TOTAL ACTIVE	94,381	TOTAL RETIRED	53,206	8,637		

Health Care Program (YTD Totals)		
	Employer Amount	Member Amount
Medical	326,557,299	29,000,650
Dental	27,572,526	2,958,630
Med Part B	37,158,469	xxxxxxxxxx
Total Amount	\$391,288,294	\$31,959,280

Health Care Program Enrollments	
Medical	47,051
Dental	48,049
Med Part B	30,552
Long Term Care (LTC)	761

Funding Metrics as of 6/30/15	
Employer Normal Cost	9.28%
UAAL	8.49%
Assumed Rate	7.50%
Star Reserve	\$614 million
Total Assets	\$48.8 billion

Member Contributions as of 6/30/15	
Annual Additions	\$441.3 million
% of Payroll	6.18%

Employer Contributions as of 6/30/15	
Annual Addition	\$1,495million
% of Payroll	17.77%

Date	Conference
May, 2016	
1-4	Milken Institute Global Conference Los Angeles, CA
2-5	Portfolio Concepts & Management (<i>prev. Fundamentals of Money Management</i>) Wharton School, University of Pennsylvania
10-13	SACRS Costa Mesa, CA
15-19	NCPERS (National Conference on Public Employee Retirement Systems) Annual Conference San Diego, CA
16-20	Investment Strategies & Portfolio Management (<i>prev. Pension Fund & Investment Mgmt.</i>) Wharton School, University of Pennsylvania
22-25	Government Finance Officers Association (GFOA) Annual Conference Toronto, Canada
23	Women in Institutional Investments Network (WIIIN) Conversation on Private Markets Santa Monica, CA
23-24	IFEBC (International Foundation of Employment Benefit Plans) Legislative Update Washington D.C.
June, 2016	
10	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees DoubleTree Hotel San Jose
10	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits DoubleTree Hotel San Jose
13-15	National Association of Securities Professionals (NASP) Annual Pension and Financial Services Conference Atlanta, GA
15-17	AHIP (America’s Health Insurance Plans) Institute Las Vegas, NV
20-22	Trustee Leadership Forum for Retirement Security at the Harvard Kennedy School Cambridge, MA
23-24	PREA (Pension Real Estate Association) Institute 2016 UCLA Ziman Center for Real Estate



April 25, 2016

TO: Each Member
Board of Retirement

FROM: Ricki Contreras, Manager 
Disability Retirement Services Division

SUBJECT: **APPEALS FOR THE BOARD OF RETIREMENT'S MEETING OF
MAY 5, 2016**


IT IS RECOMMENDED that your Board grant the appeals and requests for administrative hearing received from the following applicants and direct the Disability Retirement Services Manager to refer each case to a referee:

6855A	Debra C. Campbell (Singleton-Ford)	In Pro Per	Deny SCD – Grant NSCD
6736A	Malissa J. Apodaca	Michael Treger	Deny SCD



April 18, 2016

TO: Each Member
Board of Retirement

FROM: Ricki Contreras, Manager 
Disability Retirement Services Division

FOR: May 5, 2016 Board of Retirement Meeting

SUBJECT: **DISMISS WITH PREJUDICE THE APPEAL OF
SUSAN L. BLOOM**

Ms. Susan L. Bloom applied for a service-connected disability retirement on April 2, 2014. On March 19, 2015, the Board denied Ms. Bloom's application for service-connected disability retirement.

Ms. Bloom filed a timely appeal. On April 6, 2016, Ms. Susan L. Bloom signed a voluntary withdrawal letter advising LACERA that she does not wish to proceed with her appeal.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

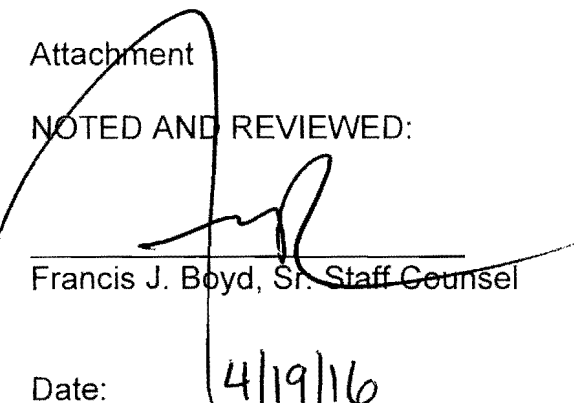
Dismiss with prejudice Susan L. Bloom's appeal for a service-connected disability retirement.

FJB: RC: mb

Bloom, Susan L. doc.

Attachment


NOTED AND REVIEWED:


Francis J. Boyd, Sr. Staff Counsel

Date: 4/19/16

April 18, 2016

TO: Each Member
Board of Retirement

FROM: Ricki Contreras, Division Manager 
Disability Retirement Services

FOR: May 5, 2016 Board of Retirement Meeting

SUBJECT: **Application Processing Time Snapshot Reports**

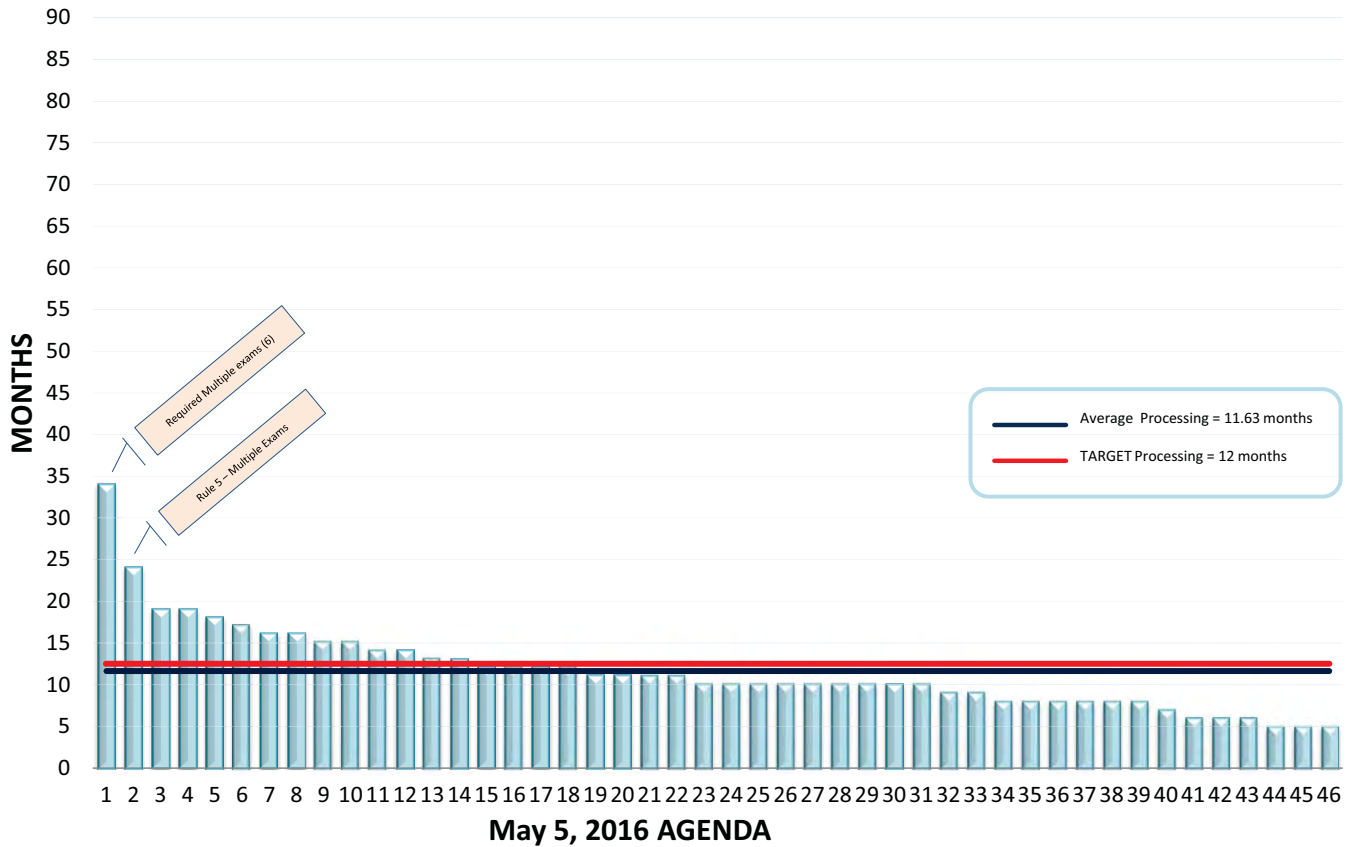
At the February 4, 2015 meeting, the Disability Procedures & Services Committee voted to add two additional snapshot reports addressing application processing times and pending applications by elapsed time since application date. These reports will now be provided on a monthly basis along with the current snapshot that provides a look at application processing time before and after procedural changes were made to the disability application process. The Board adopted proposed changes on July 12, 2012.

Note: All applications submitted prior to July 12, 2012 have been processed.

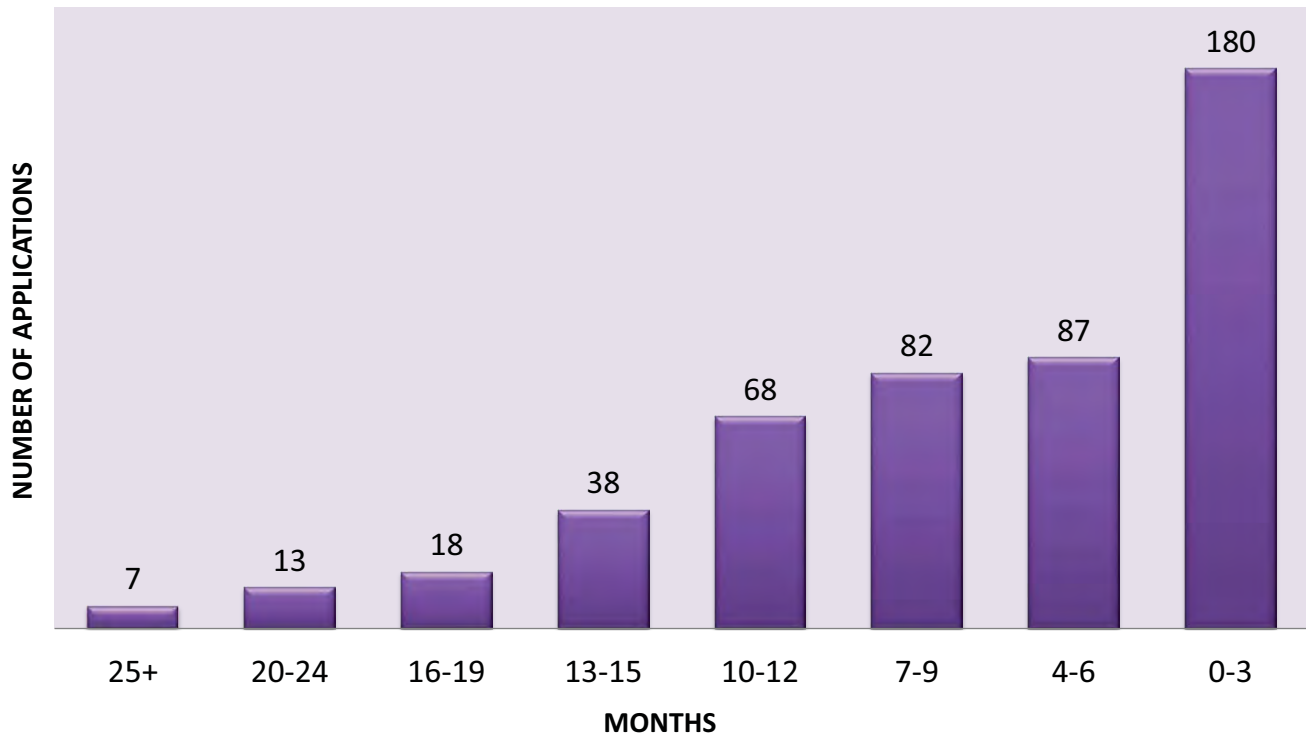
The following chart shows the total processing time from receipt of the application to the first Board action for all cases on the May 5, 2015 Disability Retirement Applications Agenda. The chart also shows the processing time for cases that were returned to staff for additional work, held over for discussion by the Board, or were the result of Rule 5 Amendments that occur during the Disability Appeal process.

Consent & Non-Consent Calendar	
Number of Applications	45
Processing Time (in Months)	11.36
Revised/Held Over Calendar	
Number of Applications	1
Rule 5 Amendment	24.0 since date of amendment
<i>Average Processing Time for Revised/Held Over Calendar</i>	24.0

ACTUAL vs. AVERAGE PROCESSING TIME



TIME ELAPSED FOR PENDING APPLICATIONS





April 18, 2016

TO: Each Member
Board of Retirement

FROM: Disability Procedures and Services Committee
Vivian H. Gray, Chair
William de la Garza, Vice Chair
Yves Chery
Les Robbins
David Muir, Alternate

FOR: May 5, 2016 Board of Retirement Meeting

SUBJECT: **Proposed Changes to the Disability Retirement Appeals Agenda
and Disability Retirement Appeal Summary**

RECOMMENDATION

Recommend that your Board approve the proposed changes to the Disability Retirement Appeals Agenda and Disability Retirement Appeal Summary.

BACKGROUND

The Disability Retirement Services Workspace integration team has been working on identifying opportunities to create standardized templates that will allow Workspace (LACERA's enterprise member management system) to auto-populate data for the Disability Retirement Appeals Agenda and Disability Retirement Appeal Summary. The team's goal is to streamline operations, maintain consistency with the Disability Retirement Evaluation Summary and Disability Retirement Applications Agenda, while realizing the benefits of standardization.

DISCUSSION

The Disability Retirement Appeals Agenda

The current Disability Retirement Appeals Agenda lists basic applicant case data along with a detailed summary of the documents provided to the Board of Retirement (Attachment A).

The revised Disability Retirement Appeals Agenda will list all appeals on one page with specific categories, is visually familiar with the Disability Retirement Application Agenda, and allows for auto-population when integrated into Workspace (Attachment B).

The Disability Retirement Appeal Summary

The Disability Retirement Appeal Summary provides detailed applicant data with a summary of the documents provided to the Board of Retirement (Attachment C). The current Disability Retirement Appeal Summary lists the following types of documents:

- Applicant's Closing Brief
- Respondent's Closing Brief
- Applicant's Reply to Respondent's Closing Brief
- Initial Proposed Findings of Fact & Recommended Decision
- Objections to the Initial Proposed Findings of Fact & Recommended Decision
- Response to Objections
- Final Proposed Findings of Fact & Recommended Decision

Document nomenclature and appearance (letters versus briefs) vary depending on the party preparing the document. The proposed changes to the Disability Retirement Appeal Summary will standardize document descriptions (Attachment D). This creates a template for Workspace integration that provides visual familiarity and is consistent with the Disability Retirement Evaluation Summary currently utilized for Disability Retirement applications presented to the Board.

IT IS THEREFORE RECOMMENDED that your Board approve the proposed changes to the Disability Retirement Appeals Agenda and Disability Retirement Appeal Summary.

Attachment

KS:RC:mb

**APPEALS AGENDA
(Referee's Report)**

BOARD OF RETIREMENT MEETING OF DECEMBER 2, 2015

Appellant:	Charlie Brown	<ul style="list-style-type: none"> - Dated 10-08-2014 Applicant's Closing Brief - Dated 11-10-2014 Respondent's Closing Brief - Dated 12-15-2014 Applicant's Reply Brief - Dated 02-09-2015 Referee Celia Fate's <u>Initial</u> Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations - Dated 04-07-2015 Applicant's Objections to Referee's Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations. - Dated 04-20-2015 Respondent's Response to Applicant's Objections to Referee's Proposed Findings of Fact and Recommended Decision - Dated 02-09-2015 Letter from Referee Celia Fate adopting her Initial Findings of Fact, Conclusions of Law, and Recommendations as final
Membership:	General	
Department Name:	SS – Social Services	
Board Action:	Deny SCD	
Attorney:	Anna Turney	
Referee:	Celia Fate	
Respondent's Attorney:	Elle Quent	
Ref.'s Recommendation:	Deny SCD	
Oral Argument:	Yes	
Board's Final Action:		

Investigator: Magnum P. Eye
Appeals Agenda-December 2, 2015

**DISABILITY RETIREMENT APPEALS AGENDA
FOR MEETING OF DECEMBER 2, 2015**

ATTORNEY	NAME	DEPT. NO.	S/G	REQ.	INITIAL BOARD ACTION	REFEREE RECOMMENDATION	ORAL ARGUMENT	BOARD ACTION
TURNEY	BROWN, CHARLIE	SS	G	SCD	DENY	DENY	YES	

APPEALS

A P P E A L S U M M A R Y

Applicant: **Charlie Brown**

Soc.Sec.#: xxx-xx-6000

Position: Children's Social Worker

Department: Social Services

Current Age: 57

Service: 35 – 7

Nature of Disability:
Back and Neck

Presented to Board: December 1, 2010

Action: Deny SCD

Date of Appeal: January 5, 2011

Referred for hearing: February 10, 2011

Hearing Date: February 6, 2014

Attorney: Anna Turney

Referee: Celia Fate

Respondent's Attorney: Elle Quent

Recommendation: Deny SCD

Board's final action:

- Dated 10-08-2014
Applicant's Closing Brief
- Dated 11-10-2014
Respondent's Closing Brief
- Dated 12-15-2014
Applicant's Reply Brief
- Dated 02-09-2015
Referee Celia Fate's Initial Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations
- Dated 04-07-2015
Applicant's Objections to Referee's Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations.
- Dated 04-20-2015
Respondent's Response to Applicant's Objections to Referee's Proposed Findings of Fact and Recommended Decision
- Dated 02-09-2015
Letter from Referee Celia Fate adopting her Initial Findings of Fact, Conclusions of Law, and Recommendations as final

12/02/2015

Investigator: Magnum P. Eye

DISRPT – No route



HELD OVER: 01/05/2015

REQUEST FOR TRANSCRIPT: 02/04/2015

BOARD MEETING DATE	12/02/2015
DATE OF APPLICATION	09/14/2009
ORAL ARGUMENT	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

DISABILITY RETIREMENT APPEAL SUMMARY

NAME	CHARLIE BROWN		SOCIAL SECURITY NO.	***-**-6000	
CLASSIFICATION	CHILDREN'S SOCIAL WORKER				
DEPARTMENT	SOCIAL SERVICES	DEPT. CODE	SS	ATTORNEY	ANNA TURNEY
EMPLOYEE NO.	023456	AGE	57	YEARS OF COUNTY SERVICE CREDIT	35 – 7

NATURE OF DISABILITY	BACK AND NECK			
PRESENTED TO BOARD	12/01/2010	BOARD ACTION	DENY SCD	

AMENDMENT FILED	NOT APPLICABLE			
NATURE OF DISABILITY				
PRESENTED TO BOARD	BOARD ACTION			

DATE OF APPEAL	01/05/2011	<input type="checkbox"/> EED ONLY	REFEREE	CELIA FATE	
REFERRED FOR HEARING	02/10/2011		RESPONDENT'S ATTORNEY	ELLE QUENT	

HEARING DATE(S)	02/06/2014				
APPLICANT'S CLOSING BRIEF	10/08/2014	ORAL ARGUMENT IN LIEU OF WRITTEN BRIEFS			
RESPONDENT'S CLOSING BRIEF	11/10/2014				
APPLICANT'S REPLY TO RESPONDENT'S CLOSING BRIEF	12/15/2014				
INITIAL PROPOSED FINDINGS OF FACT & RECOMMENDED DECISION	02/09/2015				
OBJECTIONS	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	04/07/2015	<input checked="" type="checkbox"/> APPLICANT <input type="checkbox"/> RESPONDENT		
RESPONSE TO OBJECTIONS	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	04/20/2015	<input type="checkbox"/> APPLICANT <input checked="" type="checkbox"/> RESPONDENT		
FINAL PROPOSED FINDINGS OF FACT & RECOMMENDED DECISION	05/12/2015				
OTHER					

REFEREE RECOMMENDATION:	<input type="checkbox"/> Grant SCD	<input checked="" type="checkbox"/> Deny – Not Permanently Incapacitated
	<input type="checkbox"/> Grant SCD – Employer Cannot Accommodate	<input type="checkbox"/> Deny – Employer Can Accommodate
	<input type="checkbox"/> Grant SCD – Survivor Benefit	<input type="checkbox"/> Deny SCD – Survivor Benefit
	<input type="checkbox"/> Grant NSCD	
	<input type="checkbox"/> Grant Option of an Earlier Effective Date	<input type="checkbox"/> Deny Option of an Earlier Effective Date

FINAL BOARD ACTION:



April 22, 2016

TO: Each Member
Board of Retirement

FROM: Disability Procedures & Services Committee
Vivian H. Gray, Chair
William de la Garza, Vice Chair
Yves Chery
Les Robbins
David Muir, Alternate

FOR: May 5, 2016, Board of Retirement Meeting

SUBJECT: **PANEL PHYSICIAN CONTRACT TERMINATION**

On April 6, 2016, the Disability Procedures & Services Committee discussed the performance of Roy Caputo, M.D. and determined it would be best to terminate his contract with LACERA effective June 30, 2016.

Dr. Campese, Medical Advisor to the Board of Retirement agreed with the Committee determination. After discussion, the Committee directed staff to notify Dr. Caputo in writing of the termination of contract and submit to the Board of Retirement for approval.

IT IS THEREFORE RECOMMENDED THAT the Board approve the termination of Panel Physician Roy Caputo, M.D.'s contract with LACERA.

April 21, 2016

SUPPLEMENTAL AGENDA INFORMATION

TO: Each Member
Board of Retirement

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: May 5, 2016 Board of Retirement Meeting

SUBJECT: **Amended Assembly Bill 2257 – Online Posting of Meeting Agendas**

The Insurance, Benefits and Legislative Committee adopted a “Watch” recommendation to your Board on Assembly Bill 2257 at its April 6, 2016 meeting.

The bill was subsequently amended on April 11, 2016. It clarifies that in cases where the board, commission, or agency that posts an agenda online was created by another local agency, that local agency is not required to post the same agenda on its own homepage.

Staff recommends a “Watch” position on Assembly Bill 2257 as amended.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

April 21, 2016

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
Les Robbins, Chair *BWT for Les Robbins*
William de la Garza, Vice Chair
Vivian H. Gray
Shawn Kehoe
Ronald Okum, Alternate

FOR: May 5, 2016 Board of Retirement Meeting

SUBJECT: **Assembly Bill 2257 – Online Posting of Meeting Agendas**

RECOMMENDATION

That Board of Retirement adopt a “Watch” position on Assembly Bill 2257, which relates to the online posting of meeting agendas.

DISCUSSION

The Ralph M. Brown Act requires that the legislative body of a local agency post the agenda of a regular meeting at least 72 hours before the meeting. For special meetings, a notice must be posted at least 24 hours before the meeting. The agenda must be posted in a location that is freely accessible to members. If the agency has a website, the agenda must be posted on the website.

This bill would require that the posting of an agenda on a website must have a prominent, direct link to the agenda from the homepage. The link must be on the homepage and not in a contextual menu. The agenda must be searchable by commonly used Internet search applications, platform independent, available free of charge, and redistributable.

LACERA already meets the standard prescribed by this provision in the bill with respect to the online posting of its meeting agendas. The links to the agendas of upcoming meetings are in the “What’s New” section on the homepage of lacera.com. The agenda is created in Portable Document Format (PDF) and is searchable by Internet search engines. The PDF format can be read by applications that are platform independent and is redistributable.

Assembly Bill 2257
Board of Retirement
April 21, 2016
Page 2

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD adopt a “Watch” position on Assembly Bill 2257, which relates to the online posting of meeting agendas.

Attachments

2016. Leg.AB 2257.BOR.042116

**LEGISLATIVE ANALYSIS
ASSEMBLY BILL 2257**

AUTHOR: Maienschein [R]

INTRODUCED: February 18, 2016

AMENDED: April 11, 2016

SPONSOR: Grassroots Lab

SUMMARY: The Ralph M. Brown Act requires that the legislative body of a local agency post the agenda of a regular meeting at least 72 hours before the meeting. For special meetings, a notice must be posted at least 24 hours before the meeting.

The agenda must be posted in a location that is freely accessible to members. If the agency has a website, the agenda must be posted on the website.

This bill would require that the posting of an agenda on a website must have a prominent, direct link to the agenda from the homepage. The link must be on the homepage and not in a contextual menu. The agenda must be searchable by commonly used Internet search applications, platform independent, available free of charge, and redistributable.

A board, commission, or agency that posts an agenda in compliance with the requirements of the bill is deemed to have satisfied the requirements without the need for the local agency that created such board, commission, or agency to also post the same agenda on its homepage.

ANALYSIS: LACERA already meets the standard prescribed by this provision in the bill with respect to the online posting of its meeting agendas. The links to the agendas of upcoming meetings are in the "What's New" section on the homepage of lacera.com.

The agenda is searchable by Internet search engines, and the file is created in Portable Document Format (PDF). The Adobe Acrobat Reader for PDF files is available on commonly used operating systems and thus platform independent. The PDF file for the agenda is available free of charge and can be redistributed.

In cases where the board, commission, or agency that posts an agenda online was created by another local agency, the bill would not require that local agency to also post the same agenda on its own homepage.

SUPPORT: Grassroots Lab
California Asian Pacific Chamber of Commerce
California Association of Licensed Investigators, Inc.
California Independent Oil Marketers Association
California League of Food Processors
California Manufacturers and Technology Association
California Newspaper Publishers Association
California Professional Firefighters
California Retailers Association
El Dorado Local Agency Formation Commission
Industrial Environmental Association
National Federation of Independent Business
Service Employees International Union, California State Council

OPPOSITION: California Special Districts Association
California State Association of Counties
County of Sacramento
County of Santa Cruz
League of California Cities
Rural County Representatives of California
Urban Counties of California

IBLC
RECOMMENDATION: Watch (04-06-16)

STAFF
RECOMMENDATION: Watch

PREPARED BY: Barry W. Lew, Legislative Affairs Officer

DATED: April 21, 2016

AMENDED IN ASSEMBLY APRIL 11, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2257

Introduced by Assembly Member Maienschein
(Coauthors: Assembly Members Brough, Chang, and Jones)
(Coauthor: Senator Bates)

February 18, 2016

An act to amend Section 54954.2 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2257, as amended, Maienschein. Local agency meetings: agenda: online posting.

The Ralph M. Brown Act enables the legislative body of a local agency to call both regular and special meetings. The act requires the legislative body of a local agency to post, at least 72 hours before the meeting, an agenda containing a brief general description of each item of business to be transacted or discussed at a regular meeting, in a location that is freely accessible to members of the public and to provide a notice containing similar information with respect to a special meeting at least 24 hours prior to the special meeting. The act requires that the agenda or notice be freely accessible to members of the public and be posted on the local agency's Internet Web site, if the local agency has one.

This bill would require an online posting of an agenda by a local agency to have a prominent direct link to the current agenda itself. The bill would require the link to be on the local agency's Internet Web site homepage, not in a contextual menu on the homepage, and would require the agenda to be posted in ~~compliance with a specified section of law.~~

an open format that meets specified requirements, including that the agenda is platform independent and machine readable.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 54954.2 of the Government Code is
 2 amended to read:
 3 54954.2. (a) (1) At least 72 hours before a regular meeting,
 4 the legislative body of the local agency, or its designee, shall post
 5 an agenda containing a brief general description of each item of
 6 business to be transacted or discussed at the meeting, including
 7 items to be discussed in closed session. A brief general description
 8 of an item generally need not exceed 20 words. The agenda shall
 9 specify the time and location of the regular meeting and shall be
 10 posted in a location that is freely accessible to members of the
 11 public and on the local agency’s Internet Web site, if the local
 12 agency has one. ~~An online posting of an agenda shall have a~~
 13 ~~prominent, direct link to the current agenda itself from the local~~
 14 ~~agency’s homepage. The link shall be included on the local~~
 15 ~~agency’s homepage, not in a contextual menu on the homepage,~~
 16 ~~and the agenda shall be posted in accordance with the requirements~~
 17 ~~of subdivisions (a), (b), and (c) of Section 6253.10, if applicable.~~
 18 If requested, the agenda shall be made available in appropriate
 19 alternative formats to persons with a disability, as required by
 20 Section 202 of the Americans with Disabilities Act of 1990 (42
 21 U.S.C. Sec. 12132), and the federal rules and regulations adopted

1 in implementation thereof. The agenda shall include information
2 regarding how, to whom, and when a request for disability-related
3 modification or accommodation, including auxiliary aids or
4 services, may be made by a person with a disability who requires
5 a modification or accommodation in order to participate in the
6 public meeting.

7 *(A) An online posting of an agenda shall be posted on the local*
8 *agency's homepage accessible through a prominent, direct link*
9 *to the current agenda.*

10 *(B) The direct link to the agenda required shall not be in a*
11 *contextual menu.*

12 *(C) The agenda shall be posted in an open format that meets*
13 *all of the following requirements:*

14 *(i) Retrievable, downloadable, indexable, and electronically*
15 *searchable by commonly used Internet search applications.*

16 *(ii) Platform independent and machine readable.*

17 *(iii) Available to the public free of charge and without any*
18 *restriction that would impede the reuse or redistribution of the*
19 *public record.*

20 *(D) The requirements of subparagraphs (A), (B), and (C) shall*
21 *be deemed satisfied if the legislative body of a board, commission,*
22 *or agency of a county, city, whether general or chartered, city and*
23 *county, town, school district, municipal corporation, district, or*
24 *political subdivision posts an agenda, in compliance with*
25 *subparagraphs (A), (B), and (C), on the homepage of the board,*
26 *commission, or agency. Subparagraphs (A), (B), and (C) shall not*
27 *be construed to require the agenda for a meeting of a board,*
28 *commission, or agency to be posted on the homepage of the local*
29 *agency that created the board, commission, or agency.*

30 (2) No action or discussion shall be undertaken on any item not
31 appearing on the posted agenda, except that members of a
32 legislative body or its staff may briefly respond to statements made
33 or questions posed by persons exercising their public testimony
34 rights under Section 54954.3. In addition, on their own initiative
35 or in response to questions posed by the public, a member of a
36 legislative body or its staff may ask a question for clarification,
37 make a brief announcement, or make a brief report on his or her
38 own activities. Furthermore, a member of a legislative body, or
39 the body itself, subject to rules or procedures of the legislative
40 body, may provide a reference to staff or other resources for factual

1 information, request staff to report back to the body at a subsequent
2 meeting concerning any matter, or take action to direct staff to
3 place a matter of business on a future agenda.

4 (b) Notwithstanding subdivision (a), the legislative body may
5 take action on items of business not appearing on the posted agenda
6 under any of the conditions stated below. Prior to discussing any
7 item pursuant to this subdivision, the legislative body shall publicly
8 identify the item.

9 (1) Upon a determination by a majority vote of the legislative
10 body that an emergency situation exists, as defined in Section
11 54956.5.

12 (2) Upon a determination by a two-thirds vote of the members
13 of the legislative body present at the meeting, or, if less than
14 two-thirds of the members are present, a unanimous vote of those
15 members present, that there is a need to take immediate action and
16 that the need for action came to the attention of the local agency
17 subsequent to the agenda being posted as specified in subdivision
18 (a).

19 (3) The item was posted pursuant to subdivision (a) for a prior
20 meeting of the legislative body occurring not more than five
21 calendar days prior to the date action is taken on the item, and at
22 the prior meeting the item was continued to the meeting at which
23 action is being taken.

24 (c) This section is necessary to implement and reasonably within
25 the scope of paragraph (1) of subdivision (b) of Section 3 of Article
26 I of the California Constitution.

27 (d) For purposes of subdivision (a), the requirement that the
28 agenda be posted on the local agency’s Internet Web site, if the
29 local agency has one, shall only apply to a legislative body that
30 meets either of the following standards:

31 (1) A legislative body as that term is defined by subdivision (a)
32 of Section 54952.

33 (2) A legislative body as that term is defined by subdivision (b)
34 of Section 54952, if the members of the legislative body are
35 compensated for their appearance, and if one or more of the
36 members of the legislative body are also members of a legislative
37 body as that term is defined by subdivision (a) of Section 54952.

38 SEC. 2. The Legislature finds and declares that Section 1 of
39 this act, which amends Section 54954.2 of the Government Code,
40 furthers, within the meaning of paragraph (7) of subdivision (b)

1 of Section 3 of Article I of the California Constitution, the purposes
2 of that constitutional section as it relates to the right of public
3 access to the meetings of local public bodies or the writings of
4 local public officials and local agencies. Pursuant to paragraph (7)
5 of subdivision (b) of Section 3 of Article I of the California
6 Constitution, the Legislature makes the following findings:

7 It is in the public interest to ensure that members of the public
8 can easily and quickly find and access meeting agendas on the
9 Internet homepage of local agencies.

10 SEC. 3. No reimbursement is required by this act pursuant to
11 Section 6 of Article XIII B of the California Constitution because
12 the only costs that may be incurred by a local agency or school
13 district under this act would result from a legislative mandate that
14 is within the scope of paragraph (7) of subdivision (b) of Section
15 3 of Article I of the California Constitution.

ASSEMBLY BILL

No. 2257

Introduced by Assembly Member Maienschein

February 18, 2016

An act to amend Section 54954.2 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2257, as introduced, Maienschein. Local agency meetings: agenda: online posting.

The Ralph M. Brown Act enables the legislative body of a local agency to call both regular and special meetings. The act requires the legislative body of a local agency to post, at least 72 hours before the meeting, an agenda containing a brief general description of each item of business to be transacted or discussed at a regular meeting, in a location that is freely accessible to members of the public and to provide a notice containing similar information with respect to a special meeting at least 24 hours prior to the special meeting. The act requires that the agenda or notice be freely accessible to members of the public and be posted on the local agency's Internet Web site, if the local agency has one.

This bill would require an online posting of an agenda by a local agency to have a prominent direct link to the current agenda itself. The bill would require the link to be on the local agency's Internet Web site homepage, not in a contextual menu on the homepage, and would require the agenda to be posted in compliance with a specified section of law.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory

enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 54954.2 of the Government Code is
 2 amended to read:
 3 54954.2. (a) (1) At least 72 hours before a regular meeting,
 4 the legislative body of the local agency, or its designee, shall post
 5 an agenda containing a brief general description of each item of
 6 business to be transacted or discussed at the meeting, including
 7 items to be discussed in closed session. A brief general description
 8 of an item generally need not exceed 20 words. The agenda shall
 9 specify the time and location of the regular meeting and shall be
 10 posted in a location that is freely accessible to members of the
 11 public and on the local agency’s Internet Web site, if the local
 12 agency has one. *An online posting of an agenda shall have a*
 13 *prominent, direct link to the current agenda itself from the local*
 14 *agency’s homepage. The link shall be included on the local*
 15 *agency’s homepage, not in a contextual menu on the homepage,*
 16 *and the agenda shall be posted in accordance with the*
 17 *requirements of subdivisions (a), (b), and (c) of Section 6253.10,*
 18 *if applicable.* If requested, the agenda shall be made available in
 19 appropriate alternative formats to persons with a disability, as
 20 required by Section 202 of the Americans with Disabilities Act of
 21 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations
 22 adopted in implementation thereof. The agenda shall include
 23 information regarding how, to whom, and when a request for
 24 disability-related modification or accommodation, including
 25 auxiliary aids or services, may be made by a person with a

1 disability who requires a modification or accommodation in order
2 to participate in the public meeting.

3 (2) No action or discussion shall be undertaken on any item not
4 appearing on the posted agenda, except that members of a
5 legislative body or its staff may briefly respond to statements made
6 or questions posed by persons exercising their public testimony
7 rights under Section 54954.3. In addition, on their own initiative
8 or in response to questions posed by the public, a member of a
9 legislative body or its staff may ask a question for clarification,
10 make a brief announcement, or make a brief report on his or her
11 own activities. Furthermore, a member of a legislative body, or
12 the body itself, subject to rules or procedures of the legislative
13 body, may provide a reference to staff or other resources for factual
14 information, request staff to report back to the body at a subsequent
15 meeting concerning any matter, or take action to direct staff to
16 place a matter of business on a future agenda.

17 (b) Notwithstanding subdivision (a), the legislative body may
18 take action on items of business not appearing on the posted agenda
19 under any of the conditions stated below. Prior to discussing any
20 item pursuant to this subdivision, the legislative body shall publicly
21 identify the item.

22 (1) Upon a determination by a majority vote of the legislative
23 body that an emergency situation exists, as defined in Section
24 54956.5.

25 (2) Upon a determination by a two-thirds vote of the members
26 of the legislative body present at the meeting, or, if less than
27 two-thirds of the members are present, a unanimous vote of those
28 members present, that there is a need to take immediate action and
29 that the need for action came to the attention of the local agency
30 subsequent to the agenda being posted as specified in subdivision
31 (a).

32 (3) The item was posted pursuant to subdivision (a) for a prior
33 meeting of the legislative body occurring not more than five
34 calendar days prior to the date action is taken on the item, and at
35 the prior meeting the item was continued to the meeting at which
36 action is being taken.

37 (c) This section is necessary to implement and reasonably within
38 the scope of paragraph (1) of subdivision (b) of Section 3 of Article
39 I of the California Constitution.

1 (d) For purposes of subdivision (a), the requirement that the
2 agenda be posted on the local agency’s Internet Web site, if the
3 local agency has one, shall only apply to a legislative body that
4 meets either of the following standards:

5 (1) A legislative body as that term is defined by subdivision (a)
6 of Section 54952.

7 (2) A legislative body as that term is defined by subdivision (b)
8 of Section 54952, if the members of the legislative body are
9 compensated for their appearance, and if one or more of the
10 members of the legislative body are also members of a legislative
11 body as that term is defined by subdivision (a) of Section 54952.

12 SEC. 2. The Legislature finds and declares that Section 1 of
13 this act, which amends Section 54954.2 of the Government Code,
14 furthers, within the meaning of paragraph (7) of subdivision (b)
15 of Section 3 of Article I of the California Constitution, the purposes
16 of that constitutional section as it relates to the right of public
17 access to the meetings of local public bodies or the writings of
18 local public officials and local agencies. Pursuant to paragraph (7)
19 of subdivision (b) of Section 3 of Article I of the California
20 Constitution, the Legislature makes the following findings:

21 It is in the public interest to ensure that members of the public
22 can easily and quickly find and access meeting agendas on the
23 Internet homepage of local agencies.

24 SEC. 3. No reimbursement is required by this act pursuant to
25 Section 6 of Article XIII B of the California Constitution because
26 the only costs that may be incurred by a local agency or school
27 district under this act would result from a legislative mandate that
28 is within the scope of paragraph (7) of subdivision (b) of Section
29 3 of Article I of the California Constitution.

April 19, 2016

SUPPLEMENTAL AGENDA INFORMATION

TO: Each Member
Board of Retirement

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: May 5, 2016 Board of Retirement Meeting

SUBJECT: **Amended Assembly Bill 2853 – Public Records Request**

The Insurance, Benefits and Legislative Committee adopted a “Support” recommendation to your Board on Assembly Bill 2853 at its April 6, 2016 meeting.

The bill was subsequently amended on April 13, 2016 to account for cases where a person who requests a public record and is referred to a public agency’s web site but does not have access to the Internet. The person may request a copy of the public record, and, within 10 days, the public agency must prepare a copy of the public record and notify the person of its availability.

Staff recommends a “Support” position on Assembly Bill 2853 as amended.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

2016 Leg.AB 2853.BOR.Supplemental.041916

April 19, 2016

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
Les Robbins, Chair *BWT for Les Robbins*
William de la Garza, Vice Chair
Vivian H. Gray
Shawn Kehoe
Ronald Okum, Alternate

FOR: May 5, 2016 Board of Retirement Meeting

SUBJECT: **Assembly Bill 2853 – Public Records Requests**

RECOMMENDATION

That the Board of Retirement adopt a “Support” position on Assembly Bill 2853, which allows a public agency that posts a public record on its website to refer persons requesting that record to its website.

DISCUSSION

The California Public Records Act (PRA) requires that state and local agencies make their records available for public inspection. Copies of records that are not exempt from disclosure may be provided to the public upon payment of fees covering the cost of duplication.

Within 10 days of receipt of the request, an agency must determine whether the requested records may be disclosed. The agency must then notify the person making the request with the estimated date and time when the records will be available.

This bill would authorize a public agency to fulfill a person’s request for a disclosable public record by referring the person to the agency’s website where the information is posted.

If an agency has already posted public records on its website, it can be time-consuming and costly to create and prepare hardcopies of that information for mailing. Referring people to the website for the information promotes efficiency and reduces the response time for the person to receive the information. This option would provide flexibility and efficiency to the retirement system in complying with the PRA.

Assembly Bill 2853
Board of Retirement
April 19, 2016
Page 2

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD adopt a “Support” position on Assembly Bill 2853, which allows a public agency that posts a public record on its website to refer persons requesting that record to its website.

Attachments

2016. Leg.AB 2853.BOR.041916

**LEGISLATIVE ANALYSIS
ASSEMBLY BILL 2853**

AUTHOR: Gatto [D]
INTRODUCED: February 19, 2016
AMENDED: April 13, 2016, March 18, 2016
SPONSOR: Assemblyman Mike Gatto
SUMMARY:

The California Public Records Act (PRA) requires that state and local agencies make their records available for public inspection. Copies of records that are not exempt from disclosure may be provided to the public upon payment of fees covering the cost of duplication.

Within 10 days of receipt of the request, an agency must determine whether the requested records may be disclosed and notify the person making the request. The response time may be extended up to an additional 14 days. The notification includes the estimated date and time when the records will be available.

The PRA also requires that public records posted on an agency's website be searchable, platform independent, available free of charge, and redistributable.

This bill would authorize a public agency to fulfill a person's request for a disclosable public record by referring the person to the agency's website where the information is posted.

After being referred to the web site, if the person is unable to access or reproduce the public record from the web site, the person may request a copy of the record, and the public agency must, within 10 days, prepare a copy of the record and notify the person that it is available.

The bill makes a legislative finding that the state has an interest in ensuring the transparency of public agencies and their efficient use of limited resources. Allowing a public agency that has posted public records on its website to refer people requesting this information to the website would protect this interest.

ANALYSIS: If the requested information is already posted on the public agency's website, referring the person making the request to the location on the website where it is posted may be a more efficient method of response. It would eliminate the time and expense required to create and mail hardcopy duplications, and the requesting party would avoid being charged fees for duplication. The provision would provide

flexibility and efficiency to the retirement system in complying with the PRA.

Requesters who are referred to the web site but who do not have access to the Internet are still able to request copies of records directly from the public agency.

**SUPPORT: Association of California School Administrators
Glendale Unified School District
League of California Cities
Orange County Department of Education**

OPPOSITION: None on file

**IBLC
RECOMMENDATION: Support (04-06-16)**

**STAFF
RECOMMENDATION: Support**

PREPARED BY: Barry W. Lew, Legislative Affairs Officer

DATED: April 19, 2016

AMENDED IN ASSEMBLY APRIL 13, 2016

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2853

Introduced by Assembly Member Gatto

February 19, 2016

An act to amend Section 6253 of the Government Code, relating to public records.

LEGISLATIVE COUNSEL'S DIGEST

AB 2853, as amended, Gatto. Public records.

The California Public Records Act requires state and local agencies to make their records available for public inspection and to make copies available upon request and payment of a fee unless the records are exempt from disclosure. The act prohibits limitations on access to a public record based upon the purpose for which the record is being requested if the record is otherwise subject to disclosure, authorizes public agencies to adopt requirements for themselves that allow for faster, more efficient, or greater access to records, and requires local agencies that voluntarily post public records on an open data Internet Resource, as defined, to post those public records in an open format that meets specified criteria.

This bill would authorize a public agency that posts a public record on its Internet Web site to *first* refer a person that requests to inspect or obtain a copy of the public record to the public agency's Internet Web site where the public record is posted.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public

officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

To the extent that this bill would authorize additional local agency expenditures in complying with the California Public Records Act, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6253 of the Government Code is amended
2 to read:

3 6253. (a) Public records are open to inspection at all times
4 during the office hours of the state or local agency and every person
5 has a right to inspect any public record, except as hereafter
6 provided. Any reasonably segregable portion of a record shall be
7 available for inspection by any person requesting the record after
8 deletion of the portions that are exempted by law.

9 (b) Except with respect to public records exempt from disclosure
10 by express provisions of law, each state or local agency, upon a
11 request for a copy of records that reasonably describes an
12 identifiable record or records, shall make the records promptly
13 available to any person upon payment of fees covering direct costs
14 of duplication, or a statutory fee if applicable. Upon request, an
15 exact copy shall be provided unless impracticable to do so.

16 (c) Each agency, upon a request for a copy of records, shall,
17 within 10 days from receipt of the request, determine whether the
18 request, in whole or in part, seeks copies of disclosable public
19 records in the possession of the agency and shall promptly notify
20 the person making the request of the determination and the reasons
21 therefor. In unusual circumstances, the time limit prescribed in
22 this section may be extended by written notice by the head of the
23 agency or his or her designee to the person making the request,

1 setting forth the reasons for the extension and the date on which
2 a determination is expected to be dispatched. No notice shall
3 specify a date that would result in an extension for more than 14
4 days. When the agency dispatches the determination, and if the
5 agency determines that the request seeks disclosable public records,
6 the agency shall state the estimated date and time when the records
7 will be made available. As used in this section, “unusual
8 circumstances” means the following, but only to the extent
9 reasonably necessary to the proper processing of the particular
10 request:

11 (1) The need to search for and collect the requested records
12 from field facilities or other establishments that are separate from
13 the office processing the request.

14 (2) The need to search for, collect, and appropriately examine
15 a voluminous amount of separate and distinct records that are
16 demanded in a single request.

17 (3) The need for consultation, which shall be conducted with
18 all practicable speed, with another agency having substantial
19 interest in the determination of the request or among two or more
20 components of the agency having substantial subject matter interest
21 therein.

22 (4) The need to compile data, to write programming language
23 or a computer program, or to construct a computer report to extract
24 data.

25 (d) Nothing in this chapter shall be construed to permit an
26 agency to delay or obstruct the inspection or copying of public
27 records. The notification of denial of any request for records
28 required by Section 6255 shall set forth the names and titles or
29 positions of each person responsible for the denial.

30 (e) Except as otherwise prohibited by law, a state or local agency
31 may adopt requirements for itself that allow for faster, more
32 efficient, or greater access to records than prescribed by the
33 minimum standards set forth in this chapter.

34 ~~(f) Notwithstanding subdivisions (a) through (e), inclusive, if~~
35 ~~a person requests a public record under this act that the public~~
36 ~~agency has posted on the public agency’s Internet Web site, the~~
37 ~~public agency may comply with the requirements of this act by~~
38 ~~referring that person to public agency’s Internet Web site where~~
39 ~~the information is posted.~~

1 (f) A public agency may comply with subdivision (a) by posting
 2 any public record on its Internet Web site and, in response to a
 3 request for a public record listed on the Internet Web site, referring
 4 the person to that Internet Web site where the public record is
 5 posted. However, if after the agency refers the person to the
 6 Internet Web site, the person requesting the record requests a copy
 7 of the record due to an inability to access or reproduce the public
 8 record from the Internet Web site, the agency shall, within 10 days,
 9 prepare a copy of the public record pursuant to subdivision (b),
 10 and promptly notify the person of the availability of the public
 11 record.

12 SEC. 2. The Legislature finds and declares that Section 1 of
 13 this act, which amends Section 6253 of the Government Code,
 14 imposes a limitation on the public’s right of access to the meetings
 15 of public bodies or the writings of public officials and agencies
 16 within the meaning of Section 3 of Article I of the California
 17 Constitution. Pursuant to that constitutional provision, the
 18 Legislature makes the following findings to demonstrate the interest
 19 protected by this limitation and the need for protecting that interest:

20 The state has a very strong interest in ensuring both the
 21 transparency of, and efficient use of limited resources by, public
 22 agencies. In order to protect this interest, it is necessary to allow
 23 public agencies that have already increased the public’s access to
 24 public records by posting public records on the public agencies’
 25 Internet Web sites to refer requests for posted public records to
 26 these Internet Web sites.

27 SEC. 3. No reimbursement is required by this act pursuant to
 28 Section 6 of Article XIII B of the California Constitution because
 29 the only costs that may be incurred by a local agency or school
 30 district under this act would result from a legislative mandate that
 31 is within the scope of paragraph (7) of subdivision (b) of Section
 32 3 of Article I of the California Constitution.

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2853

Introduced by Assembly Member Gatto

February 19, 2016

An act to amend Section 6253 of the Government Code, relating to public records.

LEGISLATIVE COUNSEL'S DIGEST

AB 2853, as amended, Gatto. Public records.

The California Public Records Act requires state and local agencies to make their records available for public inspection and to make copies available upon request and payment of a fee unless the records are exempt from disclosure. The act prohibits limitations on access to a public record based upon the purpose for which the record is being requested if the record is otherwise subject to disclosure, authorizes public agencies to adopt requirements for themselves that allow for faster, more efficient, or greater access to records, and requires local agencies that voluntarily post public records on an open data Internet Resource, as defined, to post those public records in an open format that meets specified criteria.

This bill would authorize a public agency that posts a public record on its Internet Web site to refer a person that requests to inspect or obtain a copy of the public record to the public agency's Internet Web site where the public record is posted.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating

the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

To the extent that this bill would authorize additional local agency expenditures in complying with the California Public Records Act, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~The California Public Records Act defines the term “public record,” for purposes of that act, to mean any writing containing information relating to the conduct of the public’s business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics.~~

~~This bill would express the intent of the Legislature to subsequently amend this bill to include provisions that would clarify that the term “public record,” for purposes of that act, includes those writings kept on the private cellular phone or other electronic device of an elected official, official, or employee or a public agency if those records relate to the public’s business.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 6253 of the Government Code is amended
- 2 to read:
- 3 6253. (a) Public records are open to inspection at all times
- 4 during the office hours of the state or local agency and every person
- 5 has a right to inspect any public record, except as hereafter
- 6 provided. Any reasonably segregable portion of a record shall be
- 7 available for inspection by any person requesting the record after
- 8 deletion of the portions that are exempted by law.
- 9 (b) Except with respect to public records exempt from disclosure
- 10 by express provisions of law, each state or local agency, upon a
- 11 request for a copy of records that reasonably describes an
- 12 identifiable record or records, shall make the records promptly

1 available to any person upon payment of fees covering direct costs
2 of duplication, or a statutory fee if applicable. Upon request, an
3 exact copy shall be provided unless impracticable to do so.

4 (c) Each agency, upon a request for a copy of records, shall,
5 within 10 days from receipt of the request, determine whether the
6 request, in whole or in part, seeks copies of disclosable public
7 records in the possession of the agency and shall promptly notify
8 the person making the request of the determination and the reasons
9 therefor. In unusual circumstances, the time limit prescribed in
10 this section may be extended by written notice by the head of the
11 agency or his or her designee to the person making the request,
12 setting forth the reasons for the extension and the date on which
13 a determination is expected to be dispatched. No notice shall
14 specify a date that would result in an extension for more than 14
15 days. When the agency dispatches the determination, and if the
16 agency determines that the request seeks disclosable public records,
17 the agency shall state the estimated date and time when the records
18 will be made available. As used in this section, “unusual
19 circumstances” means the following, but only to the extent
20 reasonably necessary to the proper processing of the particular
21 request:

22 (1) The need to search for and collect the requested records
23 from field facilities or other establishments that are separate from
24 the office processing the request.

25 (2) The need to search for, collect, and appropriately examine
26 a voluminous amount of separate and distinct records that are
27 demanded in a single request.

28 (3) The need for consultation, which shall be conducted with
29 all practicable speed, with another agency having substantial
30 interest in the determination of the request or among two or more
31 components of the agency having substantial subject matter interest
32 therein.

33 (4) The need to compile data, to write programming language
34 or a computer program, or to construct a computer report to extract
35 data.

36 (d) Nothing in this chapter shall be construed to permit an
37 agency to delay or obstruct the inspection or copying of public
38 records. The notification of denial of any request for records
39 required by Section 6255 shall set forth the names and titles or
40 positions of each person responsible for the denial.

1 (e) Except as otherwise prohibited by law, a state or local agency
2 may adopt requirements for itself that allow for faster, more
3 efficient, or greater access to records than prescribed by the
4 minimum standards set forth in this chapter.

5 (f) *Notwithstanding subdivisions (a) through (e), inclusive, if a*
6 *person requests a public record under this act that the public*
7 *agency has posted on the public agency’s Internet Web site, the*
8 *public agency may comply with the requirements of this act by*
9 *referring that person to public agency’s Internet Web site where*
10 *the information is posted.*

11 *SEC. 2. The Legislature finds and declares that Section 1 of*
12 *this act, which amends Section 6253 of the Government Code,*
13 *imposes a limitation on the public’s right of access to the meetings*
14 *of public bodies or the writings of public officials and agencies*
15 *within the meaning of Section 3 of Article I of the California*
16 *Constitution. Pursuant to that constitutional provision, the*
17 *Legislature makes the following findings to demonstrate the interest*
18 *protected by this limitation and the need for protecting that*
19 *interest:*

20 *The state has a very strong interest in ensuring both the*
21 *transparency of, and efficient use of limited resources by, public*
22 *agencies. In order to protect this interest, it is necessary to allow*
23 *public agencies that have already increased the public’s access*
24 *to public records by posting public records on the public agencies’*
25 *Internet Web sites to refer requests for posted public records to*
26 *these Internet Web sites.*

27 *SEC. 3. No reimbursement is required by this act pursuant to*
28 *Section 6 of Article XIII B of the California Constitution because*
29 *the only costs that may be incurred by a local agency or school*
30 *district under this act would result from a legislative mandate that*
31 *is within the scope of paragraph (7) of subdivision (b) of Section*
32 *3 of Article I of the California Constitution.*

33 ~~SECTION 1. It is the intent of the Legislature to subsequently~~
34 ~~amend this bill to include provisions that would clarify that the~~
35 ~~term “public record,” for purposes of the California Public Records~~
36 ~~Act, includes those writings kept on the private cellular phone or~~
37 ~~other electronic device of an elected official, official, or employee~~
38 ~~or a public agency if those records relate to the public’s business.~~

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ASSEMBLY BILL

No. 2853

Introduced by Assembly Member Gatto

February 19, 2016

An act relating to public records.

LEGISLATIVE COUNSEL'S DIGEST

AB 2853, as introduced, Gatto. Public records.

The California Public Records Act defines the term “public record,” for purposes of that act, to mean any writing containing information relating to the conduct of the public’s business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics.

This bill would express the intent of the Legislature to subsequently amend this bill to include provisions that would clarify that the term “public record,” for purposes of that act, includes those writings kept on the private cellular phone or other electronic device of an elected official, official, or employee or a public agency if those records relate to the public’s business.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is the intent of the Legislature to subsequently
- 2 amend this bill to include provisions that would clarify that the
- 3 term “public record,” for purposes of the California Public Records
- 4 Act, includes those writings kept on the private cellular phone or

- 1 other electronic device of an elected official, official, or employee
- 2 or a public agency if those records relate to the public's business.

O

April 20, 2016

SUPPLEMENTAL AGENDA INFORMATION

TO: Each Member
Board of Retirement

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: May 5, 2016 Board of Retirement Meeting

SUBJECT: **Amended Assembly Bill 2468 – Alternative PEPR Formula**

The Insurance, Benefits and Legislative Committee adopted a “Watch” recommendation to your Board on Assembly Bill 2468 at its April 6, 2016 meeting.

The bill was subsequently amended on April 12, 2016. It provides that nonsafety employees who are not new members be covered by the default formula for nonsafety members under the California Public Employees’ Pension Reform Act of 2013 (PEPRA). This would apply to those employees of a public employer that did not contract with the Public Employees’ Retirement System (PERS) on or before December 31, 2012 to provide retirement benefits. The bill also provides that pensionable compensation as defined by PEPRA be used to calculate benefits under the alternative formula.

Staff recommends a “Watch” position on Assembly Bill 2468 as amended.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

2016 Leg.AB 2468.BOR.Supplemental.042016

April 20, 2016

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
Les Robbins, Chair *(But for Les Robbins)*
William de la Garza, Vice Chair
Vivian H. Gray
Shawn Kehoe
Ronald Okum, Alternate

FOR: May 5, 2016 Board of Retirement Meeting

SUBJECT: **Assembly Bill 2468 – Alternative PEPRA Formula**

RECOMMENDATION

That the Board of Retirement adopt a “Watch” position on Assembly Bill 2468, which establishes an alternative benefit formula under the California Public Employees’ Pension Reform Act of 2013 for new nonsafety members of the Public Employees’ Retirement System.

DISCUSSION

The California Public Employees’ Pension Reform Act of 2013 (PEPRA) requires public retirement systems, among other provisions, to modify their retirement plans to comply with the new retirement formulas established by PEPRA for new employees who become new members on or after January 1, 2013.

This bill would establish an alternative benefit formula from the one required by PEPRA. The formula may be offered by agencies that contract with the Public Employees’ Retirement System (PERS) to provide retirement benefits for their nonsafety employees who become new members on or after January 1, 2017.

The current PEPRA formula for nonsafety employees is 2.5 percent at age 67. The alternative formula would be 2.5 percent at age 70, which does not exceed the formula currently required by PEPRA. The application of the alternative formula would need to be agreed upon by the agency and the representative employee organization.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD adopt a “Watch” position on Assembly Bill 2468, which establishes an alternative benefit formula under the

Assembly Bill 2468
Board of Retirement
April 20, 2016
Page 2

California Public Employees' Pension Reform Act of 2013 for new nonsafety members
of the Public Employees' Retirement System.

Attachments

2016. Leg.AB 2468.BOR.042016

**LEGISLATIVE ANALYSIS
ASSEMBLY BILL 2468**

AUTHOR: Hadley [R]

INTRODUCED: February 19, 2016

AMENDED: April 12, 2016

SPONSOR: Assemblyman David Hadley

SUMMARY: **The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires public retirement systems, among other provisions, to modify their retirement plans to comply with the new retirement formulas established by PEPRA for new employees who become new members on or after January 1, 2013.**

This bill would authorize agencies contracting with the Public Employees' Retirement System (PERS) to offer an alternative benefit formula from the one required by PEPRA.

The alternative formula applies to nonsafety employees who become new members on or after January 1, 2017. The application of the formula must be agreed upon by the agency and the representative employee organization through a memorandum of understanding, and the formula must be adopted by the agency through an ordinance.

Nonsafety employees who are not new members are subject to the default nonsafety PEPRA plan if their public employer did not contract with PERS to provide retirement benefits on or before December 31, 2012.

ANALYSIS: **The current retirement formula required by PEPRA for nonsafety members is 2.5 percent at age 67. The bill would provide an alternative retirement formula of 2.5 percent at age 70, which does not exceed the formula required by PEPRA.**

The alternative formula applies only to nonsafety employees of agencies that contract with PERS. It does not apply to state employees or employees covered by any other public retirement systems in California.

According to the sponsor, many municipalities have been offering increasingly competitive retirement benefits to new employees, and this has resulted in significant unfunded pension liabilities. The bill would enable agencies to extend the menu of options for retirement benefits offered to their employees to ensure financial viability.

Opponents of the bill assert that although the new formula must be agreed through collective bargaining, one of the benefits provided by PEPRA was uniformity in the benefits provided to new nonsafety employees. The bill would run counter to the reforms already made in PEPRA, and the new formula would not provide adequate benefits or an offsetting benefit to employees.

SUPPORT: None on file.

OPPOSITION: American Federation of State, County and Municipal Employees (AFSCME), AFL-CIO
California School Engineers Association (CSEA), AFL-CIO
LIUNA Locals 777 & 792
Los Angeles County Professional Peace Officers Association
Organization of SMUD Employees
San Diego County Court Employees Association
San Luis Obispo County Employees Association
Service Employees International Union (SEIU)

IBLC
RECOMMENDATION: Watch (04-06-16)

STAFF
RECOMMENDATION: Watch

PREPARED BY: Barry W. Lew, Legislative Affairs Officer

DATED: April 20, 2016

AMENDED IN ASSEMBLY APRIL 12, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2468

Introduced by Assembly Member Hadley

February 19, 2016

An act to amend Section 7522.20 of, and to add Section 21354.6 to, the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 2468, as amended, Hadley. Public Employees' Retirement System: contracting agencies: benefit formulas.

The Public Employees' Retirement Law authorizes a public agency to participate in, and make all or part of its employees members of, the Public Employees' Retirement System (PERS) by a contract entered into between its governing body and the board of administration of the system. The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, to modify its plan or plans to comply with the act and, among other provisions, establishes new retirement formulas for employees first hired on or after January 1, 2013, as specified.

This bill would authorize a public agency that has contracted with the board of administration of PERS to offer an alternative formula from that required by PEPRA, to be applicable to miscellaneous, nonsafety employees hired after January 1, 2017, *and who are new members, as defined*, if specified contingencies are satisfied, including that the agency and representative employee organization have agreed to its application in a valid memorandum of understanding. *The bill would require that miscellaneous, nonsafety employees who are not new members, as defined, if they are employed by a public employer*

that did not contract with PERS prior to December 31, 2012, be covered by the default benefit formula under PEPRRA. The bill would specify what is pensionable compensation for these purposes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7522.20 of the Government Code is
2 amended to read:

3 7522.20. (a) Except as provided in subdivision (c) or (d), each
4 retirement system that offers a defined benefit plan for nonsafety
5 members of the system shall use the formula prescribed by this
6 section. The defined benefit plan shall provide a pension at
7 retirement for service equal to the percentage of the member's
8 final compensation set forth opposite the member's age at
9 retirement, taken to the preceding quarter year, in the following
10 table, multiplied by the number of years of service in the system
11 as a nonsafety member. A member may retire for service under
12 this section after five years of service and upon reaching 52 years
13 of age.

15 Age of Retirement	Fraction
16 52	1.000
17 52 1/4	1.025
18 52 1/2	1.050
19 52 3/4	1.075
20 53	1.100
21 53 1/4	1.125
22 53 1/2	1.150
23 53 3/4	1.175
24 54	1.200
25 54 1/4	1.225
26 54 1/2	1.250
27 54 3/4	1.275
28 55	1.300
29 55 1/4	1.325
30 55 1/2	1.350
31 55 3/4	1.375
32 56	1.400

1	56 ¹ / ₄	1.425
2	56 ¹ / ₂	1.450
3	56 ³ / ₄	1.475
4	57	1.500
5	57 ¹ / ₄	1.525
6	57 ¹ / ₂	1.550
7	57 ³ / ₄	1.575
8	58	1.600
9	58 ¹ / ₄	1.625
10	58 ¹ / ₂	1.650
11	58 ³ / ₄	1.675
12	59	1.700
13	59 ¹ / ₄	1.725
14	59 ¹ / ₂	1.750
15	59 ³ / ₄	1.775
16	60	1.800
17	60 ¹ / ₄	1.825
18	60 ¹ / ₂	1.850
19	60 ³ / ₄	1.875
20	61	1.900
21	61 ¹ / ₄	1.925
22	61 ¹ / ₂	1.950
23	61 ³ / ₄	1.975
24	62	2.000
25	62 ¹ / ₄	2.025
26	62 ¹ / ₂	2.050
27	62 ³ / ₄	2.075
28	63	2.100
29	63 ¹ / ₄	2.125
30	63 ¹ / ₂	2.150
31	63 ³ / ₄	2.175
32	64	2.200
33	64 ¹ / ₄	2.225
34	64 ¹ / ₂	2.250
35	64 ³ / ₄	2.275
36	65	2.300
37	65 ¹ / ₄	2.325
38	65 ¹ / ₂	2.350
39	65 ³ / ₄	2.375
40	66	2.400

1 66¼ 2.425
 2 66½ 2.450
 3 66¾ 2.475
 4 67 2.500

5
 6 (b) Pensionable compensation used to calculate the defined
 7 benefit shall be limited as described in Section 7522.10.

8 (c) A new member of the State Teachers’ Retirement System
 9 shall be subject to the formula established pursuant to Section
 10 24202.6 of the Education Code.

11 (d) With respect to new members, a public agency participating
 12 in the Public Employees’ Retirement System pursuant to contract
 13 may provide the formula established in Section 21354.6 in lieu of
 14 this section and subject to the requirements of Section 21354.6.

15 SEC. 2. Section 21354.6 is added to the Government Code, to
 16 read:

17 21354.6. (a) Notwithstanding any other law, a contracting
 18 agency may make the formula provided in this section applicable
 19 to miscellaneous, nonsafety employees hired after January 1, 2017,
 20 *and who are otherwise new members as defined in Section 7522.04,*
 21 provided that the agency and representative employee organization
 22 have agreed to its application in a valid memorandum of
 23 understanding, the contracting agency adopts *a resolution or* an
 24 ordinance to this effect, and the agency’s contract is amended in
 25 the manner prescribed for approval of contracts or, in the case of
 26 a new contract, by express provision in the contract. The pension
 27 at retirement for service provided by this section shall be equal to
 28 the percentage of the member’s final compensation set forth
 29 opposite the member’s age at retirement, taken to the preceding
 30 quarter year, in the following table, multiplied by the number of
 31 years of service in the system as a nonsafety member. A member
 32 may retire for service under this section after five years of *state*
 33 service and upon reaching 55 years of ~~age~~ *age, except as provided*
 34 *in Section 21060.*

35

36 Age of Retirement	Fraction
37 55	1.000
38 55¼	1.025
39 55½	1.050
40 55¾	1.075

1	56	1.100
2	56 ¹ / ₄	1.125
3	56 ¹ / ₂	1.150
4	56 ³ / ₄	1.175
5	57	1.200
6	57 ¹ / ₄	1.225
7	57 ¹ / ₂	1.250
8	57 ³ / ₄	1.275
9	58	1.300
10	58 ¹ / ₄	1.325
11	58 ¹ / ₂	1.350
12	58 ³ / ₄	1.375
13	59	1.400
14	59 ¹ / ₄	1.425
15	59 ¹ / ₂	1.450
16	59 ³ / ₄	1.475
17	60	1.500
18	60 ¹ / ₄	1.525
19	60 ¹ / ₂	1.550
20	60 ³ / ₄	1.575
21	61	1.600
22	61 ¹ / ₄	1.625
23	61 ¹ / ₂	1.650
24	61 ³ / ₄	1.675
25	62	1.700
26	62 ¹ / ₄	1.725
27	62 ¹ / ₂	1.750
28	62 ³ / ₄	1.775
29	63	1.800
30	63 ¹ / ₄	1.825
31	63 ¹ / ₂	1.850
32	63 ³ / ₄	1.875
33	64	1.900
34	64 ¹ / ₄	1.925
35	64 ¹ / ₂	1.950
36	64 ³ / ₄	1.975
37	65	2.000
38	65 ¹ / ₄	2.025
39	65 ¹ / ₂	2.050
40	65 ³ / ₄	2.075

1 66 2.100
2 66¹/₄..... 2.125
3 66¹/₂..... 2.150
4 66³/₄..... 2.175
5 67 2.200
6 67¹/₄..... 2.225
7 67¹/₂..... 2.250
8 67³/₄..... 2.275
9 68 2.300
10 68¹/₄..... 2.325
11 68¹/₂..... 2.350
12 68³/₄..... 2.375
13 69 2.400
14 69¹/₄..... 2.425
15 69¹/₂..... 2.450
16 69³/₄..... 2.475
17 70 2.500

18

19 *(b) Unless otherwise permitted by law, a miscellaneous,*
20 *nonsafety employee, who is not a new member as defined in Section*
21 *7522.04, shall be subject to the benefit formula in Section 7522.20*
22 *if employed by a public employer that did not contract with this*
23 *system to provide retirement benefits on or before December 31,*
24 *2012.*

25 *(c) Pensionable compensation used to calculate the defined*
26 *benefit pursuant to this section shall be limited as described in*
27 *Section 7522.10.*

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ASSEMBLY BILL

No. 2468

Introduced by Assembly Member Hadley

February 19, 2016

An act to amend Section 7522.20 of, and to add Section 21354.6 to, the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 2468, as introduced, Hadley. Public Employees' Retirement System: contracting agencies: benefit formulas.

The Public Employees' Retirement Law authorizes a public agency to participate in, and make all or part of its employees members of, the Public Employees' Retirement System (PERS) by a contract entered into between its governing body and the board of administration of the system. The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, to modify its plan or plans to comply with the act and, among other provisions, establishes new retirement formulas for employees first hired on or after January 1, 2013, as specified.

This bill would authorize a public agency that has contracted with the board of administration of PERS to offer an alternative formula from that required by PEPRA, to be applicable to miscellaneous, nonsafety employees hired after January 1, 2017, if specified contingencies are satisfied, including that the agency and representative employee organization have agreed to its application in a valid memorandum of understanding.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7522.20 of the Government Code is
2 amended to read:

3 7522.20. (a) ~~Each~~ Except as provided in subdivision (c) or
4 (d), each retirement system that offers a defined benefit plan for
5 nonsafety members of the system shall use the formula prescribed
6 by this section. The defined benefit plan shall provide a pension
7 at retirement for service equal to the percentage of the member's
8 final compensation set forth opposite the member's age at
9 retirement, taken to the preceding quarter year, in the following
10 table, multiplied by the number of years of service in the system
11 as a nonsafety member. A member may retire for service under
12 this section after five years of service and upon reaching 52 years
13 of age.

14	Age of Retirement	Fraction
15	52	1.000
16	52 1/4	1.025
17	52 1/2	1.050
18	52 3/4	1.075
19	53	1.100
20	53 1/4	1.125
21	53 1/2	1.150
22	53 3/4	1.175
23	54	1.200
24	54 1/4	1.225
25	54 1/2	1.250
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27	55	1.300
28	55 1/4	1.325
29	55 1/2	1.350
30	55 3/4	1.375
31	56	1.400
32	56 1/4	1.425
33	56 1/2	1.450
34	56 3/4	1.475
35	57	1.500
36	57 1/4	1.525
37	57 1/2	1.550
38		

1	57 ³ / ₄	1.575
2	58	1.600
3	58 ¹ / ₄	1.625
4	58 ¹ / ₂	1.650
5	58 ³ / ₄	1.675
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9	59 ³ / ₄	1.775
10	60	1.800
11	60 ¹ / ₄	1.825
12	60 ¹ / ₂	1.850
13	60 ³ / ₄	1.875
14	61	1.900
15	61 ¹ / ₄	1.925
16	61 ¹ / ₂	1.950
17	61 ³ / ₄	1.975
18	62	2.000
19	62 ¹ / ₄	2.025
20	62 ¹ / ₂	2.050
21	62 ³ / ₄	2.075
22	63	2.100
23	63 ¹ / ₄	2.125
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30	65	2.300
31	65 ¹ / ₄	2.325
32	65 ¹ / ₂	2.350
33	65 ³ / ₄	2.375
34	66	2.400
35	66 ¹ / ₄	2.425
36	66 ¹ / ₂	2.450
37	66 ³ / ₄	2.475
38	67	2.500
39		

1 (b) Pensionable compensation used to calculate the defined
2 benefit shall be limited as described in Section 7522.10.

3 (c) A new member of the State Teachers' Retirement System
4 shall be subject to the formula established pursuant to Section
5 24202.6 of the Education Code.

6 (d) *With respect to new members, a public agency participating*
7 *in the Public Employees' Retirement System pursuant to contract*
8 *may provide the formula established in Section 21354.6 in lieu of*
9 *this section and subject to the requirements of Section 21354.6.*

10 SEC. 2. Section 21354.6 is added to the Government Code, to
11 read:

12 21354.6. Notwithstanding any other law, a contracting agency
13 may make the formula provided in this section applicable to
14 miscellaneous, nonsafety employees hired after January 1, 2017,
15 provided that the agency and representative employee organization
16 have agreed to its application in a valid memorandum of
17 understanding, the contracting agency adopts an ordinance to this
18 effect, and the agency's contract is amended in the manner
19 prescribed for approval of contracts or, in the case of a new
20 contract, by express provision in the contract. The pension at
21 retirement for service provided by this section shall be equal to
22 the percentage of the member's final compensation set forth
23 opposite the member's age at retirement, taken to the preceding
24 quarter year, in the following table, multiplied by the number of
25 years of service in the system as a nonsafety member. A member
26 may retire for service under this section after five years of service
27 and upon reaching 55 years of age.

28	29	30	31	32	33	34	35	36	37	38	39	40
	Age of Retirement											
	55											1.000
	55 1/4											1.025
	55 1/2											1.050
	55 3/4											1.075
	56											1.100
	56 1/4											1.125
	56 1/2											1.150
	56 3/4											1.175
	57											1.200
	57 1/4											1.225
	57 1/2											1.250

1	57 ³ / ₄	1.275
2	58	1.300
3	58 ¹ / ₄	1.325
4	58 ¹ / ₂	1.350
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11	60 ¹ / ₄	1.525
12	60 ¹ / ₂	1.550
13	60 ³ / ₄	1.575
14	61	1.600
15	61 ¹ / ₄	1.625
16	61 ¹ / ₂	1.650
17	61 ³ / ₄	1.675
18	62	1.700
19	62 ¹ / ₄	1.725
20	62 ¹ / ₂	1.750
21	62 ³ / ₄	1.775
22	63	1.800
23	63 ¹ / ₄	1.825
24	63 ¹ / ₂	1.850
25	63 ³ / ₄	1.875
26	64	1.900
27	64 ¹ / ₄	1.925
28	64 ¹ / ₂	1.950
29	64 ³ / ₄	1.975
30	65	2.000
31	65 ¹ / ₄	2.025
32	65 ¹ / ₂	2.050
33	65 ³ / ₄	2.075
34	66	2.100
35	66 ¹ / ₄	2.125
36	66 ¹ / ₂	2.150
37	66 ³ / ₄	2.175
38	67	2.200
39	67 ¹ / ₄	2.225
40	67 ¹ / ₂	2.250

1	67 ³ / ₄	2.275
2	68	2.300
3	68 ¹ / ₄	2.325
4	68 ¹ / ₂	2.350
5	68 ³ / ₄	2.375
6	69	2.400
7	69 ¹ / ₄	2.425
8	69 ¹ / ₂	2.450
9	69 ³ / ₄	2.475
10	70	2.500
11		

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April 13, 2016

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
Les Robbins, Chair *(BWR For Les Robbins)*
William de la Garza, Vice Chair
Vivian H. Gray
Shawn Kehoe
Ronald Okum, Alternate

FOR: May 5, 2016 Board of Retirement Meeting

SUBJECT: **U.S. House Bill HR 4822 – Public Employee Pension Transparency Act**

RECOMMENDATION

That the Board of Retirement adopt an “Oppose” position on HR 4822, which would enact the Public Employee Pension Transparency Act.

DISCUSSION

HR 4822, known as the Public Employee Pension Transparency Act, was introduced on March 21, 2016 by U.S. Representative Devin Nunes [R-CA]. Identical bills were introduced in past legislative sessions by Representative Nunes as well as U.S. Senator Richard Burr [R-NC].

The bill provides that the plan sponsor of a state or local government employee pension benefit plan must file an annual report for each plan year beginning on or after January 1, 2017. The report must include a schedule of funding status, a schedule of contributions by the plan sponsor during the plan year, alternative projections of cash flows, a statement of actuarial assumptions, plan participant statistics, a statement of investments returns for the current and preceding 5 years, a statement of the plan sponsor’s expectation in eliminating any unfunded current liability and extent to which it has followed its own funding policy, a statement on the amount of outstanding pension obligation bonds, and a statement of the current cost of the plan year.

A supplementary report is also required if the value of the plan assets is determined by a standard other than fair market value or if the interest rate used to determine the value of liabilities is not based on the U.S. Treasury obligation yield curve.

If a plan sponsor does not comply with the reporting requirements, then no specified federal tax benefits will be allowed for specified bonds issued by a state or political subdivision during the noncompliance period, which begins on the date the state or political subdivision is notified by the Secretary of the Treasury to the date the failure is cured (as determined by the Secretary).

Legislation already exists in California to safeguard the solvency of public retirement systems and funds. Public retirement systems are required to submit annual financial reports and triennial actuarial valuations to the California State Controller. The State Controller establishes an advisory committee that includes enrolled actuaries to assist with the evaluation of each retirement system's funding adequacy, actuarial assumptions, plan participant statistics, and rates of return on total assets. The State Controller compiles and publishes an annual report on the financial condition of all state and local public retirement systems.

The bill would set a precedent for federal intervention into areas that are the financial responsibility of, and have thus been historically regulated by, the states and its political subdivisions. It would mandate duplicative and costly federal reporting and disclosure requirements on state and local governments related to pension costs.

Note that in 2011, LACERA's Board of Retirement and Board of Investments adopted an "Oppose" position on HR 567 and S 347, which were identical versions of the current bill that provided for reporting and disclosure by state and local public employee retirement pension plans for plan years beginning on or after January 1, 2011.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD adopt an "Oppose" position on HR 4822, which would enact the Public Employee Pension Transparency Act.

Attachments

**LEGISLATIVE ANALYSIS
U.S HOUSE BILL 4822**

AUTHOR: Rep. Devin Nunes [R-CA]

INTRODUCED: March 21, 2016

SPONSOR: Author

SUMMARY: The bill provides that the plan sponsor of a state or local government employee pension benefit plan must file an annual report for each plan year beginning on or after January 1, 2017. The report must include a schedule of funding status, a schedule of contributions by the plan sponsor during the plan year, alternative projections of cash flows, a statement of actuarial assumptions, plan participant statistics, a statement of investments returns for the current and preceding 5 years, a statement of the plan sponsor's expectation in eliminating any unfunded current liability and extent to which it has followed its own funding policy, a statement on the amount of outstanding pension obligation bonds, and a statement of the current cost of the plan year.

A supplementary report is also required if the value of the plan assets is determined by a standard other than fair market value or if the interest rate used to determine the value of liabilities is not based on the U.S. Treasury obligation yield curve.

If a plan sponsor does not comply with the reporting requirements, then no specified federal tax benefits will be allowed for specified bonds issued by a state or political subdivision during the noncompliance period, which begins on the date the state or political subdivision is notified by the Secretary of the Treasury to the date the failure is cured (as determined by the Secretary).

ANALYSIS: Legislation already exists in California to safeguard the solvency of public retirement systems and funds. Public retirement systems are required to submit annual financial reports and triennial actuarial valuations to the California State Controller. The State Controller establishes an advisory committee that includes enrolled actuaries to assist with the evaluation of each retirement system's funding adequacy, actuarial assumptions, plan participant statistics, and rates of return on total assets. The State Controller compiles and publishes an annual report on the financial condition of all state and local public retirement systems.

The bill would set a precedent for federal intervention into areas that are the financial responsibility of, and have thus

been historically regulated by, the states and its political subdivisions. It would mandate duplicative and costly federal reporting and disclosure requirements on state and local governments related to pension costs.

Legislative History

HR 1628 (2013), also known as the Public Employee Pension Transparency Act, amends the Internal Revenue Code of 1986 to provide for reporting and disclosure by state and local public employee retirement pension plans. LACERA did not adopt a position.

S 779 (2013), also known as the Public Employee Pension Transparency Act, amends the Internal Revenue Code of 1986 to provide for reporting and disclosure by state and local public employee retirement pension plans. LACERA did not adopt a position.

HR 567 (2011), also known as the Public Employee Pension Transparency Act, amends the Internal Revenue Code of 1986 to provide for reporting and disclosure by state and local public employee retirement pension plans. LACERA's Board of Retirement adopted an "Oppose" position on April 14, 2011. LACERA's Board of Investments adopted an "Oppose" position on March 9, 2011.

S 347 (2011), also known as the Public Employee Pension Transparency Act, amends the Internal Revenue Code of 1986 to provide for reporting and disclosure by state and local public employee retirement pension plans. LACERA's Board of Retirement adopted an "Oppose" position on April 14, 2011. LACERA's Board of Investments adopted an "Oppose" position on March 9, 2011.

HR 6484 (2010), also known as the Public Employee Pension Transparency Act, amends the Internal Revenue Code of 1986 to provide for reporting and disclosure by state and local public employee retirement pension plans. LACERA did not adopt a position.

IBLC

RECOMMENDATION: Oppose (04-06-16)

STAFF

RECOMMENDATION: Oppose

PREPARED BY: Barry W. Lew, Legislative Affairs Officer

DATED: April 13, 2016

114TH CONGRESS
2D SESSION

H. R. 4822

To amend the Internal Revenue Code of 1986 to provide for reporting and disclosure by State and local public employee retirement pension plans.

IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 2016

Mr. NUNES (for himself, Mr. STEWART, Mr. DUNCAN of South Carolina, Mr. ROSS, Mr. ROKITA, Mr. MARCHANT, and Mr. BUCSHON) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide for reporting and disclosure by State and local public employee retirement pension plans.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Public Employee Pen-
5 sion Transparency Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) Pursuant to clauses 1 and 3 of section 8 of
9 article I of the Constitution of the United States,

1 the Congress has the authority to condition the con-
2 tinuation of certain specified Federal tax benefits
3 upon State or local government employee pension
4 benefit plans on the provision of meaningful disclo-
5 sure under section 4980J of the Internal Revenue
6 Code of 1986, as added by this Act.

7 (2) State and local government employee pen-
8 sion benefit plans have promised pension benefits to
9 approximately 20,000,000 Americans who are active
10 employees of these entities. An additional 7,000,000
11 retirees and their dependents currently receive bene-
12 fits from State or local government employee pen-
13 sion benefit plans. The interests of participants in
14 many of such plans are in the nature of property
15 rights under State law.

16 (3) State and local government employee pen-
17 sion benefit plans are substantially facilitated by the
18 favorable tax treatment of participants and bene-
19 ficiaries, investment earnings, and employee con-
20 tributions with respect to such plans provided by the
21 Federal Government under the Internal Revenue
22 Code of 1986.

23 (4) The investment of State or local govern-
24 ment employee pension benefit plan assets, the dis-
25 tribution of benefits under such plans, and other re-

1 lated financial activities are facilitated through the
2 use of instrumentalities of, and substantially affect,
3 interstate commerce. These activities, which are
4 interstate in nature and have a substantial impact
5 on the national economy, affect capital formation,
6 regional growth and decline, the national markets
7 for insurance, and the markets for securities and the
8 trading of securities of State and local governments.

9 (5) The financial status of State or local gov-
10 ernment employee pension benefit plans also has a
11 direct impact on the national markets for insurance
12 and trading of securities of State and local govern-
13 ments.

14 (6) State or local government employee pension
15 benefit plans additionally have a substantial impact
16 on interstate commerce as a consequence of the
17 interstate movement of participants.

18 (7) State or local government employee pension
19 benefit plans are becoming a large financial burden
20 on certain State and local governments and have al-
21 ready resulted in tax increases and the reduction of
22 services.

23 (8) In fact, a soon to be published study has
24 determined that as of 2014, the present value of the
25 already promised pension liabilities of the 50 States

1 and major municipalities, calculated using the meth-
2 odology prescribed by this bill, is
3 \$7,019,627,000,000 with unfunded liabilities at
4 \$3,412,587,000,000. These amounts are substan-
5 tially higher than those reported by pension funds
6 using the Governmental Accounting Standards
7 Board's (GASB) revised standards (total liabilities
8 of \$4,798,075,000,000 and unfunded liabilities of
9 \$1,191,035,000,000).

10 (9) Some economists and observers have stated
11 that the extent to which State or local government
12 employee pension benefit plans are underfunded is
13 obscured by governmental accounting rules and
14 practices, particularly as they relate to the valuation
15 of plan assets and liabilities. This results in a
16 misstatement of the value of plan assets and an un-
17 derstatement of plan liabilities, a situation that
18 poses a significant threat to the soundness of State
19 and local budgets.

20 (10) There currently is a lack of meaningful
21 disclosure regarding the value of State or local gov-
22 ernment employee pension benefit plan assets and li-
23 abilities. This lack of meaningful disclosure poses a
24 direct and serious threat to the financial stability of
25 such plans and their sponsoring governments, im-

1 pairs the ability of State and local government tax-
2 payers and officials to understand the financial obli-
3 gations of their government, and reduces the likeli-
4 hood that State and local government processes will
5 be effective in assuring the prudent management of
6 their plans. The status quo also constitutes a serious
7 threat to the future economic health of the Nation
8 and places an undue burden upon State and local
9 government taxpayers, who will be called upon to
10 fully fund existing, and future, pension promises.

11 (11) State or local government employee pen-
12 sion benefit plans affect the national public interest
13 and meaningful disclosure of the value of their as-
14 sets and liabilities is necessary and desirable in
15 order to adequately protect plan participants and
16 their beneficiaries and the general public. Meaning-
17 ful disclosure would also further efforts to provide
18 for the general welfare and the free flow of com-
19 merce.

1 **SEC. 3. REPORTING OF INFORMATION WITH RESPECT TO**
 2 **STATE OR LOCAL GOVERNMENT EMPLOYEE**
 3 **PENSION BENEFIT PLANS TREATED AS A TAX**
 4 **EXEMPTION, ETC., REQUIREMENT FOR STATE**
 5 **AND LOCAL BONDS.**

6 (a) IN GENERAL.—Subpart B of part IV of sub-
 7 chapter B of chapter 1 of the Internal Revenue Code of
 8 1986 is amended by adding at the end the following new
 9 section:

10 **“SEC. 149A. REPORTING WITH RESPECT TO STATE OR**
 11 **LOCAL GOVERNMENT EMPLOYEE PENSION**
 12 **BENEFIT PLANS.**

13 “(a) IN GENERAL.—In the case of a failure to satisfy
 14 any requirement of subsection (a) or (b) of section 4980J
 15 with respect to any plan maintained with respect to em-
 16 ployees of one or more States or political subdivisions of
 17 one or more States, no specified Federal tax benefit shall
 18 be allowed or made with respect to any specified bond
 19 issued by any such State or political subdivision (or by
 20 any bonding authority acting on behalf, or for the benefit,
 21 of such State or political subdivision) during the non-
 22 compliance period.

23 “(b) NONCOMPLIANCE PERIOD.—For purposes of
 24 this section, the term ‘noncompliance period’ means, with
 25 respect to any State or political subdivision in connection
 26 with any failure described in subsection (a), the period be-

1 ginning on the date that the Secretary notifies such State
2 or political subdivision of such failure and ending on the
3 date that such failure is cured (as determined by the Sec-
4 retary).

5 “(c) SPECIFIED BOND.—For purposes of this section,
6 the term ‘specified bond’ means—

7 “(1) any State or local bond within the meaning
8 of section 103,

9 “(2) any qualified tax credit bond within the
10 meaning of section 54A, and

11 “(3) any build America bond within the mean-
12 ing of section 54AA.

13 “(d) SPECIFIED FEDERAL TAX BENEFIT.—For pur-
14 poses of this section, the term ‘specified Federal tax ben-
15 efit’ means—

16 “(1) any exemption from gross income allowed
17 under section 103 (relating to interest on State and
18 local bonds),

19 “(2) any credit allowed under section 54A (re-
20 lating to credit to holders of qualified tax credit
21 bonds),

22 “(3) any credit allowed under section 54AA (re-
23 lating to build America bonds), and

1 “(4) any credit or payment allowed or made
2 under section 6431 (relating to credit for qualified
3 bonds allowed to issuer).”.

4 (b) REPORTING REQUIREMENTS.—Chapter 43 of
5 such Code is amended by adding at the end the following
6 new section:

7 **“SEC. 4980J. FAILURE OF STATE OR LOCAL GOVERNMENT**
8 **EMPLOYEE PENSION BENEFIT PLANS TO**
9 **MEET REPORTING REQUIREMENTS.**

10 “(a) ANNUAL REPORT.—For purposes of section
11 149A, the requirements of this subsection are as follows:

12 “(1) IN GENERAL.—The plan sponsor of a
13 State or local government employee pension benefit
14 plan shall file with the Secretary, in such form and
15 manner as shall be prescribed by the Secretary, a re-
16 port for each plan year beginning on or after Janu-
17 ary 1, 2017, setting forth the following information
18 with respect to the plan, as determined by the plan
19 sponsor as of the end of such plan year:

20 “(A) A schedule of funding status, which
21 shall include a statement as to the current li-
22 ability of the plan, the amount of plan assets
23 available to meet that liability, the amount of
24 the net unfunded liability (if any), and the
25 funding percentage of the plan.

1 “(B) A schedule of contributions by the
2 plan sponsor for the plan year, indicating which
3 are or are not taken into account under sub-
4 paragraph (A).

5 “(C) Alternative projections which shall be
6 specified in regulations of the Secretary for
7 each of the next 60 plan years following the
8 plan year of the cash flows associated with the
9 current liability, together with a statement of
10 the assumptions used in connection with such
11 projections. The Secretary shall specify in such
12 regulations the projection assumptions to be
13 used as necessary to achieve comparability
14 across plans.

15 “(D) A statement of the actuarial assump-
16 tions used for the plan year, including the rate
17 of return on investment of plan assets and as-
18 sumptions as to such other matters as the Sec-
19 retary may prescribe by regulation.

20 “(E) A statement of the number of partici-
21 pants who are each of the following—

22 “(i) those who are retired or sepa-
23 rated from service and are receiving bene-
24 fits,

1 “(ii) those who are retired or sepa-
2 rated and are entitled to future benefits,
3 and

4 “(iii) those who are active under the
5 plan.

6 “(F) A statement of the plan’s investment
7 returns, including the rate of return, for the
8 plan year and the 5 preceding plan years.

9 “(G) A statement of the degree to which,
10 and manner in which, the plan sponsor expects
11 to eliminate any unfunded current liability that
12 may exist for the plan year and the extent to
13 which the plan sponsor has followed the plan’s
14 funding policy for each of the preceding 5 plan
15 years. The Secretary shall prescribe by regula-
16 tion the specific criteria to be used for meeting
17 the requirements of this paragraph.

18 “(H) A statement of the amount of pen-
19 sion obligation bonds outstanding.

20 “(I) A statement of the current cost of the
21 plan for the plan year.

22 “(2) TIMING OF REPORT.—The plan sponsor of
23 a State or local government employee pension ben-
24 efit plan shall make the filing required under para-
25 graph (1) for each plan year not later than 210 days

1 after the end of such plan year (or within such time
2 as may be required by regulations prescribed by the
3 Secretary in order to reduce duplicative filing).

4 “(b) ADDITIONAL REPORTING REQUIREMENTS.—
5 For purposes of section 149A, the requirements of this
6 subsection are as follows:

7 “(1) SUPPLEMENTARY REPORTS.—In any case
8 in which, in determining the information filed in the
9 annual report for a plan year under subsection (a)—

10 “(A) the value of plan assets is determined
11 using a standard other than fair market value,
12 or

13 “(B) the interest rate or rates used to de-
14 termine the value of liabilities or as the dis-
15 count value for liabilities are not the interest
16 rates described in paragraph (3), the plan spon-
17 sor shall include in the annual report filed for
18 such plan year pursuant to subsection (a) the
19 supplementary report for such plan year de-
20 scribed in paragraph (2) of this subsection.

21 “(2) USE OF PRESCRIBED VALUATION METHOD
22 AND INTEREST RATES.—A supplementary report for
23 a plan year filed for a plan year pursuant to this
24 subsection shall include the information specified as
25 required in the annual report under subparagraphs

1 (A), (F), (G) and (I) of subsection (a)(1), deter-
2 mined as of the end of such plan year by valuing
3 plan assets at fair market value and by using the in-
4 terest rates described in paragraph (3) to value li-
5 abilities and as the discount value for liabilities.

6 “(3) INTEREST RATES BASED ON U.S. TREAS-
7 URY OBLIGATION YIELD CURVE RATE.—

8 “(A) IN GENERAL.—The interest rates de-
9 scribed in this subsection are, with respect to
10 any day, the rates of interest which shall be de-
11 termined by the Secretary for such day on the
12 basis of the U.S. Treasury obligation yield
13 curve for such day.

14 “(B) U.S. TREASURY OBLIGATION YIELD
15 CURVE.—For purposes of this subsection, the
16 term ‘U.S. Treasury obligation yield curve’
17 means, with respect to any day, a yield curve
18 which shall be prescribed by the Secretary for
19 such day on interest-bearing obligations of the
20 United States.

21 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
22 poses of this section—

23 “(1) STATE OR LOCAL GOVERNMENT EM-
24 PLOYEE PENSION BENEFIT PLAN.—The terms ‘State
25 or local government employee pension benefit plan’

1 and ‘plan’ mean any plan, fund, or program, other
2 than a defined contribution plan (within the mean-
3 ing of section 414(i)), which was heretofore or is
4 hereafter established or maintained, in whole or in
5 part, by a State, a political subdivision of a State,
6 or any agency or instrumentality of a State or polit-
7 ical subdivision of a State, to the extent that by its
8 express terms or as a result of surrounding cir-
9 cumstances such plan, fund, or program—

10 “(A) provides retirement income to em-
11 ployees, or

12 “(B) results in a deferral of income by em-
13 ployees for periods extending to the termination
14 of covered employment or beyond, regardless of
15 the method of calculating the contributions
16 made to the plan, the method of calculating the
17 benefits under the plan, or the method of dis-
18 tributing benefits from the plan.

19 “(2) FUNDING PERCENTAGE.—The term ‘fund-
20 ing percentage’ for a plan year means the ratio (ex-
21 pressed as a percentage) which—

22 “(A) the value of plan assets as of the end
23 of the plan year bears to

24 “(B) the current liability of the plan for
25 the plan year.

1 “(3) CURRENT LIABILITY.—The term ‘current
2 liability’ of a plan for a plan year means the present
3 value of all benefits accrued or earned under the
4 plan as of the end of the plan year.

5 “(4) PRESENT VALUE.—

6 “(A) IN GENERAL.—The present value of
7 an accrued benefit shall be determined by dis-
8 counting its future cash flows in accordance
9 with subsection (b)(3). The present value of all
10 benefits accrued for a participant shall be cal-
11 culated as the sum of the present value of the
12 accrued benefit for each exit event multiplied by
13 the probability of the associated exit event.

14 “(B) EXIT EVENT.—An ‘exit event’ occurs
15 when the employment of a plan participant ter-
16 minates. For each currently employed plan par-
17 ticipant as of the measurement date, there are
18 one or more potential future exit events. Each
19 exit event is associated with a termination date,
20 a cause of termination (e.g., retirement, death,
21 disability, quit, etc.), a contractual benefit, and
22 a probability that the participant will exit em-
23 ployment via the particular event.

24 “(5) ACCRUED BENEFIT.—

1 “(A) IN GENERAL.—An ‘accrued benefit’ is
2 determined for each exit event as the projected
3 benefit multiplied by service earned as of the
4 measurement date divided by service projected
5 to be earned by the event date. For participants
6 retired or separated from service as of the
7 measurement date, the accrued benefit equals
8 the projected benefit.

9 “(B) PROJECTED BENEFIT.—As of the
10 measurement date, a ‘projected benefit’ (con-
11 sisting of future cash flows) is calculated for
12 each possible exit event using service projected
13 to be earned to the event date and salary as of
14 the measurement date. Such projected benefit
15 shall reflect any cost-of-living adjustments pay-
16 able in the future based on the law in effect as
17 of the measurement date.

18 “(6) MEASUREMENT DATE.—The term ‘meas-
19 urement date’ means the date as of which the value
20 of the pension obligation is determined (sometimes
21 referred to as the ‘valuation date’).

22 “(7) CURRENT COST.—The term ‘current cost’
23 of a plan for a plan year means the present value
24 as of the end of the plan year of all benefits accrued
25 or earned under the plan during the plan year.

1 “(8) PLAN SPONSOR.—The term ‘plan sponsor’
2 means, in connection with a State or local govern-
3 ment employee pension benefit plan, the State, polit-
4 ical subdivision of a State, or agency or instrumen-
5 tality of a State or a political subdivision of a State
6 which establishes or maintains the plan.

7 “(9) PARTICIPANT.—

8 “(A) IN GENERAL.—The term ‘participant’
9 means, in connection with a State or local gov-
10 ernment employee pension benefit plan, an indi-
11 vidual—

12 “(i) who is an employee or former em-
13 ployee of a State, political subdivision of a
14 State, or agency or instrumentality of a
15 State or a political subdivision of a State
16 which is the plan sponsor of such plan, and

17 “(ii) who is or may become eligible to
18 receive a benefit of any type from such
19 plan or whose beneficiaries may be eligible
20 to receive any such benefit.

21 “(B) BENEFICIARY.—The term ‘bene-
22 ficiary’ means a person designated by a partici-
23 pant, or by the terms of the plan, who is or
24 may become entitled to a benefit thereunder.

1 “(10) PLAN YEAR.—The term ‘plan year’
2 means, in connection with a plan, the calendar or
3 fiscal year on which the records of the plan are kept.

4 “(11) STATE.—The term ‘State’ includes any
5 State of the United States, the District of Columbia,
6 the Commonwealth of Puerto Rico, the United
7 States Virgin Islands, American Samoa, Guam, and
8 the Commonwealth of the Northern Mariana Is-
9 lands.

10 “(12) FAIR MARKET VALUE.—The term ‘fair
11 market value’ has the meaning of such term under
12 section 430(g)(3)(A) (without regard to section
13 430(g)(3)(B)).

14 “(d) MODEL REPORTING STATEMENT.—The Sec-
15 retary shall develop model reporting statements for pur-
16 poses of subsections (a) and (b). Plan sponsors of State
17 or local government employee pension plans may elect, in
18 such form and manner as shall be prescribed by the Sec-
19 retary, to utilize the applicable model reporting statement
20 for purposes of complying with requirements of such sub-
21 sections.

22 “(e) TRANSPARENCY OF INFORMATION FILED.—The
23 Secretary shall create and maintain a public Web site,
24 with searchable capabilities, for purposes of posting the
25 information received by the Secretary pursuant to sub-

1 sections (a) and (b). Any such information received by the
2 Secretary (including any updates to such information re-
3 ceived by the Secretary) shall be posted on the Web site
4 not later than 60 days after receipt and shall not be treat-
5 ed as return information for purposes of this title.”.

6 (c) CLERICAL AMENDMENTS.—

7 (1) The table of sections for subpart B of part
8 IV of subchapter B of chapter 1 of such Code is
9 amended by adding at the end the following new
10 item:

“Sec. 149A. Reporting with respect to State or local government employee pen-
sion benefit plans.”.

11 (2) The table of sections for chapter 43 of such
12 Code is amended by adding at the end the following
13 new item:

“Sec. 4980J. Failure of State or local government employee pension benefit
plans to meet reporting requirements.”.

14 **SEC. 4. GENERAL PROVISIONS AND RULES OF CONSTRUC-**
15 **TION.**

16 (a) LIMITATIONS ON FEDERAL RESPONSIBILITIES
17 RELATING TO PLAN OBLIGATIONS AND LIABILITIES.—

18 The United States shall not be liable for any obligation
19 related to any current or future shortfall in any State or
20 local government employee pension plan. Nothing in this
21 Act (or any amendment made by this Act) or any other
22 provision of law shall be construed to provide Federal Gov-
23 ernment funds to diminish or meet any current or future

1 shortfall in, or obligation of, any State or local government
2 employee pension plan. The preceding sentence shall also
3 apply to the Federal Reserve.


4 (b) NO FEDERAL FUNDING STANDARDS.—Nothing
5 in this Act (or any amendment made by this Act) shall
6 be construed to alter existing funding standards for State
7 or local government employee pension plans or to require
8 Federal funding standards for such plans.

9 (c) DEFINITIONS.—Terms used in this section which
10 are also used in section 4980J of the Internal Revenue
11 Code of 1986 shall have the same meaning as when used
12 in such section.

○

April 27, 2016

TO: Each Member
Board of Retirement
Board of Investments

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: May 5, 2016 Board of Retirement Meeting
May 10, 2016 Board of Investments Meeting

SUBJECT: **Assembly Bill 1853 – County Employees Retirement Districts**

RECOMMENDATION

That your Boards adopt a “Support” position on Assembly Bill 1853, which would enable any retirement system operating under the County Employees Retirement Law of 1937 to become a district.

BACKGROUND

Assembly Bill 1853 resulted from a proposal regarding district status that was approved on September 15, 2015 by the Legislative Committee of the State Association of County Retirement Systems (SACRS) for inclusion in the SACRS 2016 legislative platform. On November 4, 2015, the Board of Retirement directed its SACRS voting delegate to support inclusion of this item. The item was presented for consideration during the Business Meeting at the November 2015 SACRS Conference but was postponed to the May 2016 SACRS Conference because the boards of certain systems had not had an opportunity to consider the issue.

A draft of the bill was released in January 2016, and staff discovered certain issues related to LACERA that required amendment to ensure that LACERA will have the same option as any other retirement system under the County Employees Retirement Law of 1937 (CERL) to invoke district status. Your Boards authorized staff to work with LACERA’s legislative advocate to submit appropriate amendments, which have been incorporated in the current version of the bill. The issues related to LACERA have been resolved by the amendments, and LACERA is covered by the legislation.

Staff has recently received information regarding the possible positions of other interested parties, including county governments and public employee organizations, on the legislation. The Legislative Committee of the State Association of County Retirement Systems, which is sponsoring the bill, is considering various options

regarding the bill. We expect to provide further information on these developments to your Boards at the meetings on May 5, 2016 and May 10, 2016.

DISCUSSION

The bill would authorize any CERL retirement system to become a district upon adoption of a resolution by its board of retirement. Appointed personnel that become employees of the retirement system would be subject to the terms and conditions of employment established by the board of retirement but would not be subject to county civil service rules or county salary ordinances. The retirement system would be able to directly recruit top-level and senior management personnel and offer compensation competitive with the private sector to attract and retain such personnel.

As a result of the retirement system's transition to a district, existing employees would cease to be county employees and become retirement system employees at their existing or equivalent classifications. The rights and accrued benefits of existing employees would be preserved in the transition, and existing labor agreements would continue until new ones can be negotiated. With respect to represented employees, the retirement system would recognize the employee organization of the represented county employees who become retirement system employees as their exclusive representative.

The retirement system may contract with the county to administer county benefit plans and programs for its employees and provide the employer cost of such programs unless and until the board of retirement chooses to provide different benefits or benefit levels through another provider.

As a district, the board of retirement may continue to make regulations not inconsistent with CERL, but as a result of the independent operating authority of the retirement system, such regulations would no longer require approval by the board of supervisors.

The bill would provide flexibility for a retirement system contemplating becoming a district. Some operating models provide for all existing employees to become retirement system employees, whereas other models provide for specified management personnel to become retirement system employees; all other employees would remain county employees. Retirement systems that have adopted one model may also switch to a different model.

LACERA is the only CERL retirement system that has a separate board of investments. The bill would authorize both the Board of Retirement and Board of Investments to elect district status and appoint personnel to the retirement system.

The Board of Retirement approved inclusion of the proposal behind this bill in the SACRS 2016 legislative platform. Your Boards also approved staff to submit appropriate amendments to the legislation, which have been incorporated in the current version of the bill.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARDS adopt a "Support" position on Assembly Bill 1853, which would enable any retirement system operating under the County Employees Retirement Law of 1937 to become a district.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

cc: Gregg Rademacher
Robert Hill
John J. Popowich
Joe Ackler, Ackler and Associates

**LEGISLATIVE ANALYSIS
ASSEMBLY BILL 1853**

AUTHOR: Cooper [D]

INTRODUCED: February 10, 2016

AMENDED: March 29, 2016

SPONSOR: State Association of County Retirement Systems

SUMMARY: The County Employees Retirement Law of 1937 (CERL) authorizes counties to establish retirement systems to provide pension benefits to county and district employees. The retirement systems of Orange County, San Bernardino County, Contra Costa County, and Ventura County are “districts” as defined by Government Code Section 31468(I).

This bill would authorize a CERL retirement system to become a district upon adoption of a resolution by its board of retirement. The board may adopt further administrative resolutions that would classify appointed personnel not as county employees but as employees of the retirement system who would be subject to the terms and conditions of employment established by the board of retirement.

Existing employees would cease to be county employees and become retirement system employees at their existing or equivalent classifications. In the transition from county employment to retirement system employment, employees would retain seniority rights, salary rates, leaves of absence, and leave accrual rates earned as county employees, which are subject to subsequent revisions based on regulations governing the terms and conditions of employment or a subsequent memorandum of understanding. The retirement system would recognize the employee organization of represented county employees who become retirement system employees as their exclusive representative. The compensation of personnel appointed as retirement system employees would be considered an expense of administration.

Retirement system employees would be afforded the opportunity to participate in county benefit plans and programs, and the board of retirement would contract with the county to administer the plans and programs for the retirement system’s employees and provide the employer cost for such programs unless and until the board of retirement chooses to provide different benefits or benefit levels through another provider.

Upon becoming a district, the board of retirement may continue to make regulations not inconsistent with CERL, but such regulations would no longer require approval by the board of supervisors.

Existing law enables both the board of retirement and board of investments to appoint personnel. With respect to LACERA, the bill would authorize both the Board of Retirement and Board of Investments to adopt a resolution to become a district and appoint personnel.

The bill also makes various technical and conforming changes.

ANALYSIS:

The establishment of the retirement system as a district and independent entity from the county does not change the plan sponsor's ability to control benefit increases or decreases. It also does not change the governance of the retirement system in terms of the structure of the board or number of board members. The statutory budget cap remains in place.

As a district, the retirement system would be able to set the terms and conditions of employment, and employees would be employed by the retirement system rather than the county and therefore not subject to county civil service rules or county salary ordinances. The retirement system would be able to directly recruit top-level and senior management personnel and offer compensation competitive with the private sector to attract and retain such personnel.

In the transition from county employment to retirement system employment, employees would continue to be members of the retirement system with no interruption of service or loss of service credit. New employees to the district would become members of the retirement system on the first day of the calendar month following the date of hire.

The rights and accrued benefits of existing employees would be preserved in the transition to a district by a retirement system. Existing labor agreements would continue until new ones can be negotiated.

The bill would provide flexibility in adopting an operating model for retirement systems that contemplate becoming a district. They may adopt any of the existing operating models represented by retirement systems of Orange County, San Bernardino County, and Contra Costa County

and change to a different model in the future. In the operating model for Orange County and San Bernardino County, management and other specified personnel are retirement system employees, whereas all other employees are county employees. In the operating model for Contra Costa County, all personnel are retirement system employees.

LACERA is the only CERL retirement system that has a separate board of investments. LACERA's boards authorized staff to submit appropriate amendments to the bill that would provide both the Board of Retirement and Board of Investments the option to elect district status and gain the rights afforded by this legislation if it becomes law.

Legislative History

AB 1291 (Chapter 223, Statutes of 2015) included the Ventura County Employees' Retirement System (VCERA) within the definition of "district" and authorized the OCERS board of retirement to appoint specified personnel as employees of the retirement system. LACERA's Board of Retirement adopted a "Watch" position on June 11, 2015.

SB 673 (Chapter 244, Statutes of 2014) included the Contra Costa County Employees' Retirement System (CCCERA) within the definition of "district" and authorized the CCCERA board of retirement to appoint personnel as employees of the retirement system. LACERA's Board of Retirement adopted a "Watch" position on March 13, 2014.

AB 1034 (2009) included the Marin County Employees' Retirement Association (MCERA) within the definition of "district" upon adoption of a resolution by the MCERA board of retirement and authorized the board to appoint specified personnel as employees of the retirement system. LACERA's Board of Retirement adopted a "Watch" position on May 7, 2009. The bill died in committee.

AB 1406 (Chapter 393, Statutes of 2009) expanded the list of positions that the San Bernardino County Employees' Retirement Association (SBCERA) board of retirement may appoint as employees of the retirement system. LACERA's Board of Retirement adopted a "Watch" position on June 11, 2009.

SB 777 (Chapter 369, Statutes of 2006) included the San Bernardino County Employees' Retirement Association

(SBCERA) within the definition of “district” upon adoption of a resolution by the SBCERA board of retirement and authorized the board to appoint specified personnel as employees of the retirement system. LACERA’s Board of Retirement adopted a “Support” position since the bill contained clean-up provisions related to LACERA’s noncontributory Plan E.

AB 1992 (Chapter 74, Statutes of 2002) included the Orange County Employees Retirement System (OCERS) within the definition of “district” and authorized the OCERS board of retirement to appoint specified personnel as employees of the retirement system. LACERA’s Board of Retirement adopted a “Watch” position on June 13, 2002.

STAFF

RECOMMENDATION: Support

PREPARED BY: Barry W. Lew, Legislative Affairs Officer

DATED: April 25, 2016

AMENDED IN ASSEMBLY MARCH 29, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1853

Introduced by Assembly Member Cooper

February 10, 2016

An act to amend Sections *31459.1*, 31468, 31522.5, 31522.7, 31522.9, 31528, 31529.9, 31535, *31557.3*, and 31580.2 of, and to add Section 31522.75 to, the Government Code, relating to county employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1853, as amended, Cooper. County employees' retirement: districts: retirement system governance.

The County Employees Retirement Law of 1937 (CERL) authorizes counties to establish retirement systems pursuant to its provisions in order to provide pension benefits to their employees. CERL defines a district for these purposes, includes specified county retirement systems within that definition, and permits a district to participate in CERL retirement systems. CERL generally provides that the personnel of a county retirement system are county employees, subject to county civil service provisions and salary ordinances, but also authorizes the boards of retirement in specified counties to adopt provisions providing for the appointment of personnel who are to be employees of the retirement system, as well as other administrative provisions that reflect the independence of the retirement system from the county.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, to modify its plan or plans to comply with the act and establishes new retirement formulas that a public employer offering a defined benefit pension plan

for employees first hired on or after January 1, 2013, may not exceed. PEPRA authorizes individuals who were employed by any public employer before January 1, 2013, and who became employed by a subsequent public employer for the first time on or after January 1, 2013, to be subject to the retirement plan that would have been available to employees of the subsequent employer who were first employed by the subsequent employer on or before December 31, 2012, if the individual was subject to reciprocity, as specified.

This bill would authorize the retirement board of any retirement system operating under CERL to elect, by resolution, to be a district under the law. The bill would authorize a board to adopt, by resolution, specified administrative provisions that would classify various personnel of the retirement system as employees of the retirement system and not employees of the county. In regard to county employees who would become retirement system employees, the bill would prescribe requirements in connection with their compensation and employment benefits and status. These provisions would include maintaining their county retirement benefits that would otherwise be reduced under PEPRA, keeping their employment classifications, and affording employees the opportunity to continue participation in group health and dental plans, among other plans and programs. The bill would also prescribe requirements regarding labor negotiations and the continuity of labor agreements. The bill would grant a retirement system electing these provisions the authority to adopt the regulations and enter into the agreements necessary to implement them. The bill would authorize retirement systems currently operating under alternative administrative structures also to adopt these provisions. *The bill would also extend this authorization and the associated provisions to a board of investment, as specified.* The bill would make various technical and conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: no.
 State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 31459.1 of the Government Code is
- 2 amended to read:
- 3 31459.1. (a) In a county in which a board of investments has
- 4 been established pursuant to Section 31520.2:

1 (1) As used in Sections 31453, 31453.5, 31454, 31454.1,
2 31454.5, 31472, 31588.1, 31589.1, 31591, 31592.3, 31594,
3 31595.1, 31595.9, 31596, 31596.1, 31601.1, 31607, 31610, 31611,
4 31612, 31613, 31616, 31618, 31621.11, 31625, 31639.26, 31784,
5 and 31872, “board” means board of investments.

6 (2) As used in the first paragraph of Section 31592.2 and the
7 first paragraph and subdivision (c) of the second paragraph of
8 Section 31595, “board” means a board of investments.

9 (3) Sections 31521, 31522, 31522.1, 31522.2, 31523, 31524,
10 31525, 31528, 31529, 31529.5, 31535.1, 31580.2, 31614, 31680,
11 and 31680.1, apply to both the board of retirement and board of
12 investments, and “board” means either or both the board of
13 retirement and board of investments.

14 (4) Subdivision (a) of Section 31526 and subdivisions (a) and
15 (b) of the second paragraph of Section 31595 apply to both the
16 board of retirement and board of investments, and “board” means
17 either or both the board of retirement and board of investments.

18 (5) *Paragraph (5) of subdivision (l) of Section 31468 and*
19 *Sections 31522.5, 31522.7, 31522.75, and 31522.9 apply to both*
20 *the board of retirement and board of investments. For these*
21 *purposes, “board” means both the board of retirement and board*
22 *of investments. “Board of retirement” also means both the board*
23 *of retirement and board of investments.*

24 (b) In Article 17 (commencing with Section 31880) of this
25 chapter, “board” means the Board of Administration of the Public
26 Employees’ Retirement System.

27 (c) In all other cases, “board” means the board of retirement.

28 (d) This section shall apply only in a county of the first class,
29 as defined in Section 28020, as amended by Chapter 1204 of the
30 Statutes of 1971, and Section 28022, as amended by Chapter 43
31 of the Statutes of 1961.

32 **SECTION 1.**

33 *SEC. 2.* Section 31468 of the Government Code is amended
34 to read:

35 31468. (a) “District” means a district, formed under the laws
36 of the state, located wholly or partially within the county other
37 than a school district.

38 (b) “District” also includes any institution operated by two or
39 more counties, in one of which there has been adopted an ordinance
40 placing this chapter in operation.

1 (c) "District" also includes any organization or association
 2 authorized by Chapter 26 of the Statutes of 1935, as amended by
 3 Chapter 30 of the Statutes of 1941, or by Section 50024, which
 4 organization or association is maintained and supported entirely
 5 from funds derived from counties, and the board of any retirement
 6 system is authorized to receive the officers and employees of that
 7 organization or association into the retirement system managed
 8 by the board.

9 (d) "District" also includes, but is not limited to, any sanitary
 10 district formed under Part 1 (commencing with Section 6400) of
 11 Division 6 of the Health and Safety Code.

12 (e) "District" also includes any city, public authority, public
 13 agency, and any other political subdivision or public corporation
 14 formed or created under the constitution or laws of this state and
 15 located or having jurisdiction wholly or partially within the county.

16 (f) "District" also includes any nonprofit corporation or
 17 association conducting an agricultural fair for the county pursuant
 18 to a contract between the corporation or association and the board
 19 of supervisors under the authority of Section 25905.

20 (g) "District" also includes the Regents of the University of
 21 California, but with respect only to employees who were employees
 22 of a county in a county hospital, who became university employees
 23 pursuant to an agreement for transfer to the regents of a county
 24 hospital or of the obligation to provide professional medical
 25 services at a county hospital, and who under that agreement had
 26 the right and did elect to continue membership in the county's
 27 retirement system established under this chapter.

28 (h) "District" also includes the South Coast Air Quality
 29 Management District, a new public agency created on February
 30 1, 1977, pursuant to Chapter 5.5 (commencing with Section 40400)
 31 of Part 3 of Division 26 of the Health and Safety Code.

32 (1) Employees of the South Coast Air Quality Management
 33 District shall be deemed to be employees of a new public agency
 34 occupying new positions on February 1, 1977. On that date, those
 35 new positions are deemed not to have been covered by any
 36 retirement system.

37 (2) No retirement system coverage may be effected for an
 38 employee of the South Coast Air Quality Management District
 39 who commenced employment with the district during the period
 40 commencing on February 1, 1977, and ending on December 31,

1 1978, unless and until the employee shall have elected whether to
2 become a member of the retirement association established in
3 accordance with this chapter for employees of Los Angeles County
4 or the retirement association established in accordance with this
5 chapter for employees of San Bernardino County. The election
6 shall occur before January 1, 1980. Any employee who fails to
7 make the election provided for herein shall be deemed to have
8 elected to become a member of the retirement association
9 established in accordance with this chapter for the County of Los
10 Angeles.

11 (3) The South Coast Air Quality Management District shall
12 make application to the retirement associations established in
13 accordance with this chapter for employees of Los Angeles County
14 and San Bernardino County for coverage of employees of the South
15 Coast Air Quality Management District.

16 (4) An employee of the South Coast Air Quality Management
17 District who commenced employment with the district during the
18 period commencing on February 1, 1977, and ending on December
19 31, 1978, and who has not terminated employment before January
20 1, 1980, shall be covered by the retirement association elected by
21 the employee pursuant to paragraph (2). That coverage shall be
22 effected no later than the first day of the first month following the
23 date of the election provided for in paragraph (2).

24 (5) Each electing employee shall receive credit for all service
25 with the South Coast Air Quality Management District. However,
26 the elected retirement association may require, as a prerequisite
27 to granting that credit, the payment of an appropriate sum of money
28 or the transfer of funds from another retirement association in an
29 amount determined by an enrolled actuary and approved by the
30 elected retirement association's board. The amount to be paid shall
31 include all administrative and actuarial costs of making that
32 determination. The amount to be paid shall be shared by the South
33 Coast Air Quality Management District and the employee. The
34 share to be paid by the employee shall be determined by good faith
35 bargaining between the district and the recognized employee
36 organization, but in no event shall the employee be required to
37 contribute more than 25 percent of the total amount required to be
38 paid. The elected retirement association's board may not grant that
39 credit for that prior service unless the request for that credit is
40 made to, and the required payment deposited with, the elected

1 retirement association's board no earlier than January 1, 1980, and
2 no later than June 30, 1980. The foregoing shall have no effect on
3 any employee's rights to reciprocal benefits under Article 15
4 (commencing with Section 31830).

5 (6) An employee of the South Coast Air Quality Management
6 District who commenced employment with the district after
7 December 31, 1978, shall be covered by the retirement association
8 established in accordance with this chapter for employees of San
9 Bernardino County. That coverage shall be effected as of the first
10 day of the first month following the employee's commencement
11 date.

12 (7) Notwithstanding paragraphs (2) and (4) above, employees
13 of the South Coast Air Quality Management District who were
14 employed between February 1, 1977, and December 31, 1978, and
15 who terminate their employment between February 1, 1977, and
16 January 1, 1980, shall be deemed to be members of the retirement
17 association established in accordance with this chapter for the
18 employees of Los Angeles County commencing on the date of
19 their employment with the South Coast Air Quality Management
20 District.

21 (i) "District" also includes any nonprofit corporation that
22 operates one or more museums within a county of the 15th class,
23 as described by Sections 28020 and 28036 of the Government
24 Code, as amended by Chapter 1204 of the Statutes of 1971,
25 pursuant to a contract between the corporation and the board of
26 supervisors of the county, and that has entered into an agreement
27 with the board and the county setting forth the terms and conditions
28 of the corporation's inclusion in the county's retirement system.

29 (j) "District" also includes any economic development
30 association funded in whole or in part by a county of the 15th class,
31 as described by Sections 28020 and 28036 of the Government
32 Code, as amended by Chapter 1204 of the Statutes of 1971, and
33 that has entered into an agreement with the board of supervisors
34 and the county setting forth the terms and conditions of the
35 association's inclusion in the county's retirement system.

36 (k) "District" also includes any special commission established
37 in the Counties of Tulare and San Joaquin as described by Section
38 14087.31 of the Welfare and Institutions Code, pursuant to a
39 contract between the special commission and the county setting
40 forth the terms and conditions of the special commission's

1 inclusion in the county’s retirement system with the approval of
2 the board of supervisors and the board of retirement.

3 (l) (1) “District” also includes the retirement system established
4 under this chapter in Orange County.

5 (2) “District” also includes the retirement system established
6 under this chapter in San Bernardino County at such time as the
7 board of retirement, by resolution, makes this section applicable
8 in that county.

9 (3) “District” also includes the retirement system established
10 under this chapter in Contra Costa County.

11 (4) “District” also includes the retirement system established
12 under this chapter in Ventura County.

13 (5) “District” also includes a retirement system established under
14 this chapter at the time that the board of retirement, by resolution,
15 makes this ~~section~~ *subdivision* applicable to the retirement system
16 in that county.

17 (m) “District” also includes the Kern County Hospital Authority,
18 a public agency that is a local unit of government established
19 pursuant to Chapter 5.5 (commencing with Section 101852) of
20 Part 4 of Division 101 of the Health and Safety Code.

21 ~~SEC. 2.~~

22 *SEC. 3.* Section 31522.5 of the Government Code is amended
23 to read:

24 31522.5. (a) In a county in which the board of retirement has
25 appointed personnel pursuant to Section 31522.1, the board of
26 retirement may appoint an administrator, an assistant administrator,
27 a chief investment officer, senior management employees next in
28 line of authority to the chief investment officer, subordinate
29 administrators, senior management employees next in line of
30 authority to subordinate administrators, and legal counsel.

31 (b) Notwithstanding any other provision of law, the personnel
32 appointed pursuant to this section may not be county employees
33 but shall be employees of the retirement system, subject to terms
34 and conditions of employment established by the board of
35 retirement. Except as specifically provided in this subdivision, all
36 other personnel shall be county employees for purposes of the
37 county’s employee relations resolution, or equivalent local rules,
38 and the terms and conditions of employment established by the
39 board of supervisors for county employees, including those set
40 forth in a memorandum of understanding.

1 (c) Except as otherwise provided by Sections 31529.9 and
2 31596.1, the compensation of personnel appointed pursuant to this
3 section shall be an expense of administration of the retirement
4 system, pursuant to Section 31580.2.

5 (d) The board of retirement and board of supervisors may enter
6 into any agreements as may be necessary and appropriate to carry
7 out the provisions of this section.

8 (e) Section 31522.2 is not applicable to any retirement system
9 that elects to appoint personnel pursuant to this section.

10 (f) This section shall apply in Orange County.

11 (g) This section shall apply to the retirement system established
12 under this chapter in San Bernardino County at such time as the
13 board of retirement, by resolution, makes this section applicable
14 in that county.

15 (h) This section shall apply to a retirement system established
16 under this chapter at the time that the board of retirement, by
17 resolution, makes this section applicable in that county.

18 ~~SEC. 3.~~

19 *SEC. 4.* Section 31522.7 of the Government Code is amended
20 to read:

21 31522.7. (a) In addition to the authority provided pursuant to
22 Section 31522.5, the board of retirement in the County of San
23 Bernardino, or in any other county in which this section has been
24 made applicable, may appoint an administrator, an assistant
25 administrator, a chief investment officer, senior management
26 employees next in line of authority to the chief investment officer,
27 subordinate administrators, senior management employees next
28 in line of authority to subordinate administrators, supervisors and
29 employees with specialized training and knowledge in pension
30 benefit member services, investment reporting compliance,
31 investment accounting, pension benefit tax reporting, pension
32 benefit financial accounting, pension law, and legal counsel.

33 (b) Notwithstanding any other provision of law, the personnel
34 appointed pursuant to this section may not be county employees
35 but shall be employees of the retirement system, subject to terms
36 and conditions of employment established by the board of
37 retirement. Except as specifically provided in this subdivision, all
38 other personnel shall be county employees for purposes of the
39 county's employee relations resolution, or equivalent local rules,
40 and the terms and conditions of employment established by the

1 board of supervisors for county employees, including those set
2 forth in a memorandum of understanding.

3 (c) Except as otherwise provided by Sections 31529.9 and
4 31596.1, the compensation of personnel appointed pursuant to this
5 section shall be an expense of administration of the retirement
6 system, pursuant to Section 31580.2.

7 (d) The board of retirement and board of supervisors may enter
8 into any agreements as may be necessary and appropriate to carry
9 out the provisions of this section.

10 (e) Section 31522.2 is not applicable if the retirement system
11 elects to appoint personnel pursuant to this section.

12 (f) This section shall apply to the retirement system established
13 under this chapter in San Bernardino County at such time as the
14 board of retirement, by resolution, makes this section applicable
15 in that county.

16 (g) This section shall apply to a retirement system established
17 under this chapter at the time that the board of retirement, by
18 resolution, makes this section applicable in that county.

19 ~~SEC. 4.~~

20 *SEC. 5.* Section 31522.75 is added to the Government Code,
21 immediately following Section 31522.7, to read:

22 31522.75. (a) Any retirement system established under this
23 chapter, including a retirement system that, at the time of the
24 enactment of this section, is operating pursuant to Section 31522.5,
25 31522.7, or 31522.9, may elect to make this section, *paragraph*
26 *(5) of subdivision (l) of* Section 31468, and Section 31522.5,
27 31522.7, or 31522.9, applicable to the retirement system upon
28 adoption of a resolution by the board of retirement.

29 (b) A board of retirement may elect to appoint personnel, or
30 may authorize the retirement administrator to appoint personnel,
31 to administer the system as provided in this section.

32 (c) (1) Notwithstanding any other law, the personnel appointed
33 pursuant to this section and the sections referenced in subdivision
34 (a) shall not be county employees, but shall be employees of the
35 retirement system, subject to terms and conditions of employment
36 established by the board of retirement and the provisions of this
37 section.

38 (2) A county employee to whom the California Public
39 Employees' Pension Reform Act of 2013 (~~Article 4, commencing~~
40 ~~4 (commencing~~ with Section ~~7522~~ 7522) of Chapter 21 of Division

1 7 of Title 1) did not apply before becoming a retirement system
2 employee shall maintain that status as an employee of the
3 retirement system.

4 (3) For purposes of employment by a subsequent public
5 employer, as described in paragraph (1) of subdivision (c) of
6 Section 7522.02, the retirement system shall have the status of the
7 county as a subsequent employer.

8 (4) With regard to an individual who was employed by the
9 county before January 1, 2013, and who becomes a retirement
10 system employee and then changes employment positions as
11 described in paragraph (2) of subdivision (c) of Section 7522.02,
12 the retirement system shall have the former obligations of the
13 county to provide a defined benefit plan that otherwise would have
14 been available to the employee had he or she remained a county
15 employee.

16 (d) Any employees who were previously appointed to retirement
17 system personnel positions pursuant to Section ~~31522.2 or 31522.3~~
18 *31522.2, 31522.3, or 31522.4* shall cease to be county employees
19 and shall become retirement system employees at their existing or
20 equivalent classifications as of the date the board of retirement
21 makes this section applicable pursuant to subdivision (a), subject
22 to any subsequent revisions the retirement board may make
23 pursuant to regulations governing terms and conditions of
24 employment, and when applicable, the provisions of a subsequent
25 ~~memoranda~~ *memorandum* of understanding or bargaining
26 agreement covering the employee.

27 (e) Any employees who were previously appointed to retirement
28 system personnel positions pursuant to Section 31522.1 and are
29 subsequently appointed as retirement system employees pursuant
30 to subdivision (a) shall cease to be county employees and shall
31 become retirement system employees at their existing or equivalent
32 classifications as of the date the board of retirement makes this
33 ~~section applicable.~~ *applicable, subject to any subsequent revisions*
34 *the retirement board may make pursuant to regulations governing*
35 *terms and conditions of employment and, when applicable, the*
36 *provisions of a subsequent memorandum of understanding or*
37 *bargaining agreement covering the employee.*

38 (f) A retirement system that elects to make this section
39 applicable shall recognize as the exclusive representative of those
40 former county employees who become retirement system

1 employees the employee organization that represented those
2 employees, if any, and shall honor the provisions in any
3 ~~memoranda~~ *memorandum* of understanding or bargaining
4 agreement in effect on the date the board of retirement makes this
5 section applicable for the duration of the ~~memoranda~~ *memorandum*
6 of understanding or bargaining agreement.

7 (g) The following shall apply to those persons who become
8 retirement system employees pursuant to this section:

9 (1) Employment seniority of a retirement system employee,
10 including, but not limited to, an employee's continuous service
11 date used for purposes of retirement or other benefits, as calculated
12 and used under the county system in effect before the date this
13 section becomes applicable, shall be calculated and used in the
14 same manner by the retirement system at the time the county
15 employee becomes a retirement system employee, subject to any
16 subsequent revisions the retirement board may make pursuant to
17 regulations governing terms and conditions of employment, and
18 when applicable, the provisions of a subsequent ~~memoranda~~
19 *memorandum* of understanding or bargaining agreement covering
20 the employee.

21 (2) Retirement system employees shall have the same status
22 they had as probationary, permanent, or regular employees under
23 the county system in effect on the date this section becomes
24 applicable, subject to any subsequent revisions the retirement board
25 may make pursuant to regulations governing terms and conditions
26 of employment, and when applicable, the provisions of a
27 subsequent ~~memoranda~~ *memorandum* of understanding or
28 bargaining agreement covering the employee.

29 (3) Retirement system employees shall receive their same salary
30 rates, leaves of absence, leave accrual rates, including all related
31 compensation rules and provisions applicable to those salary rates,
32 leaves, and accrual rates as under the county system on the date
33 this section becomes applicable, subject to any subsequent revisions
34 the retirement board may make pursuant to regulations governing
35 terms and conditions of employment, and when applicable, the
36 provisions of a subsequent ~~memoranda~~ *memorandum* of
37 understanding or bargaining agreement covering the employee.

38 (4) (A) Retirement system employees shall be afforded the
39 opportunity to participate in county benefit plans and programs,
40 including, but not limited to, group health, dental and life insurance,

1 workers' compensation, and deferred compensation that existed
2 on the date this section becomes applicable, under the same terms
3 and conditions as those programs were available to county
4 employees. The retirement board shall contract with the county to
5 administer the county benefit plans and programs for retirement
6 system employees, under the same terms and conditions applicable
7 to county employees, and shall provide the employer cost for
8 participation in the programs unless and until the retirement board
9 chooses to provide different benefits or different benefit levels
10 through another provider.

11 (B) The participation of retirement system employees in county
12 benefit plans or programs, and the county's administration of
13 certain compensation or benefits for retirement employees pursuant
14 to this section, shall not create or be construed to create, a meet
15 and confer obligation between the county and any employee
16 organization recognized to represent retirement system employees.

17 (h) The board of retirement and the county may enter into any
18 agreements necessary and appropriate to carry out this section.

19 (i) Sections 31522.1, ~~31522.2 and 31522.3~~ 31522.2, 32522.3,
20 *and* 32522.4 shall no longer apply to a retirement system that has
21 made this section applicable.

22 (j) Upon adoption of this section, the board of retirement may
23 make regulations consistent with this chapter, and the provisions
24 of Section 31525 that require approval of retirement board
25 regulations by the board of supervisors shall no longer apply.

26 (k) The compensation of personnel appointed pursuant to this
27 section shall be an expense of administration of the retirement
28 system pursuant to Section 31580.2, except as provided in Section
29 31522.5, 31522.7, or 31522.9, as those sections may apply to a
30 retirement system that has adopted them.

31 (l) This section shall not be construed as to modify any authority,
32 or to require any subsequent action by, a retirement system that
33 has made *paragraph (5) of subdivision (l) of* Section 31468 and
34 Section 31522.5, 31522.7, 31522.9, or 31522.10 applicable to the
35 retirement system prior to the effective date of this section.

36 (m) Any retirement system that has elected to make either
37 Section 31522.5, 31522.7, or 31522.9 applicable upon adoption
38 of a subsequent resolution by the board of retirement may make
39 a different section apply.

1 ~~SEC. 5.~~

2 SEC. 6. Section 31522.9 of the Government Code is amended
3 to read:

4 31522.9. (a) The board of retirement of a county may appoint
5 a retirement administrator and other personnel as are required to
6 accomplish the necessary work of the board. The board may
7 authorize the administrator to make these appointments on its
8 behalf. Notwithstanding any other law, the personnel so appointed
9 shall not be county employees but shall become employees of the
10 retirement system, subject to terms and conditions of employment
11 established by the board of retirement, including those set forth in
12 ~~memoranda~~ a memorandum of understanding executed by the
13 board of retirement and recognized employee organizations.

14 (b) Sections 31522.1 and 31522.2 shall not apply to a retirement
15 system that appoints personnel pursuant to this section.

16 (c) The retirement system that appoints personnel pursuant to
17 this section is a public agency for purposes of the
18 Meyers-Milias-Brown Act (Chapter 10 (commencing with Section
19 3500) of Division 4).

20 (d) The compensation of personnel appointed pursuant to this
21 section shall be an expense of administration of the retirement
22 system, pursuant to Section 31580.2, except as provided in Sections
23 31529.5, 31529.9, and 31596.1.

24 (e) The board of retirement and the board of supervisors may
25 enter into agreements as they determine are necessary and
26 appropriate in order to carry out the provisions of this section.

27 (f) The retirement system, upon the effective date of this section,
28 shall retain, for a 90-day transition employment period,
29 nonprobationary employees who, upon the effective date of this
30 section, were covered by a county memorandum of understanding
31 and employed by the county at the retirement system's facilities,
32 unless just cause exists to terminate the employees or legitimate
33 grounds exist to lay off these employees. If during the 90-day
34 period the retirement system determines that a layoff of these
35 employees is necessary, the retirement system shall retain the
36 employees by seniority within job classification. The terms and
37 conditions of employment of the employees retained pursuant to
38 this subdivision shall be subject to the terms and conditions
39 established by the applicable ~~memoranda~~ memorandum of
40 understanding executed by the board of retirement and the

1 recognized employee organizations. During the 90-day transition
2 period, probationary employees shall maintain only those rights
3 they initially acquired pursuant to their employment with the
4 county.

5 (g) Subject to the employees’ rights under the
6 Meyers-Milias-Brown Act (Chapter 10 (commencing with Section
7 3500) of Division 4), the retirement system, upon the effective
8 date of this section, shall recognize as the exclusive representative
9 of the employees retained pursuant to subdivision (f) the recognized
10 employee organizations that represented those employees when
11 employed by the county. The initial terms and conditions for those
12 employees shall be as previously established by the applicable
13 ~~memoranda~~ memorandum of understanding executed by the county
14 and recognized employee organizations.

15 (h) This section shall apply in Contra Costa County.

16 (i) This section shall apply to a retirement system established
17 under this chapter at the time that the board of retirement, by
18 resolution, makes this section applicable in that county.

19 ~~SEC. 6.~~

20 *SEC. 7.* Section 31528 of the Government Code is amended
21 to read:

22 31528. (a) Unless permitted by this chapter, a member or
23 employee of the board shall not become an endorser, surety, or
24 obligor on, or have any personal interest, direct or indirect, in the
25 making of any investment for the board, or in the gains or profits
26 accruing from those investments. A member or employee of the
27 board shall not directly or indirectly, for himself or herself, or as
28 an agent or partner of others, borrow or use any of the funds or
29 deposits of the retirement system, except to make current and
30 necessary payments authorized by the board.

31 (b) A member or employee of the board shall not, directly or
32 indirectly, by himself or herself, or as an agent or partner or
33 employee of others, sell or provide any investment product that
34 would be considered an asset of the fund, to any retirement system
35 established pursuant to this chapter.

36 (c) An individual who held a position designated in Section
37 31522.3, 31522.4, 31522.5, or established pursuant to Section
38 31522.75, or was a member of the board or an administrator, shall
39 not, for a period of two years after leaving that position, for
40 compensation, act as agent or attorney for, or otherwise represent,

1 any other person except the county, by making any formal or
2 informal appearance before, or any oral or written communication
3 to, the retirement system, or any officer or employee thereof, if
4 the appearance or communication is made for the purpose of
5 influencing administrative or legislative action, or any action or
6 proceeding involving the issuance, amendment, awarding, or
7 revocation of a permit, license, grant, contract, or sale or purchase
8 of goods or property.

9 ~~SEC. 7.~~

10 *SEC. 8.* Section 31529.9 of the Government Code is amended
11 to read:

12 31529.9. (a) In addition to the powers granted by Sections
13 31522.5, 31522.75, 31522.9, 31529, 31529.5, 31614, and 31732,
14 the board of retirement and the board of investment may contract
15 with the county counsel or with attorneys in private practice or
16 employ staff attorneys for legal services.

17 (b) Notwithstanding Sections 31522.5, 31522.7, 31522.75,
18 31529.5, and 31580, the board shall pay, from system assets,
19 reasonable compensation for the legal services.

20 (c) This section applies to any county of the 2nd class, 7th class,
21 9th class, 14th class, 15th class, or the 16th class as described by
22 Sections 28020, 28023, 28028, 28030, 28035, 28036, and 28037.

23 (d) This section shall also apply to any other county if the board
24 of retirement, by resolution adopted by majority vote, makes this
25 section applicable in the county.

26 ~~SEC. 8.~~

27 *SEC. 9.* Section 31535 of the Government Code is amended
28 to read:

29 31535. The board may issue subpoenas and subpoenas duces
30 tecum, and compensate persons subpoenaed. This power shall be
31 exercised and enforced in the same manner as the similar power
32 granted the board of supervisors in Article 9 (commencing with
33 Section 25170) of Chapter 1, Part 2, Division 2; except that the
34 power shall extend only to matters within the retirement board's
35 jurisdiction, and committees of the board shall not have this power.
36 Reasonable fees and expenses may be provided for by board
37 regulation for any or all of such witnesses regardless of which
38 party subpoenaed them.

39 Subpoenas shall be signed by the chairman or secretary of the
40 retirement board, except that the board may by regulation provide

1 for express written delegation of its subpoena power to any referee
2 it appoints pursuant to this chapter or to any administrator
3 appointed pursuant to Section 31522.2, 31522.5, 31522.7, 31522.9,
4 or 31522.10.

5 Any member of the board, the referee, or any person otherwise
6 empowered to issue subpoenas may administer oaths to, or take
7 depositions from, witnesses before the board or referee.

8 *SEC. 10. Section 31557.3 of the Government Code is amended*
9 *to read:*

10 31557.3. On the date a district, as defined in subdivision (l) of
11 Section 31468, is included in the retirement system, any personnel
12 appointed pursuant to Sections 31522.5, 31522.9, 31522.10,
13 31522.7, 31522.75, and 31529.9 who had previously been in county
14 service shall continue to be members of the system without
15 interruption in service or loss of credit. Thereafter, each person
16 entering employment with the district shall become a member of
17 the system on the first day of the calendar month following his or
18 her entrance into service.

19 ~~SEC. 9.~~

20 *SEC. 11. Section 31580.2 of the Government Code is amended*
21 *to read:*

22 31580.2. (a) In counties in which the board of retirement, or
23 the board of retirement and the board of investment, have appointed
24 personnel pursuant to Section 31522.1, 31522.5, 31522.7,
25 31522.75, 31522.9, or 31522.10, the respective board or boards
26 shall annually adopt a budget covering the entire expense of
27 administration of the retirement system which expense shall be
28 charged against the earnings of the retirement fund. The expense
29 incurred in any year may not exceed the greater of either of the
30 following:

31 (1) Twenty-one hundredths of 1 percent of the accrued actuarial
32 liability of the retirement system.

33 (2) Two million dollars (\$2,000,000), as adjusted annually by
34 the amount of the annual cost-of-living adjustment computed in
35 accordance with Article 16.5 (commencing with Section 31870).

36 (b) Expenditures for computer software, computer hardware,
37 and computer technology consulting services in support of these

- 1 computer products shall not be considered a cost of administration
- 2 of the retirement system for purposes of this section.

O

ASSEMBLY BILL

No. 1853

Introduced by Assembly Member Cooper

February 10, 2016

An act to amend Sections 31468, 31522.5, 31522.7, 31522.9, 31528, 31529.9, 31535, and 31580.2 of, and to add Section 31522.75 to, the Government Code, relating to county employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1853, as introduced, Cooper. County employees' retirement: districts: retirement system governance.

The County Employees Retirement Law of 1937 (CERL) authorizes counties to establish retirement systems pursuant to its provisions in order to provide pension benefits to their employees. CERL defines a district for these purposes, includes specified county retirement systems within that definition, and permits a district to participate in CERL retirement systems. CERL generally provides that the personnel of a county retirement system are county employees, subject to county civil service provisions and salary ordinances, but also authorizes the boards of retirement in specified counties to adopt provisions providing for the appointment of personnel who are to be employees of the retirement system, as well as other administrative provisions that reflect the independence of the retirement system from the county.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, to modify its plan or plans to comply with the act and establishes new retirement formulas that a public employer offering a defined benefit pension plan for employees first hired on or after January 1, 2013, may not exceed. PEPRA authorizes individuals who were employed by any public

employer before January 1, 2013, and who became employed by a subsequent public employer for the first time on or after January 1, 2013, to be subject to the retirement plan that would have been available to employees of the subsequent employer who were first employed by the subsequent employer on or before December 31, 2012, if the individual was subject to reciprocity, as specified.

This bill would authorize the retirement board of any retirement system operating under CERL to elect, by resolution, to be a district under the law. The bill would authorize a board to adopt, by resolution, specified administrative provisions that would classify various personnel of the retirement system as employees of the retirement system and not employees of the county. In regard to county employees who would become retirement system employees, the bill would prescribe requirements in connection with their compensation and employment benefits and status. These provisions would include maintaining their county retirement benefits that would otherwise be reduced under PEPRA, keeping their employment classifications, and affording employees the opportunity to continue participation in group health and dental plans, among other plans and programs. The bill would also prescribe requirements regarding labor negotiations and the continuity of labor agreements. The bill would grant a retirement system electing these provisions the authority to adopt the regulations and enter into the agreements necessary to implement them. The bill would authorize retirement systems currently operating under alternative administrative structures also to adopt these provisions. The bill would make various technical and conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 31468 of the Government Code is
- 2 amended to read:
- 3 31468. (a) “District” means a district, formed under the laws
- 4 of the state, located wholly or partially within the county other
- 5 than a school district.
- 6 (b) “District” also includes any institution operated by two or
- 7 more counties, in one of which there has been adopted an ordinance
- 8 placing this chapter in operation.

1 (c) "District" also includes any organization or association
2 authorized by Chapter 26 of the Statutes of 1935, as amended by
3 Chapter 30 of the Statutes of 1941, or by Section 50024, which
4 organization or association is maintained and supported entirely
5 from funds derived from counties, and the board of any retirement
6 system is authorized to receive the officers and employees of that
7 organization or association into the retirement system managed
8 by the board.

9 (d) "District" also includes, but is not limited to, any sanitary
10 district formed under Part 1 (commencing with Section 6400) of
11 Division 6 of the Health and Safety Code.

12 (e) "District" also includes any city, public authority, public
13 agency, and any other political subdivision or public corporation
14 formed or created under the constitution or laws of this state and
15 located or having jurisdiction wholly or partially within the county.

16 (f) "District" also includes any nonprofit corporation or
17 association conducting an agricultural fair for the county pursuant
18 to a contract between the corporation or association and the board
19 of supervisors under the authority of Section 25905.

20 (g) "District" also includes the Regents of the University of
21 California, but with respect only to employees who were employees
22 of a county in a county hospital, who became university employees
23 pursuant to an agreement for transfer to the regents of a county
24 hospital or of the obligation to provide professional medical
25 services at a county hospital, and who under that agreement had
26 the right and did elect to continue membership in the county's
27 retirement system established under this chapter.

28 (h) "District" also includes the South Coast Air Quality
29 Management District, a new public agency created on February
30 1, 1977, pursuant to Chapter 5.5 (commencing with Section 40400)
31 of Part 3 of Division 26 of the Health and Safety Code.

32 (1) Employees of the South Coast Air Quality Management
33 District shall be deemed to be employees of a new public agency
34 occupying new positions on February 1, 1977. On that date, those
35 new positions are deemed not to have been covered by any
36 retirement system.

37 (2) No retirement system coverage may be effected for an
38 employee of the South Coast Air Quality Management District
39 who commenced employment with the district during the period
40 commencing on February 1, 1977, and ending on December 31,

1 1978, unless and until the employee shall have elected whether to
2 become a member of the retirement association established in
3 accordance with this chapter for employees of Los Angeles County
4 or the retirement association established in accordance with this
5 chapter for employees of San Bernardino County. The election
6 shall occur before January 1, 1980. Any employee who fails to
7 make the election provided for herein shall be deemed to have
8 elected to become a member of the retirement association
9 established in accordance with this chapter for the County of Los
10 Angeles.

11 (3) The South Coast Air Quality Management District shall
12 make application to the retirement associations established in
13 accordance with this chapter for employees of Los Angeles County
14 and San Bernardino County for coverage of employees of the South
15 Coast Air Quality Management District.

16 (4) An employee of the South Coast Air Quality Management
17 District who commenced employment with the district during the
18 period commencing on February 1, 1977, and ending on December
19 31, 1978, and who has not terminated employment before January
20 1, 1980, shall be covered by the retirement association elected by
21 the employee pursuant to paragraph (2). That coverage shall be
22 effected no later than the first day of the first month following the
23 date of the election provided for in paragraph (2).

24 (5) Each electing employee shall receive credit for all service
25 with the South Coast Air Quality Management District. However,
26 the elected retirement association may require, as a prerequisite
27 to granting that credit, the payment of an appropriate sum of money
28 or the transfer of funds from another retirement association in an
29 amount determined by an enrolled actuary and approved by the
30 elected retirement association's board. The amount to be paid shall
31 include all administrative and actuarial costs of making that
32 determination. The amount to be paid shall be shared by the South
33 Coast Air Quality Management District and the employee. The
34 share to be paid by the employee shall be determined by good faith
35 bargaining between the district and the recognized employee
36 organization, but in no event shall the employee be required to
37 contribute more than 25 percent of the total amount required to be
38 paid. The elected retirement association's board may not grant that
39 credit for that prior service unless the request for that credit is
40 made to, and the required payment deposited with, the elected

1 retirement association's board no earlier than January 1, 1980, and
2 no later than June 30, 1980. The foregoing shall have no effect on
3 any employee's rights to reciprocal benefits under Article 15
4 (commencing with Section 31830).

5 (6) An employee of the South Coast Air Quality Management
6 District who commenced employment with the district after
7 December 31, 1978, shall be covered by the retirement association
8 established in accordance with this chapter for employees of San
9 Bernardino County. That coverage shall be effected as of the first
10 day of the first month following the employee's commencement
11 date.

12 (7) Notwithstanding paragraphs (2) and (4) above, employees
13 of the South Coast Air Quality Management District who were
14 employed between February 1, 1977, and December 31, 1978, and
15 who terminate their employment between February 1, 1977, and
16 January 1, 1980, shall be deemed to be members of the retirement
17 association established in accordance with this chapter for the
18 employees of Los Angeles County commencing on the date of
19 their employment with the South Coast Air Quality Management
20 District.

21 (i) "District" also includes any nonprofit corporation that
22 operates one or more museums within a county of the 15th class,
23 as described by Sections 28020 and 28036 of the Government
24 Code, as amended by Chapter 1204 of the Statutes of 1971,
25 pursuant to a contract between the corporation and the board of
26 supervisors of the county, and that has entered into an agreement
27 with the board and the county setting forth the terms and conditions
28 of the corporation's inclusion in the county's retirement system.

29 (j) "District" also includes any economic development
30 association funded in whole or in part by a county of the 15th class,
31 as described by Sections 28020 and 28036 of the Government
32 Code, as amended by Chapter 1204 of the Statutes of 1971, and
33 that has entered into an agreement with the board of supervisors
34 and the county setting forth the terms and conditions of the
35 association's inclusion in the county's retirement system.

36 (k) "District" also includes any special commission established
37 in the Counties of Tulare and San Joaquin as described by Section
38 14087.31 of the Welfare and Institutions Code, pursuant to a
39 contract between the special commission and the county setting
40 forth the terms and conditions of the special commission's

1 inclusion in the county’s retirement system with the approval of
2 the board of supervisors and the board of retirement.

3 (l) (1) “District” also includes the retirement system established
4 under this chapter in Orange County.

5 (2) “District” also includes the retirement system established
6 under this chapter in San Bernardino County at such time as the
7 board of retirement, by resolution, makes this section applicable
8 in that county.

9 (3) “District” also includes the retirement system established
10 under this chapter in Contra Costa County.

11 (4) “District” also includes the retirement system established
12 under this chapter in Ventura County.

13 (5) *“District” also includes a retirement system established*
14 *under this chapter at the time that the board of retirement, by*
15 *resolution, makes this section applicable to the retirement system*
16 *in that county.*

17 (m) “District” also includes the Kern County Hospital Authority,
18 a public agency that is a local unit of government established
19 pursuant to Chapter 5.5 (commencing with Section 101852) of
20 Part 4 of Division 101 of the Health and Safety Code.

21 SEC. 2. Section 31522.5 of the Government Code is amended
22 to read:

23 31522.5. (a) In a county in which the board of retirement has
24 appointed personnel pursuant to Section 31522.1, the board of
25 retirement may appoint an administrator, an assistant administrator,
26 a chief investment officer, senior management employees next in
27 line of authority to the chief investment officer, subordinate
28 administrators, senior management employees next in line of
29 authority to subordinate administrators, and legal counsel.

30 (b) Notwithstanding any other provision of law, the personnel
31 appointed pursuant to this section may not be county employees
32 but shall be employees of the retirement system, subject to terms
33 and conditions of employment established by the board of
34 retirement. Except as specifically provided in this subdivision, all
35 other personnel shall be county employees for purposes of the
36 county’s employee relations resolution, or equivalent local rules,
37 and the terms and conditions of employment established by the
38 board of supervisors for county employees, including those set
39 forth in a memorandum of understanding.

1 (c) Except as otherwise provided by Sections 31529.9 and
2 31596.1, the compensation of personnel appointed pursuant to this
3 section shall be an expense of administration of the retirement
4 system, pursuant to Section 31580.2.

5 (d) The board of retirement and board of supervisors may enter
6 into any agreements as may be necessary and appropriate to carry
7 out the provisions of this section.

8 (e) Section 31522.2 is not applicable to any retirement system
9 that elects to appoint personnel pursuant to this section.

10 (f) This section shall apply ~~only~~ in Orange County.

11 (g) This section shall apply to the retirement system established
12 under this chapter in San Bernardino County at such time as the
13 board of retirement, by resolution, makes this section applicable
14 in that county.

15 *(h) This section shall apply to a retirement system established*
16 *under this chapter at the time that the board of retirement, by*
17 *resolution, makes this section applicable in that county.*

18 SEC. 3. Section 31522.7 of the Government Code is amended
19 to read:

20 31522.7. (a) In addition to the authority provided pursuant to
21 Section 31522.5, the board of retirement in the County of San
22 ~~Bernardino~~ *Bernardino, or in any other county in which this section*
23 *has been made applicable,* may appoint an administrator, an
24 assistant administrator, a chief investment officer, senior
25 management employees next in line of authority to the chief
26 investment officer, subordinate administrators, senior management
27 employees next in line of authority to subordinate administrators,
28 supervisors and employees with specialized training and knowledge
29 in pension benefit member services, investment reporting
30 compliance, investment accounting, pension benefit tax reporting,
31 pension benefit financial accounting, pension law, and legal
32 counsel.

33 (b) Notwithstanding any other provision of law, the personnel
34 appointed pursuant to this section may not be county employees
35 but shall be employees of the retirement system, subject to terms
36 and conditions of employment established by the board of
37 retirement. Except as specifically provided in this subdivision, all
38 other personnel shall be county employees for purposes of the
39 county's employee relations resolution, or equivalent local rules,
40 and the terms and conditions of employment established by the

1 board of supervisors for county employees, including those set
2 forth in a memorandum of understanding.

3 (c) Except as otherwise provided by Sections 31529.9 and
4 31596.1, the compensation of personnel appointed pursuant to this
5 section shall be an expense of administration of the retirement
6 system, pursuant to Section 31580.2.

7 (d) The board of retirement and board of supervisors may enter
8 into any agreements as may be necessary and appropriate to carry
9 out the provisions of this section.

10 (e) Section 31522.2 is not applicable if the retirement system
11 elects to appoint personnel pursuant to this section.

12 (f) This section shall apply ~~only~~ to the retirement system
13 established under this chapter in San Bernardino County at such
14 time as the board of retirement, by resolution, makes this section
15 applicable in that county.

16 (g) *This section shall apply to a retirement system established*
17 *under this chapter at the time that the board of retirement, by*
18 *resolution, makes this section applicable in that county.*

19 SEC. 4. Section 31522.75 is added to the Government Code,
20 immediately following Section 31522.7, to read:

21 31522.75. (a) Any retirement system established under this
22 chapter, including a retirement system that, at the time of the
23 enactment of this section, is operating pursuant to Section 31522.5,
24 31522.7, or 31522.9, may elect to make this section, Section 31468,
25 and Section 31522.5, 31522.7, or 31522.9, applicable to the
26 retirement system upon adoption of a resolution by the board of
27 retirement.

28 (b) A board of retirement may elect to appoint personnel, or
29 may authorize the retirement administrator to appoint personnel,
30 to administer the system as provided in this section.

31 (c) (1) Notwithstanding any other law, the personnel appointed
32 pursuant to this section and the sections referenced in subdivision
33 (a) shall not be county employees, but shall be employees of the
34 retirement system, subject to terms and conditions of employment
35 established by the board of retirement and the provisions of this
36 section.

37 (2) A county employee to whom the California Public
38 Employees' Pension Reform Act of 2013 (Article 4, commencing
39 with Section 7522 of Chapter 21 of Division 7 of Title 1) did not

1 apply before becoming a retirement system employee shall
2 maintain that status as an employee of the retirement system.

3 (3) For purposes of employment by a subsequent public
4 employer, as described in paragraph (1) of subdivision (c) of
5 Section 7522.02, the retirement system shall have the status of the
6 county as a subsequent employer.

7 (4) With regard to an individual who was employed by the
8 county before January 1, 2013, and who becomes a retirement
9 system employee and then changes employment positions as
10 described in paragraph (2) of subdivision (c) of Section 7522.02,
11 the retirement system shall have the former obligations of the
12 county to provide a defined benefit plan that otherwise would have
13 been available to the employee had he or she remained a county
14 employee.

15 (d) Any employees who were previously appointed to retirement
16 system personnel positions pursuant to Section 31522.2 or 31522.3
17 shall cease to be county employees and shall become retirement
18 system employees at their existing or equivalent classifications as
19 of the date the board of retirement makes this section applicable
20 pursuant to subdivision (a), subject to any subsequent revisions
21 the retirement board may make pursuant to regulations governing
22 terms and conditions of employment, and when applicable, the
23 provisions of a subsequent memoranda of understanding or
24 bargaining agreement covering the employee.

25 (e) Any employees who were previously appointed to retirement
26 system personnel positions pursuant to Section 31522.1 and are
27 subsequently appointed as retirement system employees pursuant
28 to subdivision (a) shall cease to be county employees and shall
29 become retirement system employees at their existing or equivalent
30 classifications as of the date the board of retirement makes this
31 section applicable.

32 (f) A retirement system that elects to make this section
33 applicable shall recognize as the exclusive representative of those
34 former county employees who become retirement system
35 employees the employee organization that represented those
36 employees, if any, and shall honor the provisions in any
37 memoranda of understanding or bargaining agreement in effect
38 on the date the board of retirement makes this section applicable
39 for the duration of the memoranda of understanding or bargaining
40 agreement.

1 (g) The following shall apply to those persons who become
2 retirement system employees pursuant to this section:

3 (1) Employment seniority of a retirement system employee,
4 including, but not limited to, an employee's continuous service
5 date used for purposes of retirement or other benefits, as calculated
6 and used under the county system in effect before the date this
7 section becomes applicable, shall be calculated and used in the
8 same manner by the retirement system at the time the county
9 employee becomes a retirement system employee, subject to any
10 subsequent revisions the retirement board may make pursuant to
11 regulations governing terms and conditions of employment, and
12 when applicable, the provisions of a subsequent memoranda of
13 understanding or bargaining agreement covering the employee.

14 (2) Retirement system employees shall have the same status
15 they had as probationary, permanent, or regular employees under
16 the county system in effect on the date this section becomes
17 applicable, subject to any subsequent revisions the retirement board
18 may make pursuant to regulations governing terms and conditions
19 of employment, and when applicable, the provisions of a
20 subsequent memoranda of understanding or bargaining agreement
21 covering the employee.

22 (3) Retirement system employees shall receive their same salary
23 rates, leaves of absence, leave accrual rates, including all related
24 compensation rules and provisions applicable to those salary rates,
25 leaves, and accrual rates as under the county system on the date
26 this section becomes applicable, subject to any subsequent revisions
27 the retirement board may make pursuant to regulations governing
28 terms and conditions of employment, and when applicable, the
29 provisions of a subsequent memoranda of understanding or
30 bargaining agreement covering the employee.

31 (4) (A) Retirement system employees shall be afforded the
32 opportunity to participate in county benefit plans and programs,
33 including, but not limited to, group health, dental and life insurance,
34 workers' compensation, and deferred compensation that existed
35 on the date this section becomes applicable, under the same terms
36 and conditions as those programs were available to county
37 employees. The retirement board shall contract with the county to
38 administer the county benefit plans and programs for retirement
39 system employees, under the same terms and conditions applicable
40 to county employees, and shall provide the employer cost for

1 participation in the programs unless and until the retirement board
2 chooses to provide different benefits or different benefit levels
3 through another provider.

4 (B) The participation of retirement system employees in county
5 benefit plans or programs, and the county's administration of
6 certain compensation or benefits for retirement employees pursuant
7 to this section, shall not create or be construed to create, a meet
8 and confer obligation between the county and any employee
9 organization recognized to represent retirement system employees.

10 (h) The board of retirement and the county may enter into any
11 agreements necessary and appropriate to carry out this section.

12 (i) Sections 31522.1, 31522.2 and 31522.3 shall no longer apply
13 to a retirement system that has made this section applicable.

14 (j) Upon adoption of this section, the board of retirement may
15 make regulations consistent with this chapter, and the provisions
16 of Section 31525 that require approval of retirement board
17 regulations by the board of supervisors shall no longer apply.

18 (k) The compensation of personnel appointed pursuant to this
19 section shall be an expense of administration of the retirement
20 system pursuant to Section 31580.2, except as provided in Section
21 31522.5, 31522.7, or 31522.9, as those sections may apply to a
22 retirement system that has adopted them.

23 (l) This section shall not be construed as to modify any authority,
24 or to require any subsequent action by, a retirement system that
25 has made Section 31468 and Section 31522.5, 31522.7, 31522.9,
26 or 31522.10 applicable to the retirement system prior to the
27 effective date of this section.

28 (m) Any retirement system that has elected to make either
29 Section 31522.5, 31522.7, or 31522.9 applicable upon adoption
30 of a subsequent resolution by the board of retirement may make
31 a different section apply.

32 SEC. 5. Section 31522.9 of the Government Code is amended
33 to read:

34 31522.9. (a) The board of retirement of a county may appoint
35 a retirement administrator and other personnel as are required to
36 accomplish the necessary work of the board. The board may
37 authorize the administrator to make these appointments on its
38 behalf. Notwithstanding any other law, the personnel so appointed
39 shall not be county employees but shall become employees of the
40 retirement system, subject to terms and conditions of employment

1 established by the board of retirement, including those set forth in
2 memoranda of understanding executed by the board of retirement
3 and recognized employee organizations.

4 (b) Sections 31522.1 and 31522.2 shall not apply to a retirement
5 system that appoints personnel pursuant to this section.

6 (c) The retirement system that appoints personnel pursuant to
7 this section is a public agency for purposes of the
8 Meyers-Milias-Brown Act (Chapter 10 (commencing with Section
9 3500) of Division 4).

10 (d) The compensation of personnel appointed pursuant to this
11 section shall be an expense of administration of the retirement
12 system, pursuant to Section 31580.2, except as provided in Sections
13 31529.5, 31529.9, and 31596.1.

14 (e) The board of retirement and the board of supervisors may
15 enter into agreements as they determine are necessary and
16 appropriate in order to carry out the provisions of this section.

17 (f) The retirement system, upon the effective date of this section,
18 shall retain, for a 90-day transition employment period,
19 nonprobationary employees who, upon the effective date of this
20 section, were covered by a county memorandum of understanding
21 and employed by the county at the retirement system's facilities,
22 unless just cause exists to terminate the employees or legitimate
23 grounds exist to lay off these employees. If during the 90-day
24 period the retirement system determines that a layoff of these
25 employees is necessary, the retirement system shall retain the
26 employees by seniority within job classification. The terms and
27 conditions of employment of the employees retained pursuant to
28 this subdivision shall be subject to the terms and conditions
29 established by the applicable memoranda of understanding
30 executed by the board of retirement and the recognized employee
31 organizations. During the 90-day transition period, probationary
32 employees shall maintain only those rights they initially acquired
33 pursuant to their employment with the county.

34 (g) Subject to the employees' rights under the
35 Meyers-Milias-Brown Act (Chapter 10 (commencing with Section
36 3500) of Division 4), the retirement system, upon the effective
37 date of this section, shall recognize as the exclusive representative
38 of the employees retained pursuant to subdivision (f) the recognized
39 employee organizations that represented those employees when
40 employed by the county. The initial terms and conditions for those

1 employees shall be as previously established by the applicable
2 memoranda of understanding executed by the county and
3 recognized employee organizations.

4 (h) This section shall apply ~~only~~ in Contra Costa County.

5 (i) *This section shall apply to a retirement system established*
6 *under this chapter at the time that the board of retirement, by*
7 *resolution, makes this section applicable in that county.*

8 SEC. 6. Section 31528 of the Government Code is amended
9 to read:

10 31528. (a) Unless permitted by this chapter, a member or
11 employee of the board shall not become an endorser, surety, or
12 obligor on, or have any personal interest, direct or indirect, in the
13 making of any investment for the board, or in the gains or profits
14 accruing from those investments. A member or employee of the
15 board shall not directly or indirectly, for himself or herself, or as
16 an agent or partner of others, borrow or use any of the funds or
17 deposits of the retirement system, except to make current and
18 necessary payments authorized by the board.

19 (b) A member or employee of the board shall not, directly or
20 indirectly, by himself or herself, or as an agent or partner or
21 employee of others, sell or provide any investment product that
22 would be considered an asset of the fund, to any retirement system
23 established pursuant to this chapter.

24 (c) An individual who held a position designated in Section
25 31522.3, 31522.4, ~~or 31522.5~~, 31522.5, *or established pursuant*
26 *to Section 31522.75*, or was a member of the board or an
27 administrator, shall not, for a period of two years after leaving that
28 position, for compensation, act as agent or attorney for, or
29 otherwise represent, any other person except the county, by making
30 any formal or informal appearance before, or any oral or written
31 communication to, the retirement system, or any officer or
32 employee thereof, if the appearance or communication is made
33 for the purpose of influencing administrative or legislative action,
34 or any action or proceeding involving the issuance, amendment,
35 awarding, or revocation of a permit, license, grant, contract, or
36 sale or purchase of goods or property.

37 SEC. 7. Section 31529.9 of the Government Code is amended
38 to read:

39 31529.9. (a) In addition to the powers granted by Sections
40 31522.5, 31522.75, 31522.9, 31529, 31529.5, 31614, and 31732,

1 the board of retirement and the board of investment may contract
2 with the county counsel or with attorneys in private practice or
3 employ staff attorneys for legal services.

4 (b) Notwithstanding Sections 31522.5, 31522.7, 31522.75,
5 31529.5, and 31580, the board shall pay, from system assets,
6 reasonable compensation for the legal services.

7 (c) This section applies to any county of the 2nd class, 7th class,
8 9th class, 14th class, 15th class, or the 16th class as described by
9 Sections 28020, 28023, 28028, 28030, 28035, 28036, and 28037.

10 (d) This section shall also apply to any other county if the board
11 of retirement, by resolution adopted by majority vote, makes this
12 section applicable in the county.

13 SEC. 8. Section 31535 of the Government Code is amended
14 to read:

15 31535. The board may issue subpoenas and subpoenas duces
16 tecum, and compensate persons subpoenaed. This power shall be
17 exercised and enforced in the same manner as the similar power
18 granted the board of supervisors in Article 9 (commencing with
19 Section 25170) of Chapter 1, Part 2, Division 2; except that the
20 power shall extend only to matters within the retirement board's
21 jurisdiction, and committees of the board shall not have this power.
22 Reasonable fees and expenses may be provided for by board
23 regulation for any or all of such witnesses regardless of which
24 party subpoenaed them.

25 Subpoenas shall be signed by the chairman or secretary of the
26 retirement board, except that the board may by regulation provide
27 for express written delegation of its subpoena power to any referee
28 it appoints pursuant to this chapter or to any administrator
29 appointed pursuant to Section ~~31522.2~~, 31522.2, 31522.5, 31522.7,
30 31522.9, or 31522.10.

31 Any member of the board, the referee, or any person otherwise
32 empowered to issue subpoenas may administer oaths to, or take
33 depositions from, witnesses before the board or referee.

34 SEC. 9. Section 31580.2 of the Government Code is amended
35 to read:

36 31580.2. (a) In counties in which the board of retirement, or
37 the board of retirement and the board of investment, have appointed
38 personnel pursuant to Section 31522.1, 31522.5, 31522.7,
39 31522.75, 31522.9, or 31522.10, the respective board or boards
40 shall annually adopt a budget covering the entire expense of

1 administration of the retirement system which expense shall be
2 charged against the earnings of the retirement fund. The expense
3 incurred in any year may not exceed the greater of either of the
4 following:

5 (1) Twenty-one hundredths of 1 percent of the accrued actuarial
6 liability of the retirement system.

7 (2) Two million dollars (\$2,000,000), as adjusted annually by
8 the amount of the annual cost-of-living adjustment computed in
9 accordance with Article 16.5 (commencing with Section 31870).

10 (b) Expenditures for computer software, computer hardware,
11 and computer technology consulting services in support of these
12 computer products shall not be considered a cost of administration
13 of the retirement system for purposes of this section.

April 25, 2016

TO: Each Member
Board of Retirement

FROM: Fern M. Billingsy 
Senior Staff Counsel

DATE: Meeting of May 5, 2016

SUBJECT: **PENSIONABLE COMPENSATION AND COMPENSATION
EARNABLE**

INTRODUCTION

Last month, the Legal Office submitted recommendations defining pensionable compensation and compensation earnable. An additional request was recently received from the County of Los Angeles to determine pensionability of some additional items. This memorandum will address those items.

PENSIONABLE COMPENSATION

As of January 1, 2013, with the enactment of the California Public Employees' Pension Reform Act of 2013 (PEPRA), new members are subject to the definition of "pensionable compensation." Section 7522.34(a) states:

““Pensionable compensation” of a new member of any public retirement system means the normal monthly rate of pay or base pay of a member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.” (Emphasis added).

This section provides that any compensation outside of base pay may not be included in final compensation when calculating a member's retirement allowance. However, "base pay" is not defined in the statute. The section goes on to specifically delineate which items of compensation should be excluded.

Subdivision (c) states:

- “(c) "Pensionable compensation" does not include the following:
- (1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.
 - (2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
 - (3) Any one-time or ad hoc payments made to a member.
 - (4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.
 - (5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
 - (6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
 - (7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
 - (8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.
 - (9) Employer contributions to deferred compensation or defined contribution plans.
 - (10) Any bonus paid in addition to the compensation described in subdivision (a).
 - (11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).
 - (12) Any other form of compensation a public retirement board determines should not be pensionable compensation.”

COMPENSATION EARNABLE

In January of 1998, your Board determined that pursuant to the California Supreme Court's decision in Ventura County Deputy Sheriff's Association v. County of Ventura (1997) 16 Cal. 4th 483 ("Ventura"), certain items of remuneration must be included in the definition of "compensation earnable." Your Board then adopted Resolution 98-001 identifying those items. Since that time other Resolutions have been adopted when new items of compensation are determined to be included in or excluded from the definition of "compensation earnable." In making those determinations, your Board reviewed analysis of all items of compensation and adopted recommendations from the Legal Office regarding the definition of "compensation earnable."

Section 31461 defines "compensation earnable." It states:

- "(a) "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.
- (b) "Compensation earnable" does not include, in any case, the following:
 - (1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:
 - (A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.

- (B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.
 - (C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period regardless of when reported or paid.
- (2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.
 - (3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
 - (4) Payments made at the termination of employment, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.
- (c) The terms of subdivision (b) are intended to be consistent with and not in conflict with the holdings in *Salus v. San Diego County Employees Retirement Association* (2004) 117 Cal.App.4th 734 and *In re Retirement Cases* (2003) 110 Cal.App.4th 426."

PREVIOUSLY REVIEWED ITEMS OF COMPENSATION (No action required)

As you know, your Board is charged with determining which items of compensation qualify as pensionable earnings includable in the member's retirement allowance. The County Chief Executive Office recently informed LACERA of negotiated changes to Fringe Benefits. The changes include up to 5 additional days of vacation and 2.5 additional days of nonelective leave for non-represented employees. To determine if any change should be recommended to your Board, staff reviewed various

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Memorandums of Understanding ("MOU") and amendments to County Codes 5.28.330 and 5.28.335.

When your Board adopted Resolution 98-001, it included determinations regarding vacation and nonelective leave buybacks. Your Board determined that these buybacks, subject to the limits identified in the MOUs, qualified for inclusion in the definition of final compensation. The changes discussed above do not alter our recommendation. The buyback limitations in the MOUs remain unchanged thus resulting in the same number of pensionable hours for affected employees. This does not preclude the employee from receiving compensation for the additional vacation/nonelective days, it only limits the amount eligible for inclusion in the definition of final compensation. Please recall that buybacks are never pensionable for PEPRA members.

NEW ITEMS OF COMPENSATION (Action required)

New items of compensation must now be analyzed as pensionable under the definition of "compensation earnable" in Government Code section 31461, and the definition of "pensionable compensation" in Government Code section 7522.34.

Based on these new criteria, staff reviewed and analyzed these additional items of remuneration to determine whether the items should be included in the member's final compensation when calculating a retirement benefit. Attached for your convenience is a summary of the analysis of these items.

1) Hazard Materials II Emergency Operations Assignment

Fire Specialists in this classification receive additional compensation pursuant to MOU 603. It compensates employees assigned to the Emergency Operations Section of the Fire Department. It is available to all Hazardous Materials Specialist, it is listed on a public pay schedule, and therefore qualifies as pensionable.

Recommendation: Include under 31461 (a).
Include under 7522.34 (a).

2) Paramedic Coordinator/EMS Captain

Additional compensation paid to Fire Captains assigned to the Emergency Medical Services Unit of the Fire Department pursuant to MOU 602. It is listed on a public pay schedule, available to all Fire Captains assigned to this Unit, and therefore qualifies as pensionable.

Recommendation: Include under 31461 (a).
Include under 7522.34 (a).

3) Dental Professionals Board Certification Bonus

Additional compensation pursuant to MOU 325 paid to employees who obtain certification by the American Dental Association. Provides a flat-rate monthly bonus to specific items. It is not included in base pay, nor is it an essential function of the job. Thus, it should not be included for PEPRA members.

Recommendation: Include under 31461 (a).
Exclude under 7522.34 (c)(10), (11).

4) High Desert Health Assessment Bonus

Additional compensation available to any Mental Health Psychiatrist assigned to the high desert. Bonus paid pursuant to MOU 325. Although available to all similarly situated employees, it is not included in base pay and not found on a public pay schedule. This additional compensation should not be included for PEPRA members.

Recommendation: Include under 31461 (a).
Exclude under 7522.34 (c)(10), (11).

5) Mental Health Psychiatrist – Board Certification – (More than one specialty)

Compensation paid to psychiatrists who are Board certified in more than one specialty. Compensation paid pursuant to MOU 325 is not included in base pay, although available to all similarly situated psychiatrists. It is includable for legacy members but excludable for PEPRA members.

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Board of Retirement
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Recommendation: Include under 31461(a).
Exclude under 7522.34 (c)(10), (11).

6) Certified Access Specialist

Paid to employees who obtain certification and who are assigned to duties requiring specialized knowledge and skills. Bonus paid to similarly situated employees pursuant to MOUs 501, 502, 511, and 512. However, not found on a public pay schedule as required by PEPRA.

Recommendation: Include under 31461 (a).
Exclude under 7522.34 (c)(10), (11).

CONCLUSION

Consistent with the foregoing, we submit the attached Resolutions of the Board of Retirement specifying pay items as "Compensation Earnable" under Government Code section 31461 and "Pensionable Compensation" under Government Code section 7522.34.

IT IS THEREFORE RECOMMENDED your Board:

1. Adopt the enclosed Resolutions specifying pay items as "compensation earnable" and "pensionable compensation."
2. Instruct staff to coordinate with the County of Los Angeles to establish necessary reporting mechanism and procedures to permit LACERA to include the qualifying items in the calculation of final compensation.

Reviewed and Approved



Steven P. Rice
Chief Counsel

FMB/et
Attachments

BEFORE THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

RESOLUTION OF THE BOARD OF
RETIREMENT SPECIFYING ITEMS OF
REMUNERATION AS "PENSIONABLE
COMPENSATION"

RESOLUTION NO. 2016-BR003

WHEREAS, Government Code section 7522.34 governs the determination of pensionable compensation for those members who became active members for the first time on or after January 1, 2013, who are subject to the California Public Employees' Pension Reform Act of 2013; and

WHEREAS, LACERA calculates retirement allowances based on a member's final compensation; and

WHEREAS, LACERA is required to include in the calculation of "final compensation," a member's base pay and certain other items of compensation, if such compensation qualifies as "pensionable compensation" under Government Code section 7522.34; and

WHEREAS, Government Code section 7522.34 defines "pensionable compensation" as:

“. . .the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules"; and

WHEREAS, the Board has analyzed each current pay item and determined whether or not those items should be included in "pensionable compensation"; and

WHEREAS, the Board may find it necessary from time to time to amend its determinations based on changes made by employers, the Legislature, or the Courts;

NOW THEREFORE, BE IT RESOLVED, AS FOLLOWS:

1. For purposes of calculating a member's retirement allowance, earnings on or after January 1, 2013, for members subject to Government Code section 7522.32, as set forth in the Attachment No. 1 qualify as "pensionable compensation" as defined in Section 7522.34.
2. For purposes of calculating a member's retirement allowance, earnings on or after January 1, 2013, for members subject to Government Code section 7522.32, as set forth in Attachment No. 2 do not qualify as "pensionable compensation" as defined in section 7522.34.

Adopted on May 5, 2016, by _____ vote.

BOARD OF RETIREMENT,
LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION

Shawn R. Kehoe
Chair, Board of Retirement

Approved as to Form

ATTEST:

Steven P. Rice
Chief Counsel

William de la Garza
Secretary, Board of Retirement

ITEMS OF REMUNERATION EARNED ON OR AFTER JANUARY 1, 2013, FOR MEMBERS SUBJECT TO GOVERNMENT CODE SECTION 7522.32, WHICH QUALIFY AS "PENSIONABLE COMPENSATION" AS DEFINED IN SECTION 7522.34

<u>EARNINGS CODE NO.</u>	<u>ITEMS</u>
206A	LONGEVITY BONUS 10 YEARS
207A	LONGEVITY BONUS 15 YEARS
208A	LONGEVITY BONUS 20 YEARS
213	PSYCHIATRIC TECHNICIAN - P.E.T. SUPERVISOR
216	POST BONUS - BASIC
218	PROBATION - TOP RANGE
235	LONGEVITY BONUS 20 YEARS
235A	LONGEVITY BONUS 20 YEARS
235C	LONGEVITY BONUS 20 YEARS
235D	LONGEVITY BONUS 20 YEARS
235F	LONGEVITY BONUS 20 YEARS
235G	LONGEVITY BONUS 20 YEARS
235H	LONGEVITY BONUS 20 YEARS
235I	LONGEVITY BONUS 20 YEARS
235J	LONGEVITY BONUS 20 YEARS
236	LONGEVITY BONUS 25 YEARS

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
236A	LONGEVITY BONUS 25 YEARS
236C	LONGEVITY BONUS 25 YEARS
236D	LONGEVITY BONUS 25 YEARS
236F	LONGEVITY BONUS 25 YEARS
236G	LONGEVITY BONUS 25 YEARS
236H	LONGEVITY BONUS 25 YEARS
236I	LONGEVITY BONUS 25 YEARS
236J	LONGEVITY BONUS 25 YEARS
237	LONGEVITY BONUS 30 YEARS
237A	LONGEVITY BONUS 30 YEARS
237C	LONGEVITY BONUS 30 YEARS
237D	LONGEVITY BONUS 30 YEARS
237F	LONGEVITY BONUS 30 YEARS
237G	LONGEVITY BONUS 30 YEARS
237H	LONGEVITY BONUS 30 YEARS
237I	LONGEVITY BONUS 30 YEARS
237J	LONGEVITY BONUS 30 YEARS
238A	COMMAND PAY 24YR
239A	COMMAND PAY 29YR
241	WEIGHTS & MEASURES INSPECTOR
242	WEIGHTS & MEASURES INSPECTOR COMMERCIAL DRVRS LIC

EARNINGS
CODE NO.

ITEMS

244A	LONGEVITY BONUS 20 YEARS - SOCIAL WORKERS
244B	LONGEVITY BONUS 20 YEARS - SOCIAL WORKERS
244C	LONGEVITY BONUS 20 YEARS - SOCIAL WORKERS
245A	LONGEVITY BONUS 25 YEARS - SOCIAL WORKERS
245B	LONGEVITY BONUS 25 YEARS - SOCIAL WORKERS
245C	LONGEVITY BONUS 25 YEARS - SOCIAL WORKERS
246A	LONGEVITY BONUS 30 YEARS - SOCIAL WORKERS
246B	LONGEVITY BONUS 30 YEARS - SOCIAL WORKERS
246C	LONGEVITY BONUS 30 YEARS - SOCIAL WORKERS
247	DISPATCHER EMD CERTIFICATION BONUS
260	CATALINA ISLAND LIVING - LIFEGUARD/FIRE FIGHTER
261	LIFEGUARD – EMT
262	UNDERWATER RECOVERY - BEACHES AND HARBORS
280	CATALINA ISLAND LIVING
331	INMATE SUPERVISOR
333	REFUSE TRUCK DRIVER BONUS
337	TRANSPORTATION SUPERVISOR BONUS
346	HAZARDOUS MATERIALS II EMERGENCY OPERATIONS ASSIGNMENT
350	AIR OPERATIONS BONUS
351	DRIVER - COUNTY FORESTER AND FIRE WARDEN
353	FIREFIGHTER - EMT

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
354	FIRE FIGHTER - HAZARD MATERIALS
355	FIREFIGHTER - PARAMEDIC
359	LIFEGUARD PARAMEDIC CATALINA BONUS
360	URBAN SEARCH AND RESCUE
362	PARAMEDIC COORDINATOR/EMS CAPTAIN
378	LICENSED VOCATIONAL NURSE - INTENSIVE CARE
382	PUBLIC HEALTH INVESTIGATOR ASSIGNMENT BONUS
390	BOOKMOBILE BONUS
420	CATALINA ISLAND LIVING PARKS AND RECREATION
421	LAKE AQUATICS - EMT CERTIFICATE
422	LAKE LIFEGUARD – EMT CERTIFIED
423	UNDERWATER RECOVERY - PARKS AN RECREATION
431	LEGISLATION CONSULTANT - DPSS
433	TWELVE LEVEL BONUS
434	DEPUTY SHERIFF FIELD TRAINING OFFICER
435	SENIOR FIELD TRAINING OFFICER, 12 MONTHS
436	MASTER FIELD TRAINING OFFICER LEVEL 1, 18 MONTHS
437	MASTER FIELD TRAINING OFFICER LEVEL 2, 30 MONTHS
438	PATROL AND CUSTODY TRAINING - 7TH STEP
440	AERIAL PATROL OBSERVER DUTY
442	COOKS, BAKERS, BUTCHERS BONUS

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
443	DEPUTY SHERIFF-LEVEL I BONUS
444	DEPUTY SHERIFF - LEVEL II BONUS
446	EXPLOSIVES DETAIL BONUS
447	HELICOPTER DETAIL
449	SENIOR COOK BONUS - SHERIFF
451	UNDERWATER RECOVERY - SHERIFF
452	SUPERVISORY BONUS
454	SHERIFF INTERNAL EQUITY
455	MOTORCYCLE PATROL UNIT BONUS
457	PATROL STATION RETENTION BONUS
459	SHERIFF'S STATION JAILER BONUS
460	SHERIFF - MAINTENANCE WORKER
462	MANPOWER SHORTAGE-SHERIFF CATALINA ISLAND
466	SEWER MAINTENANCE ASSIGNMENT
467	UNDERGROUND STORM DRAIN ASSIGNMENT
490	SENIOR COOK - PROBATION
491	GROUP SUPERVISOR - PROBATION
492	HEAD COOK - PROBATION
496	INSTITUTIONAL INCENTIVE
626	FIREFIGHTER PARAM. NOT ASSGND TO PARAM.
782	PLATOON/40HR/DISPATCHER

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
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PP056	FLSA PRE7677MIUM OVERTIME
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NONE	56 HOUR TO 40 HOUR ASSIGNMENT BONUS
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ITEMS OF REMUNERATION EARNED ON OR AFTER JANUARY 1, 2013, FOR MEMBERS SUBJECT TO GOVERNMENT CODE SECTION 7522.32, WHICH DO NOT QUALIFY AS "PENSIONABLE COMPENSATION" AS DEFINED IN SECTION 7522.34.

EARNINGS **ITEMS**
CODE NO.

200	76-INCH MOWER BONUS
201	ACTING DEPARTMENT HEAD
202	ACTING MEDICAL DIRECTOR
203	ADDITIONAL RESPONSIBILITIES
204	AMERICAN MEDICAL ASSOCIATION BOARD CERT 8.25%
205	AMERICAN MEDICAL ASSOCIATION BOARD CERT 5.50%
209	MANPOWER SHORTAGE RANGE
210	MEDICAL DIRECTOR'S BONUS - 2.75
211	MEDICAL DIRECTOR'S BONUS - 5.50%
212	MEDICAL DIRECTOR'S BONUS - 8.25%
214	OUT OF CLASS BONUS
215	POST BONUS _ ADVANCE/EXECUTIVE
217	POST BONUS - INTERMEDIATE
219	SUPERIOR SUBORDINATE PAY
220	WATCHMAN - CUSTODIAN
221	WELFARE RECIPIENT SUPERVISOR

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
222	OUT OF CLASS BONUS SCHEDULE/LEVEL/PERCENT
223	TEMPORARY CLERICAL & OFFICE SERVICES EMPLOYEES
224	PBP NON-BASE MERIT SALARY ADJUSTMENT
225	EXECUTIVE SECRETARY ADDED SALARY SCHEDULES
227	PBP TO SCHEDULE SALARY ADJUSTMENT
228	ADDITIONAL RESPONSIBILITIES – REPRESENTED
229	TEMPORARY SPECIAL MAP ACHIEVEMENT – FLAT
230	TEMPORARY SPECIAL MAP ACHIEVEMENT – PERCENT
231	TEMPORARY ASSIGNMENT MAP EMPLOYEE – FLAT
240	AGRICULTURAL INSPECTOR BONUS
243	CAREER DEVELOPMENT INTERN BONUS
248	REGIONAL PLANNING AICP CERTIFICATION BONUS
249	AGRICULTURE INSPECTORS AID ROVER BONUS
250	ACCOUNTING CERTIFICATE
252	6TH AND 7TH STEP FINANCIAL SPECIALIST
256	ANIMAL CONTROL MGR-BOARD LIAISON BONUS
257	HALF STEP-01
258	HALF STEP-02
263	AUDITOR-CONTROLLER MERIT - ONE SCHEDULE
264	AUDITOR-CONTROLLER MERIT - TWO SCHEDULES
265	AUDITOR-CONTROLLER MERIT - THREE SCHEDULES

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
266	AUDITOR-CONTROLLER MERIT - FOUR SCHEDULES
267	AUDITOR-CONTROLLER MERIT - FIVE SCHEDULES
268	AUDITOR-CONTROLLER MERIT - SIX SCHEDULES
270	BOARD OF SUPERVISOR SPECIAL ASSIGNMENT
271	ASSESSMENT APPEALS BOARD ASSIGNMENT
272	HEAD BOARD SPECIALIST ADDITIONAL STEPS
273	MAPP TIER II STEP 13
274	MAPP TIER II STEP 14
275	MAPP TIER II STEP 15
276	MAPP TIER II STEP 16
277	MAPP TIER II STEP 17
278	MAPP TIER II STEP 18
281	MAPP TO SCHEDULE FLAT AMOUNT
282	MAPP TO SCHEDULE PERCENTAGE
283	PERM PHYSICIAN TRANSITION RATE – PERCENT
285	COURT CLERK - GREATER SKILLS
291	INTERGOVERNMENTAL RELATIONS
293	LEGISLATIVE REPRESENTATIVE-CAO
295	MANAGEMENT TRAINEE
300	CURATOR BONUS
310	LEGISLATIVE ADVOCATE - COUNTY COUNSEL

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
320	ACCOUNTING CERTIFICATE - DA
321	DISTRICT ATTORNEY - OUT OF CLASS BONUS
322	RECLASSIFIED INVESTIGATOR
323	ANTELOPE VALLEY ASSIGN. 30 MILES FROM RESIDENCE
332	JOURNEY EMPLOYEES BONUS
334	CUSTODY ASSISTANT ACADEMY DRILL INSTRUCTOR
338	ELEVATOR ADJUSTOR
340	A OR B MOTOR VEHICLE LICENSE BONUS
349	WELLNESS/FITNESS FOR LIFE BONUS
356	FIRE SAFETY PERSONNEL BONUS
357	HELICOPTER INSPECTION LICENSE
358	TEMPORARY PROMOTION BONUS
361	TEMPORARY PROMOTION BONUS - NON SCHEDULE
367	MEDICAL STAFF CREDENTIALING ASSIGNMENT BONUS
368	RN ASSIGNED TO SHERIFFS DEPT
369	RN ADVANCED EDUCATIONAL DEGREE BONUS
370	CLINIC NURSE - STAND BY
371	CLINICAL INSTRUCTOR - GENERAL
372	CLINICAL INSTRUCTOR - LAC+USC MEDICAL CENTER
373	EMERG MEDICINE - BOARD CERTIFICATION
374	EMERG MEDICINE - BOARD CERT

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
375	EMERG MEDICINE - BOARD CERTIFICATION 8.25%
376	HIGH DESERT HOSPITAL - PHYSICIAN BONUS
377	JOURNEY EMPLOYEES BONUS
379	SUPERVISING NURSE - ICU
380	SUPVG RAD TECHN - DIAGNOSTIC ULTRASOUND
381	DENTAL PROFESSIONALS BOARD CERTIFICATION BONUS
383	VETERINARY MEDICINE- BOARD CERTIFICATION
384	HIGH DESERT HEALTH ASSIGNMENT BONUS
385	PSYCHIATRY SPECIALTY BONUS
386	PHYSICIAN SPECIALTY BONUS
387	PHARMACIST SPECIALTY ASSIGNMENTS
388	PSYCHIATRY JAIL BONUS
389	MENTAL HEALTH PSYCHIATRIST BOARD CERTIFICATION – MORE THAN ONE SPECIALTY
392	LIBRARIAN BONUS
395	PHYSICIAN SPECIALTY BONUS - 5.75%
396	PHYSICIAN ADDITIONAL COMPENSATION
397	PHYSICIAN FORENSIC PATHOLOGY BONUS
398	HOSPITAL ADMINISTRATOR - ADDITIONAL COMPENSATION
400	DEPUTY COURT ADMINISTRATOR - OPINION/ADVISOR
401	DEPUTY MARSHALL - LEVEL I BONUS
402	DEPUTY MARSHALL - LEVEL II BONUS

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
403	DEPUTY MARSHALL TRAINEE
404	ELECTRONIC RECORDING EQUIPMENT
405	MARSHALL SUPERVISING BONUS
406	DEPUTY MARSHAL SPECIAL TRAINING - 6TH STEP
407	SKILL & RESPONSIBILITY BONUS
408	DEPUTY CLERK III OUT OF CLASS BONUS
409	STENOGRAPHIC SKILLS
410	SUPERVISING DEPUTY CLERK
411	ADVISOR-COURT ADMINISTRATOR AND JUDGES
412	NIGHT SHIFT AND WEEKEND BONUS
413	DEPUTY CLERK IV - GREATER SKILLS
414	RECORDING EQUIPMENT-DEPUTY CLERK IV M.C.
430	ASST. DIRECTOR - PUBLIC SOCIAL SERVICES
432	DEPUTY DISTRICT DIRECTOR TRAINEE
441	CATALINA ISLAND LIVING - SHERIFF
450	SHERIFF OUT OF CLASS BONUS
453	SERGEANT-AT-ARMS BOARD OF SUPERVISOR
456	TRAINING OFFFC/INVESTIGATOR/K-9 BONUS
458	ACTING CAPACITY BONUS
461	SHERIFF BUSINESS MACHINE TECHNICIAN
464	STATE OF CALIF STRUCTURAL ENGINEER LICENSE BONUS

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
465	REHABILITATION INSPECTOR-PUBLIC WORKS
468	LICENSED LAND SURVEYOR BONUS
469	LICENSED REGISTERED TRAFFIC ENGINEER BONUS
470	BUSINESS LICENSE LIAISON
475	CERTIFICATION BONUS - LACERA
480	SUPERIOR COURT CLERK BONUS
481	COURT REPORTERS REALTIME CERTIFICATION
482	JUDICIAL ASSISTANT BONUS
483	REALTIME WRITING BONUS
485	SUP CRT EXEC OFFICER ADDITIONAL COMPENSATION
493	SENIOR PROBATION DIRECTOR-CENTRAL JUVENILE HALL
494	SENIOR PROB DIR-LOS PADRINOS/SAN FERNANDO JUV HALL
495	PROBATION DIRECTOR-ADMIN RESP./FOOTHILL JUV AREA
498	PROBATION DIRECTOR-CHALLENGER YOUTH CENTER
501	BOARD OF RETIREMENT CASE REVIEW
503	UNIFORM ALLOWANCE
504	NIGHT SHIFT DIFFERENTIAL
505	CORONER'S INQUEST REPORTER
506	ALLOWANCE IN LIEU OF VEHICLE USE
507	CO-GENERATION OR HYDRO-ELECTRIC OPS & MTCE
508	HENNINGER FLATS WATCHMAN

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
509	FREEZER WORK
510	DEPARTMENT HEAD MERIT
511	BOARD OF SUPERVISORS PERFORMANCE LUMP SUM
512	FIRE SUPPRESSION TRANSPORTATION TRUCK DRIVER
513	MOU LUMP SUM BONUS
514	BACKHOE OPERATOR
515	WEEKEND BONUS
516	EXPLOSIVES WORK
517	EVENING SHIFT DIFFERENTIAL
518	POWER EQUIPMENT REPAIR, SNOW CONDITIONS
519	ENGINEERING EMPLOYEES, HAZARD PAY
520	HOME CARE COMPENSATION
522	CUSTODIAN ACTING AS WATCHMAN
523	DPD DEPUTY DIRECTOR RECRUITMENT INCENTIVE
525	CONTRACTING & PRODUCTIVITY IMPROVE INCNTV FOR MNGR
528	WEBCOM PRESS OPERATOR
529	POWER EQUIPMENT OPERATOR, FIRE SUPPRESSION
531	STANDBY
532	ADDITIONAL RESPONSIBILITIES AND EXCEPTIONAL PERFORMANCE
533	POWER SWEEPER OPERATOR IN EMERGENCY CONDITIONS

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
534	POWER PLANT RELIEF ENGINEER
535	CLINIC PHYSICIAN FIRST HOUR
536	CONSULTING SPEC, MD & MNTL HEALTH CONSLT, 1 st & 5 th
538	RN ASSIGNED AS ACTING OR RELIEF CHARGE NURSE
539	RN WEEKEND DIFFERENTIAL
540	RELIEF NURSE HOLIDAY DIFFERENTIAL
541	RELIEF NURSE WEEKEND DIFFERENTIAL
544	APPRAISERS LAUNDRY AND DRY CLEANING ALLOWANCE
545	HEAVY DUTY TOW TRUCK DRIVER
546	SLURRY SEAL TRUCK_DRIVER
548	LIFEGUARD PARAMEDIC - RELIEF
550	INCENTIVE AWARDS FOR MEDI-CAL REIMBRMNTS/ HEALTH SR
551	GROUP INCENTIVE AWARD, TREASURER TAX COLLECTOR
552	STANDBY - EMERGENCY ROLL OUT PROGRAM
553	PIONEER EXCAVTN, TUNNEL OPERATNS, FIRE SUPP, SNOW
554	PIONEER EXCAVTN, TUNNEL OPERATNS, FIRE SUPP, SNOW
555	SCAFFOLD OR SWING STAGE, 30 FEET ABOVE GRADE
556	HIGH SCALE AND RIGGING OPERATIONS, GENERAL
557	EVENING SHIFT, MED TECH
558	NIGHT SHIFT, MED TECH

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
565	PARAMEDIC RECERTIFICATION BONUS
565A	PARAMEDIC RECERTIFICATION BONUS-ELIGIBILITY INDICATOR
567	DEPUTY SHERIFF RESERVE ANNUAL COMPENSATION
568	ASSESSMENT APPEALS FULL DAY INCREMENT
570	HOME CARE PROGRAM STANDYBY
571	CHILDREN'S SOCIAL WORKERS LICENSURE SUPERVISION
572	MOU LUMP SUM BONUS
574	STANDBY - INS WITNESS PROGRAM
575	WASTEWATER PLANT RELIEF BONUS
576	SOLO DAILY EARNINGS
577	INTERPRETER HALF DAY BONUS - SUP CT
578	ER ATTENDING PHYSICIAN - DAY RATE
579	ER ATTENDING PHY/-WKDY EVE/WKND HOLIDAY
580	ER ATTENDING PHY/-WKDY NITE/WKND HOLIDAY EVE NITE
581	SWIM PROFICIENCY BONUS
582	INTERPRETER REGULAR MULTIPLE LANGUAGE SAME DAY
583	INTERPRETER-HOURLY/DAILY MULT LANG SAME DAY
584	PHYSICIAN STIPENDS
600	REGISTERED NURSE MOBILE INTENSIVE CARE CERTIFICATION, SUB-ITEM D
602	SUPERVISING TRANSPORTATN DEPTY PERFORMING DISPATCHER DUTIES

<u>EARNINGS CODE NO.</u>	<u>ITEMS</u>
603	AUTOMOTIVE SERVICE EXCELLENCE CERTIFICATE
604	REGISTERED NURSE MOBILE INTENSIVE CARE CERTIFICATION
605	CUSTODIAN FLOOR WAXING BONUS
606	FIRE EQUIPMENT MECHANIC ASSIGNED FIELD REPAIR DUTY
606A	FIRE EQUIPMENT MECHANIC ASSIGNED FIELD REPAIR DUTY - ELIGIBILITY INDICATOR
607	SUPERVISING DEPUTY PROBATION OFFICER (SPDO) ASSIGNED ACTING DIRECTOR IN A CAMP
608	BILINGUAL BONUS
609	REGISTERED NURSE ASSIGNED TO EMERGENCY ROOM
610	ANTELOPE VALLEY FIREFIGHTING CREW
611	TREE TRIMMER SUPERVISOR, POWER OPERATIONS
612	SHOOTING BONUS, EXPERT
613	SHOOTING BONUS, DISTINGUISHED EXPERT
614	SHOOTING BONUS, MARKSMAN
615	SHOOTING BONUS, SHARPSHOOTER
616	ANTELOPE VALLEY QUARTERS, ON FIRE CALL
617	CLINIC NURSE ASSIGNED TO PROBATION CAMP
618	TRANSPORTATION BUS DRIVER, SHERIFF
619	CERTIFIED ACCESS SPECIALIST
620	SAN GABRIEL DAM OPERATOR

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
621	NURSE RETENTION INCENTIVE
622	ADVANCED APPRAISER CERTIFICATION
624	BILINGUAL ADDITIONAL BONUS, CHILDREN'S SOCIAL WORK
625	AGRICULTURE INSPECTORS ASSIGNED TO STANDARDIZATION
627	DETENTION & TRANSPORTATION EXTRA SUPERVISION BONUS
628	BILINGUAL BONUS FOR OTHER THAN MONTHLY
628A	BILINGUAL BONUS FOR OTHER THAN MONTHLY-ELIGIBILITY INDICATOR
629	MORTUARY ATTENDANT AT LAC+USCMC
631	BILINGUAL BONUS-SUB D
632	MENTAL HEALTH WORKERS ASSIGND SHERIFF DETENTN FACL
633	RN ASSIGNED TO EMERGENCY ROOM SUB D
634	SUPERVISING DETENTION SERVICES OFFICER OF THE DAY
635	TRANSPORTATION DEPUTY BUS DRIVER, PROBATION
636	INCIDENTAL EXPENSE ALLOWANCE
637	PROFESSIONAL DEVELOPMENT EXPENSES
638	PROBATION TELECOM EQUIPMENT BONUS
640	CHILDRENS SERVICES ERCP RETENTION
641	SHOOTING BONUS, EXPERT – RESERVE

<u>EARNINGS</u>	<u>ITEMS</u>
<u>CODE NO.</u>	
642	SHOOTING BONUS, DISTINGUISHED EXPERT – RESERVE
643	SHOOTING BONUS, MARKSMAN – RESERVE
644	SHOOTING BONUS, SHARPSHOOTER – RESERVE
645	EMERGENCY ROOM BONUS/PAT FIN SVCS WKR/PAT RES WKR
646	EMERGENCY ROLL OUT PROGRAM & SHIFT BONUS
647	BILINGUAL ADDITIONAL BONUS, PSYCH SOCIAL WORK
648	DEFIBRILLATION AIRWAY BONUS
649	MAMMOGRAPHY BONUS
690	CELLULAR PHONE STIPEND - VOICEMAIL
691	CELLULAR PHONE STIPEND - DATA ONLY
692	CELLULAR PHONE STIPEND - VOICE AND DATA
694	CIVIC CENTER COMMUTER ALLOWANCE
695	DEPARTMENT HEAD TRANSPORTATION ALLOWANCE
696	DEPARTMENT HEAD TRAFFIC MITIGATION ALLOWANCE
700	PENSIONABLE OVERTIME
730	PREMIUM OVERTIME - SYSTEM PENSIONABLE
PF004	MEGAFLEX PENSIONABLE CONTRIBUTION
PF007	FLEX PENSIONABLE CONTRIBUTION
PF010	CHOICES PENSIONABLE CONTRIBUTION
PF013	OPTIONS PENSIONABLE CONTRIBUTION
PK003	NON-ELECTIVE LEAVE

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
PK011	SICK - 100%
PK012	HOLIDAY
PK021	VACATION
PK030	SPECIAL PAID LEAVE
PK031	APPRAISERS LEAVE
PK032	INTERN/RESIDENT LEAVE
PK113	SICK PRE-71
PKP11	SICK LEAVE BUYBACK 100%
PKP21	VACATION BUYBACK
PP046	EMPLOYEE SUGGESTION
NONE	REGISTERED NURSE ASSIGNED TO CRITICAL CARE UNITS
NONE	FIRE SUPPRESSION CAMP ASSIGNMENT – PREMIUM
NONE	FIRE SUPPRESSION CAMP ASSIGNMENT – COMPENSATORY TIME EARNED

BEFORE THE BOARD OF RETIREMENT
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

RESOLUTION OF THE BOARD OF
RETIREMENT SPECIFYING ITEMS
OF REMUNERATION AS
"COMPENSATION EARNABLE"

RESOLUTION NO. 2016-BR004

WHEREAS, LACERA calculates retirement allowances based on a member's "final compensation;"

WHEREAS, LACERA is required to include in the calculation of "final compensation" a member's base pay, and certain other items of remuneration, if such remuneration qualifies as "compensation" under Government Code section 31460 and "compensation earnable" under Government Code section 31461;

WHEREAS, on March 4, 1998, the Board of Retirement adopted Resolution No. 98-004 specifying certain items of remuneration payable to employees of the County of Los Angeles which the Board determined qualify as "compensation" under Government Code section 31460 and "compensation earnable" under section 31461.

WHEREAS, on August 4, 1999, the Board of Retirement adopted Resolution No. 99-001 specifying an additional item of remuneration qualifies as "compensation" and "compensation earnable" under Government Code sections 31460 and 31461, respectively.

WHEREAS, the Court's ruling in Ventura County Deputy Sheriff's Association v. County of Ventura (1997) 16 Cal. 4th 483 became final on October 1, 1997, and requires LACERA to include in the calculation of retirement allowances various forms of remuneration not formerly included.

NOW THEREFORE, BE IT RESOLVED, AS FOLLOWS:

1. The items of remuneration set forth in Attachment 1 qualify as "compensation earnable" as defined in Government Code section

31461, for purposes of calculating a member's retirement allowance.

Adopted on May 5, 2016, by _____ vote.

BOARD OF RETIREMENT,
LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION

Shawn R. Kehoe
Chair, Board of Retirement

Approved as to Form:

ATTEST:

Steven P. Rice
Chief Counsel

William de la Garza
Secretary, Board of Retirement

ITEMS OF COUNTY REMUNERATION WHICH QUALIFY AS
"COMPENSATION," AS DEFINED BY GOVERNMENT CODE SECTION 31460,
AND/OR "COMPENSATION EARNABLE," AS DEFINED BY GOVERNMENT
CODE SECTION 31461.

<u>EARNINGS</u>	<u>ITEMS</u>
<u>CODE NO.</u>	
099	PATROL STATION RETENTION BONUS
249	AGRICULTURE INSPECTORS AID ROVER BONUS
334	CUSTODY ASSISTANT ACADEMY DRILL INSTRUCTOR
346	HAZARDOUS MATERIALS II EMERGENCY OPERATIONS ASSIGNMENT
349	WELLNESS/FITNESS FOR LIFE BONUS
350	"PILOT PAY" – FIRE DEPARTMENT
358	TEMPORARY PROMOTION BONUS
359	LIFEGUARD PARAMEDIC, CATALINA
362	PARAMEDIC COORDINATOR/EMS CAPTAIN
369	ADVANCED EDUCATION DEGREE BONUS
381	DENTAL PROFESSIONALS BOARD CERTIFICATION BONUS
384	HIGH DESERT HEALTH ASSIGNMENT BONUS
389	MENTAL HEALTH PSYCHIATRIST BOARD CERTIFICATION – MORE THAN ONE SPECIALTY
503	UNIFORM ALLOWANCE

<u>EARNINGS CODE NO.</u>	<u>ITEMS</u>
504	NIGHT SHIFT DIFFERENTIAL
505	CORONER'S INQUEST REPORTER
506	VEHICLE USE ALLOWANCE
507	CO-GENERATION OR HYDRO-ELECTRIC OPS & MTCE
508	HENNINGER FLATS WATCHMAN
509	FREEZER WORK
510	DEPARTMENT HEAD MERIT
511	BOARD OF SUPERVISORS PERFORMANCE LUMP SUM
512	FIRE SUPPRESSION TRANSPORTATION TRUCK DRIVER
514	BACKHOE OPERATOR
515	WEEKEND BONUS
516	EXPLOSIVES WORK
517	EVENING SHIFT DIFFERENTIAL
518	POWER EQUIPMENT REPAIR, SNOW CONDITIONS
519	ENGINEERING EMPLOYEES, HAZARD PAY
520	HOME CARE COMPENSATION
522	CUSTODIAN ACTING AS WATCHMAN
523	DPD DEPUTY DIRECTOR RECRUITMENT INCENTIVE
525	CONTRACTING AND PRODUCTIVITY IMPROVEMENT INCENTIVE FOR MANAGERS
528	WEBCOM PRESS OPERATOR

<u>EARNINGS CODE NO.</u>	<u>ITEMS</u>
529	POWER EQUIPMENT OPERATOR, FIRE SUPPRESSION
530	RN EXTRA WEEKENDS WORKED
531	STANDBY
532	ADDITIONAL RESPONSIBILITIES OR EXCEPTIONAL PERFORMANCE
533	POWER SWEEPER OPERATOR IN EMERGENCY CONDITIONS
534	POWER PLANT RELIEF ENGINEER
535	CLINIC PHYSICIAN, FIRST HOUR AND ONE-HALF
536	CONSULTING SPECIALIST, MD, & MENTAL HEALTH CONSULTANT, MD, FIRST AND FIFTH HOURS
538	RN ASSIGNED AS ACTING OR RELIEF CHARGE NURSE
539	RN WEEKEND DIFFERENTIAL
540	RELIEF NURSE HOLIDAY DIFFERENTIAL (HOURLY ITEM)
541	RELIEF NURSE WEEKEND DIFFERENTIAL (HOURLY ITEM)
544	APPRAISERS LAUNDRY AND DRY CLEANING ALLOWANCE
545	HEAVY DUTY TOW TRUCK DRIVER
546	SLURRY SEAL TRUCK DRIVER
547	LIFEGUARD PARAMEDIC – SHIFT
548	LIFEGUARD PARAMEDIC – HOURLY
550	INCENTIVE AWARDS FOR MEDI-CAL REIMBURSEMENTS, HEALTH SERVICES

<u>EARNINGS</u>	<u>ITEMS</u>
<u>CODE NO.</u>	
551	GROUP INCENTIVE AWARD, TREASURER TAX COLLECTOR
552	STANDBY – EMERGENCY ROLLOUT PROGRAM
553	PIONEER EXCAVATION, TUNNEL OPERATIONS, FIRE SUPPRESSION, AND SNOW REMOVAL - CONSTRUCTION INSPECTION AND SURVEYING GROUPS
554	PIONEER EXCAVATION, TUNNEL OPERATIONS, FIRE SUPPRESSION, AND SNOW REMOVAL
555	SCAFFOLD OR SWING STAGE, 30 FEET ABOVE GRADE
556	HIGH SCALE AND RIGGING OPERATIONS, GENERAL
557	EVENING SHIFT, MED TECH
558	NIGHT SHIFT, MED TECH
565	PARAMEDIC RECERTIFICATION BONUS
567	DEPUTY SHERIFF RESERVE ANNUAL COMPENSATION
570	HOME CARE PROGRAM STANDBY
571	CSW LICENSURE SUPERVISION
572	MOU LUMP SUM BONUS
575	WASTEWATER PLANT RELIEF BONUS
576	“SOLO DAILY” PAY – COURT REPORTERS
577	INTERPRETER HALF DAY BONUS – SUP. CT.
581	SWIM PROFICIENCY BONUS
601	LIFEGUARD PARAMEDIC, RELIEF
602	SUPERVISING TRANSPORTATION DEPUTY PERFORMING DISPATCHER DUTIES

<u>EARNINGS CODE NO.</u>	<u>ITEMS</u>
603	AUTOMOTIVE SERVICE EXCELLENCE CERTIFICATES
604	RN MOBILE INTENSIVE CARE CERTIFICATION
605	CUSTODIAN FLOOR WAXING BONUS
606	FIRE EQUIPMENT MECHANIC ASSIGNED FIELD REPAIR DUTIES
607	SDPO ASSIGNED ACTING DIRECTOR IN A CAMP
608	BILINGUAL BONUS
609	RN ASSIGNED TO EMERGENCY ROOM
610	ANTELOPE VALLEY FIREFIGHTING CREW
611	TREE TRIMMER SUPERVISOR, POWER OPERATIONS
612	SHOOTING BONUS, EXPERT
613	SHOOTING BONUS, DISTINGUISHED EXPERT
614	SHOOTING BONUS, MARKSMAN
615	SHOOTING BONUS, SHARPSHOOTER
616	ANTELOPE VALLEY QUARTERS, ON FIRE CALL
617	CLINIC NURSE ASSIGNED TO PROBATION CAMP
618	TRANSPORTATION BUS DRIVER, SHERIFF
619	CERTIFIED ACCESS SPECIALISTS
620	SAN GABRIEL DAM OPERATOR
621	NURSE RETENTION INCENTIVE
622	ADVANCED APPRAISER CERTIFICATION
623	PROBATION TRANSCRIBER TYPIST PRODUCTION INCENTIVE

<u>EARNINGS CODE NO.</u>	<u>ITEMS</u>
624	BILINGUAL ADDITIONAL BONUS, CHILDREN'S SOCIAL WORKERS
625	AGRICULTURE INSPECTORS ASSIGNED TO STANDARDIZATION
626	FIREFIGHTER PARAMEDIC NOT ASSIGNED TO A PARAMEDIC POST
627	DETENTION AND TRANSPORTATION EXTRA SUPERVISION BONUS
628	BILINGUAL BONUS FOR OTHER THAN MONTHLY EMPLOYEES
629	MORTUARY ATTENDANT AT LAC/USC MC
630	SAFETY POLICE EDUCATIONAL/LONGEVITY INCENTIVE
632	MENTAL HEALTH WORKERS ASSIGNED TO SHERIFF'S DETENTION FACILITIES
634	SUPERVISING DETENTION SERVICES OFFICER OF THE DAY
635	TRANSPORTATION DEPUTY BUS DRIVER, PROBATION
636	SHERIFF'S STATION COMMANDER EXPENSES
637	PROFESSIONAL DEVELOPMENT EXPENSES
638	PROBATION TELECOM EQUIPMENT BONUS
639	INTERN HOUSING ALLOWANCE LAC/USC MED. CENTER
640	CHILDREN'S SERVICES ERCP RETENTION
641	SHOOTING BONUS, EXPERT – RESERVE
642	SHOOTING BONUS, DISTINGUISHED EXPERT – RESERVE

<u>EARNINGS</u>	<u>ITEMS</u>
<u>CODE NO.</u>	
643	SHOOTING BONUS, MARKSMAN – RESERVE
644	SHOOTING BONUS, SHARPSHOOTER – RESERVE
645	WELDER CERTIFICATION BONUS
646	EMERGENCY ROLLOUT PROGRAM & SHIFT BONUS
647	BILINGUAL ADDITIONAL BONUS, PSYCHIATRIC SOCIAL WORK
648	DEFIBRILLATION AIRWAY BONUS
649	MAMMOGRAPHY BONUS
650	PRESIDING JUDGE 4% BONUS
653	EQUINE HANDLERS PAY
653	K-9 HANDLERS PAY
694	PARK, TAXABLE
695	TRANSPORTATION ALLOW
696	TRAFFIC MITIGATION
700	“OVERNIGHT TRIP” PAY - SHERIFF’S STATEWIDE UNIT
730	PREMIUM OVERNIGHT TRIP
782	FLSA PREMIUM PAY FOR REGULARLY SCHEDULED WORK ASSIGNMENT
903	NON-ELECTIVE LEAVE BUYBACK
910	SICK BUYBACK
911	VACATION BUYBACK
912	HOLIDAY BUYBACK

<u>EARNINGS CODE NO.</u>	<u>ITEMS</u>
913	SICK PRE-71 BUYBACK
914	SICK BUYBACK –PROBATION 56 – HOUR
915	VACATION BUYBACK - 56 HOUR
930	SPECIAL PAID LEAVE BUYBACK
931	APPRAISERS LEAVE BUYBACK
932	INTERN/RESIDENT LEAVE BUYBACK
PP046	EMPLOYEE SUGGESTION
NONE	PARK, NONTAXABLE
NONE	PRIOR SALARY
NONE	56 HOUR TO 40 HOUR ASSIGNMENT BONUS
NONE	REGISTERED NURSE ASSIGNED TO CRITICAL CARE UNIT

**Attachment: Newly Discovered or Newly Created Codes
reviewed under Section 31461 and 7522.34**

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
INCLUDED under Section 31461					
346	HAZARD MATERIALS II EMERGENCY OPERATIONS ASSIGNMENT	Employees in the classification of Hazardous Materials Specialist II (HMS II) (Item #4401) who are assigned to work in the Emergency Operations Section shall receive a bonus of twenty-two (22) standard salary levels (approximately 5.5%). The purpose and intent of this section is to convert existing additional responsibilities bonuses received by the Hazardous Materials Specialist II (HMS II) in the Emergency Operations Section.	(a)	—	This assignment bonus is available to all Hazardous Materials Specialist II (HMS II) (Item #4401) who are designated to work in the Emergency Operations Section. This bonus includes earnings based on the "average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay," and is included under 31461(a).
362	PARAMEDIC COORDINATOR / EMS CAPTAIN	Paid to Fire Captains regularly assigned and certified as required by the department to the job of Paramedic Coordinator in the Emergency Medical Services section of the Fire Department. Paid at a rate of twenty (20) standard salary levels on the public salary schedule.	(a)	—	This assignment bonus is available to Fire Captains (Item #0205) who are designated to work in the Emergency Medical Services section. This bonus includes earnings based on the "average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay," and is included under 31461(a).
381	DENTAL PROFESSIONALS BOARD CERTIFICATION BONUS	Any person appointed to the position of Dentist (Item #4763), Senior Dentist (Item #4766), or Dental Specialist (Item #4767), who has obtained certification by the American Dental Association, the American Board of General Dentistry, or a nationally recognized Dental Board (approved by the Department) in the specialty to which he/she are assigned, shall receive a 2% bonus. The Board Certification Bonus will become effective the first pay period following written proof by the employee, in the form of an official copy of the certification received, being submitted to the departmental Human Resource Office. Bonus pay shall be effective so long as the board certification remains active and/or the employee's assignment in said specialty continues. Should an employee's certification become inactive and/or should the employee no longer be assigned to said specialty, the bonus pay shall cease effective the last date of active status and/or the last date of specialty assignment. Compensation pursuant to this section shall not constitute a base rate.	(a)	—	This flat-rate monthly percentage bonus is available to the following items, Dentist (Item #4763), Senior Dentist (Item #4766), or Dental Specialist (Item #4767), who have obtained certification by the American Dental Association, the American Board of General Dentistry, or a nationally recognized Dental Board (approved by the Department). The job specifications for these positions require a California license to practice dentistry issued by the Dental Board of California AND a Radiation Safety License issued by the Dental Board of California OR a certificate of compliance from an approved Board course in radiation safety. This bonus includes earnings based on the "average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay," and is included under 31461(a).
384	HIGH DESERT HEALTH ASSIGNMENT BONUS	Any Mental Health Psychiatrists (Item No. 4735) permanently assigned to work at Los Angeles County High Desert Health Systems (Palmdale or Lancaster) shall receive a 5.5% of the base salary on the appropriate D schedule. The bonus shall not constitute base rate.	(a)	—	This assignment bonus is available to any Mental Health Psychiatrists (Item #4735) permanently assigned to work as Los Angeles County High Desert Health Systems (Palmdale or Lancaster) on the appropriate D schedule. This bonus includes earnings based on the "average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay," and is included under 31461(a).

**Attachment: Newly Discovered or Newly Created Codes
reviewed under Section 31461 and 7522.34**

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
INCLUDED under Section 31461					
389	MENTAL HEALTH PSYCHIATRIST BOARD CERTIFICATION – MORE THAN ONE SPECIALITY	<p>Mental Health Psychiatrists (Item No. 4735) who are Board-Certified in Child Psychiatry, and/or Addiction Psychiatry, and/or Forensic Psychiatry, and/or Addiction Medicine, shall receive 2.75% of the base salary on the appropriate D schedule. The bonus shall not constitute a base rate.</p> <p>In no case shall a Mental Health Psychiatrist receive more than the 2.75% in this section.</p>	(a)	—	<p>This flat-rate monthly percentage bonus is available to Mental Health Psychiatrists (Item #4735) who are Board-Certified in Child Psychiatry, and/or Addiction Psychiatry, and/or Forensic Psychiatry, and/or Addiction Medicine, on the appropriate D schedule. The job specifications for these positions require completion of a residency approved by an American Specialty Board in psychiatry or equivalent training recognized by such Board AND a California State Physician and surgeon's Certificate authorized by the Board of Medical Examiners of the State of California.</p> <p>This bonus includes earnings based on the "average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay," and is included under 31461(a).</p>
619	CERTIFIED ACCESS SPECIALIST	<p>Any permanent full-time Building Engineering Inspector, Senior Building Engineering Inspector, District Building and Safety Engineering Associate, Supervising Building and Safety Engineering Specialist, Associate Civil Engineer, Civil Engineer, Senior Civil Engineer, Head Building Inspector, Building Inspector I, Building Inspector II, Building Inspector III, and Building Inspector IV who holds a State of California Certified Access Specialist certification and who is assigned by management to duties requiring the knowledge and skills acquired from such certification in/her assignment, is eligible for a monthly bonus of \$250.00.</p>	(a)	—	<p>This flat-amount monthly bonus is available to any permanent full-time Building Engineering Inspector (Item #4171), Senior Building Engineering Inspector (Item #4175), District Building and Safety Engineering Associate (Item #4183), Supervising Building and Safety Engineering Specialist (Item #4187), Associate Civil Engineer (Item #3433), Civil Engineer (#3435), Senior Civil Engineer (#3436), Head Building Inspector (Item #4180), Building Inspector I (Item #4169), Building Inspector II (Item #4173), Building Inspector III (Item #4177), and Building Inspector IV (Item #4179) who holds a State of California Certified Access Specialist certification.</p> <p>This bonus includes earnings based on the "average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay," and is included under 31461(a).</p>

**Attachment: Newly Discovered or Newly Created Codes
reviewed under Section 31461 and 7522.34**

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
INCLUDED under Section 7522.34					
346	HAZARD MATERIALS II EMERGENCY OPERATIONS ASSIGNMENT	Employees in the classification of Hazardous Materials Specialist II (HMS II) (Item #4401) who are assigned to work in the Emergency Operations Section shall receive a bonus of twenty-two (22) standard salary levels (approximately 5.5%). The purpose and intent of this section is to convert existing additional responsibilities bonuses received by the Hazardous Materials Specialist II (HMS II) in the Emergency Operations Section.	—	(a)	This assignment bonus is available to all Hazardous Materials Specialist II (HMS II) (Item #4401) who are designated to work in the Emergency Operations Section. Since all similarly situated HMS II employees are entitled to this bonus, which is included in the public pay schedule and paid during normal working hours, these earnings are included under 7522.34(a).
362	PARAMEDIC COORDINATOR / EMS CAPTAIN	Paid to Fire Captains regularly assigned and certified as required by the department to the job of Paramedic Coordinator in the Emergency Medical Services section of the Fire Department. Paid at a rate of twenty (20) standard salary levels on the public salary schedule.	—	(a)	This assignment bonus is available to Fire Captains (Item #0205) who are designated to work in the Emergency Medical Services section. Since all similarly situated Fire Captains in this section are entitled to this bonus, which is included in the public pay schedule and paid during normal working hours, these earnings are included under 7522.34(a).

**Attachment: Newly Discovered or Newly Created Codes
reviewed under Section 31461 and 7522.34**

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
EXCLUDED under Section 7522.34					
381	DENTAL PROFESSIONALS BOARD CERTIFICATION BONUS	<p>Any person appointed to the position of Dentist (Item #4763), Senior Dentist (Item #4766), or Dental Specialist (Item #4767), who has obtained certification by the American Dental Association, the American Board of General Dentistry, or a nationally recognized Dental Board (approved by the Department) in the specialty to which he/she are assigned, shall receive a 2% bonus.</p> <p>The Board Certification Bonus will become effective the first pay period following written proof by the employee, in the form of an official copy of the certification received, being submitted to the departmental Human Resource Office.</p> <p>Bonus pay shall be effective so long as the board certification remains active and/or the employee's assignment in said specialty continues. Should an employee's certification become inactive and/or should the employee no longer be assigned to said specialty, the bonus pay shall cease effective the last date of active status and/or the last date of specialty assignment.</p> <p>Compensation pursuant to this section shall not constitute a base rate.</p>	—	(c)(11) (c)(10)	<p>This flat-rate monthly percentage bonus is available to the following items, Dentist (Item #4763), Senior Dentist (Item #4766), or Dental Specialist (Item #4767), who have obtained certification by the American Dental Association, the American Board of General Dentistry, or a nationally recognized Dental Board (approved by the Department). The job specifications for these positions require a California license to practice dentistry issued by the Dental Board of California AND a Radiation Safety License issued by the Dental Board of California OR a certificate of compliance from an approved Board course in radiation safety. Dental Professional Board Certification is not an essential requirement of the positions.</p> <p>All similarly situated employees are not entitled to this bonus, and the form of compensation is not found in the public pay schedule and, therefore, it is excluded under 7522.34(c)(11). In addition, this is a bonus is paid in additional to compensation and is excluded under 7522.34(c)(10).</p>
384	HIGH DESERT HEALTH ASSIGNMENT BONUS	<p>Any Mental Health Psychiatrists (Item No. 4735) permanently assigned to work at Los Angeles County High Desert Health Systems (Palmdale or Lancaster) shall receive a 5.5% of the base salary on the appropriate D schedule. The bonus shall not constitute base rate.</p>	—	(c)(10) (c)(11)	<p>This assignment bonus is available to any Mental Health Psychiatrists (Item #4735) permanently assigned to work as Los Angeles County High Desert Health Systems (Palmdale or Lancaster) on the appropriate D schedule.</p> <p>This is a bonus is paid in additional to compensation and is excluded under 7522.34(c)(10). This bonus applies to all similarly situated Mental Health Psychiatrists; however, the form of compensation is not found in the public pay schedule and it is excluded under 7522.34(c)(11).</p>
389	MENTAL HEALTH PSYCHIATRIST BOARD CERTIFICATION – MORE THAN ONE SPECIALITY	<p>Mental Health Psychiatrists (Item No. 4735) who are Board-Certified in Child Psychiatry, and/or Addiction Psychiatry, and/or Forensic Psychiatry, and/or Addiction Medicine, shall receive 2.75% of the base salary on the appropriate D schedule. The bonus shall not constitute a base rate.</p> <p>In no case shall a Mental Health Psychiatrist receive more than the 2.75% in this section.</p>	—	(c)(11) (c)(10)	<p>This flat-rate monthly percentage bonus is available to Mental Health Psychiatrists (Item #4735) who are Board-Certified in Child Psychiatry, and/or Addiction Psychiatry, and/or Forensic Psychiatry, and/or Addiction Medicine, on the appropriate D schedule. The job specifications for these positions require completion of a residency approved by an American Specialty Board in psychiatry or equivalent training recognized by such Board AND a California State Physician and surgeon's Certificate authorized by the Board of Medical Examiners of the State of California. Mental Health Psychiatrist Board Certification is not an essential requirement of the position.</p> <p>All similarly situated employees are not entitled to this bonus, and the form of compensation is not found in the public pay schedule and, therefore, it is excluded under 7522.34(c)(11). In addition, this is a bonus is paid in additional to compensation and is excluded under 7522.34(c)(10).</p>

**Attachment: Newly Discovered or Newly Created Codes
reviewed under Section 31461 and 7522.34**

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
EXCLUDED under Section 7522.34					
619	CERTIFIED ACCESS SPECIALIST	Any permanent full-time Building Engineering Inspector, Senior Building Engineering Inspector, District Building and Safety Engineering Associate, Supervising Building and Safety Engineering Specialist, Associate Civil Engineer, Civil Engineer, Senior Civil Engineer, Head Building Inspector, Building Inspector I, Building Inspector II, Building Inspector III, and Building Inspector IV who holds a State of California Certified Access Specialist certification and who is assigned by management to duties requiring the knowledge and skills acquired from such certification in/her assignment, is eligible for a monthly bonus of \$250.00.	—	(c)(11) (c)(10)	<p>This flat-amount monthly bonus is available to any permanent full-time Building Engineering Inspector (Item #4171), Senior Building Engineering Inspector (Item #4175), District Building and Safety Engineering Associate (Item #4183), Supervising Building and Safety Engineering Specialist (Item #4187), Associate Civil Engineer (Item #3433), Civil Engineer (#3435), Senior Civil Engineer (#3436), Head Building Inspector (Item #4180), Building Inspector I (Item #4169), Building Inspector II (Item #4173), Building Inspector III (Item #4177), and Building Inspector IV (Item #4179) who holds a State of California Certified Access Specialist certification.</p> <p>A State of California Certified Access Specialist certification is not an essential requirement of the listed positions. All similarly situated employees are not entitled to this bonus, and the form of compensation is not found in the public pay schedule and, therefore, it is excluded under 7522.34(c)(11). In addition, this is a bonus is paid in additional to compensation and is excluded under 7522.34(c)(10).</p> <p>The job specifications for Item #4171 require a valid certification as Building Inspector AND a valid certification in one of the following: Electrical, Plumbing, or Mechanical Inspector from a recognized code certification organization in a code used by the County of Los Angeles. Item #4175, #4183, & #4187 require a valid certification as a Combination Inspector from a recognized code certification organization in a code used by the County of Los Angeles. Item #3433, #3435, & #3436 require a California State Certificate of Registration as a Civil Engineer. Item #4169 requires a valid certification from the International Code Council (ICC) as a Building Inspector or equivalent inspector certification. Item #4173, & #4177 require a valid certification from the International Code Council (ICC) as a Building Inspector or equivalent inspector certification AND a valid ICC certification or equivalent certification in one of the following areas: Electrical Inspector, Plumbing Inspector, or Mechanical Inspector. Item #4179 requires a valid certification</p>



April 20, 2016

TO: Each Member
Board of Retirement

FROM: Gregg Rademacher 
Chief Executive Officer

FOR: Meeting of May 5, 2016

SUBJECT: SACRS OFFICER ELECTIONS AND BUSINESS AGENDA ITEMS

The State Association of County Retirement Systems (SACRS) will be holding a business meeting during their semi-annual conference on May 13, 2016. SACRS will be asking LACERA's voting delegate to provide direction on the SACRS officer election, SACRS sponsored legislation, and amendments to SACRS Bylaws. Excerpts from the SACRS business package are attached for your reference.

SACRS Officer Election

The SACRS Nominating Committee recommends the following SACRS officer slate for the 2016-2017 year:

Position	Nominee	County
President	Dan McAllister	San Diego CERA
Vice President	Gabe Rodrigues	Contra Costa CERA
Treasurer	Larry Walker	San Bernardino CERA
Secretary	Art Goulet	Ventura CERA

There were no other candidates nominated by the retirement systems. Staff recommends the Board support the SACRS Nominating Committee slate of officers.

SACRS Sponsored Legislation

The SACRS Legislative Committee is re-presenting two legislative proposals for the SACRS membership's consideration on whether the proposals should be sponsored by SACRS. The first, known as the "1937 Act Operating Authority" or "Modernization of County Retirement System Operating Authority," is a proposal to enable county retirement systems to operate as independent districts. The second, known as "Sworn Statement Requirement," is a proposal to

enable a plan sponsor to electronically enroll their employees with the retirement system without having the employee complete a sworn statement form.

Both proposals were previously presented by SACRS for their membership's consideration at the SACRS November 2015 business meeting. The Board of Retirement considered the proposals at the November 2015 Board of Retirement meeting and provided direction to its voting delegate to support both proposals being sponsored by SACRS. Subsequently, SACRS pulled the proposals from their November 2015 business meeting as the SACRS membership requested to see the "1937 Act Operating Authority" proposal "in print" prior to making a decision.

When the draft "1937 Act Operating Authority" bill (AB 1853) became available, the Board of Retirement and the Board of Investments directed staff to submit amendments to ensure LACERA's dual board governance structure is effectively addressed. These amendments are presented for the Board of Retirement's consideration under a separate agenda item for the Board to consider its LACERA legislative position, with a staff recommendation to support AB 1853.

The "Sworn Statement Requirement" proposal is included in Assembly Bill 2376, and your Board took action to support AB 2376 at your April 2016 meeting. Staff recommends the Board direct its SACRS voting delegate to support both proposals being sponsored by SACRS.

SACRS Bylaws Amendment

The SACRS Bylaws Committee is forwarding Bylaws amendments to clarify who may serve as an "alternate delegate" when conducting SACRS business. Staff recommends supporting the SACRS Bylaws amendments.

IT IS THEREFORE RECOMMENDED the Board of Retirement direct its SACRS voting delegate to:

1. Support the SACRS Nominating Committee slate of officers.
2. Support SACRS sponsoring Assembly Bill 1853 addressing 1937 Act Operating Authority and Assembly Bill 2376 addressing sworn statement requirements.
3. Support the SACRS Bylaws Committee amendments to the SACRS Bylaws.

ATTACHMENTS



SACRS MEMORANDUM

March 31, 2016

Attn: SACRS Administrators
From: Raymond McCray, SACRS Nominating Committee Chair
SACRS Nominating Committee
Re: SACRS Board of Directors Elections 2016-2017 – Final Ballot

Per SACRS Bylaws, Article VI ~ Section 2 – Election, Qualification and Term of Office

“The officers of SACRS shall be regular members of SACRS. The officers shall be elected by majority vote of the quorum of delegates and alternate delegates present at the first meeting in each calendar year and shall hold office for one (1) year and until a successor is elected.”

Per SACRS Bylaws, Article VI ~ Section 4 - Officer Elections

“...The Board of any regular member County Retirement System may submit write-in candidates to be included in the Nominating Committee’s final ballot provided the Nominating Committee receives those write-in candidates prior to March 25th. The Nominating Committee will report a final ballot to each regular member County Retirement System prior to April 1.

The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee’s recommended ballot and final ballot to each trustee and placing the election of SACRS Officers on his or her Board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee...”

Below is the final ballot for the upcoming election. As in the past, a voting delegate may entertain a motion to vote by individual officer positions or by complete ballot. Please be sure to authorize your voting delegate to vote either way.

The elections will be held at the upcoming SACRS Spring Conference May 10-13, 2016 at the Westin South Coast Plaza Hotel in Costa Mesa. Elections will be held during the Annual Business meeting on Friday, May 13, 2016.

Please distribute the ballot to all standing/eligible board members for approval and authorization for your voting delegate. As stated above, Administrators are required to send acknowledgement of completion to our office at sulema@sacrs.org.

Continued



SACRS

State Association of County Retirement Systems

Staff * Trustees * Affiliates * Success
A California Non Profit Corporation

SACRS Nominating committee recommended 2016-2017 final ballot:

- President Dan McAllister, San Diego CERA
- Vice President Gabe Rodrigues, Contra Costa CERA
- Treasurer Larry Walker, San Bernardino CERA
- Secretary Art Goulet, Ventura CERA

If you have any questions or require assistance, please contact me directly at 209-468-2163 or raym1@sbcglobal.net. Thank you for your prompt attention to this timely matter.

Sincerely,

Raymond McCray

Raymond McCray, San Joaquin County
SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Administrator

RMC:shp

AB 1853 – MODERNIZATION OF COUNTY RETIREMENT SYSTEM OPERATING AUTHORITY

AB 1853 would authorize the retirement boards that govern the twenty county public employee retirement systems operating under the County Employees' Retirement Law of 1937 (1937 Act or CERL) to modernize the operating authority structure for their system so that they can continue to fulfill their mission and meet the fiduciary responsibilities they owe to their stakeholders. County retirement systems are much larger and more complex than when they were established in the years following passage of the 1937 Act. The environment in which county retirement systems operate is also considerably more complex than when the retirement systems were first established. As a result, in many cases the operating authority structure established in 1937 is no longer effectively aligned with the duties of the retirement system. AB 1853 would address this disconnect between authority and responsibilities by allowing the retirement board to shift to one of three alternative operating authority structures within the 1937 Act. Changing from the retirement system's current operating authority structure would be permitted, but not mandated. The decision of which operating authority structure to use would be made by the retirement board based on the retirement board's fiduciary judgment of what is in the best interests of the participants of the retirement system.

What Does Operating Authority Mean?

The term 'operating authority' encompasses the wide array of decisions that must be made in administering 1937 Act retirement systems. The key decisions that present problems under the current operating authority structure are: (1) Establishing the appropriate staffing levels and staffing structure for the retirement system; (2) Establishing the appropriate job descriptions and duties for the necessary staff; and (3) Establishing the terms and conditions of employment of necessary staff, including appropriate levels and forms of compensation.

The 'default' operating authority structure for 1937 Act retirement systems is established via various provisions in the 1937 Act, many of which literally date from 1937. In the beginning, the retirement systems were small, simple operations within the County Treasurer and Tax Collector's office. At that time, and for a number of years after, the retirement systems had fewer members and lower levels of assets under management; the benefit plans and operating rules were simpler; and the financial markets were not as complex, sophisticated and global in nature. In that operating environment it made sense to have decisions such as those noted above be made through the same processes as those used for the rest of county government. This meant the county was deemed to be the employer of retirement system personnel and that final decisions regarding staffing levels, staff structure, job descriptions and duties, and compensation rested with the Board of Supervisors, implemented through salary resolutions and/or job classifications established under the county Civil Service structure.

Today, a 1937 Act retirement system is a very different entity. County retirement systems have evolved and grown into autonomous organizations, serving thousands of members, managing billions of dollars in assets, and operating a highly specialized business that is unique relative to the rest of county government. The retirement systems are staffed by knowledgeable pension professionals and governed by retirement boards that focus their expertise and experience on fulfilling the mission of the organization.

In recognition of this and the importance of having uncompromised decisions with respect to the long term obligations of the retirement system, in 1992 the voters approved an amendment to the California Constitution (Article XVI, Section 17), which placed both the fiduciary responsibility and the plenary authority for the administration of the retirement system on the governing retirement board. Consistent with this delegation of authority and grant of responsibility, the budget for the retirement system is established by the retirement board and the funding for that budget is drawn fully from the assets of the pension trust.

Unfortunately, however, the legacy operating authority structure under the 1937 Act has largely failed to keep up with these developments. Over time, certain key personnel at the retirement system were designated as employees of the system, with the retirement board setting the terms and conditions of employment, but the implementation of those decisions continues to require action by the Board of Supervisors. Similarly, broader decisions regarding staffing levels, staff structure, job descriptions and duties, and compensation made in the first instance by the retirement board continue to require implementation by the Board of Supervisors. In some cases, this has resulted in the fiduciary decisions of the retirement board not being implemented, complicating the ability of the retirement system to carry out its duties.

Given this situation, beginning in 2003, 1937 Act systems began efforts to gain a more modernized operating authority structure. The primary mechanism for achieving this was to make the retirement system a separate employer participating in the retirement system from the county, thereby making the retirement board the final decision maker and implementer of certain personnel matters.

How Has Operating Authority Evolved Under the 1937 Act?

The first system to establish a different operating authority structure within the 1937 Act was the Orange County Employees' Retirement System (OCERS).^{*} Under the OCERS operating authority model, the management personnel of OCERS are deemed to be employees of OCERS, and the OCERS Board establishes the positions and terms of employment for those positions.

In 2004, the San Bernardino County Employees' Retirement Association (SBCERA) obtained legislative approval to operate under the same operating authority model. Then, in 2006, SBCERA gained legislative approval of a new operating authority model, which expanded the category of SBCERA employees to those positions deemed to require

specialized retirement system knowledge or expertise, the practical effect of which was to allow virtually all SBCERA personnel to be SBCERA employees.

Between 2006 and 2012 efforts were initiated by other 1937 Act systems to follow a similar track as OCERS and SBCERA, but for various political reasons, those efforts were not successful.

Then, in 2012, the Contra Costa County Employees' Retirement Association (CCCERA) entered into litigation with Contra Costa County regarding the scope of CCCERA's operating authority. As part of the settlement of that litigation, legislation was approved that designated CCCERA as the employer of all personnel at CCCERA.

This was followed in 2015 by legislation giving the Ventura County Employees' Retirement Association (VCERA) operating authority over a set of identified executive management positions.

In sum, under the 1937 Act, there are now four models that re-allocate operating authority relative to the legacy 1937 Act structure, with the scope of that re-allocation increasing as follows: (1) The VCERA model; (2) The OCERS model; (3) The SBCERA model; and (4) The CCCERA model.

*The Los Angeles County Employees' Retirement Association (LACERA) has had an operating authority agreement with Los Angeles County for many years, under which the county recognizes the authority of the LACERA Board over the administration of the retirement system and further agrees to take any ministerial action necessary to implement the decisions made by the LACERA Board. As a result of this agreement, LACERA has not needed to pursue a change in operating authority under the 1937 Act.

What Would AB 1853 Do?

As reflected by the discussion above, the efforts to-date to obtain modernized operating authority have been made on a system-by-system basis. Those efforts were largely driven by the recognition by those systems that they had reached a 'tipping point,' where their size and the scope of their responsibilities required that operational decisions needed to be addressed in a different manner.

This perspective gained more wide spread acceptance with the passage of PEPRA. The drafters of PEPRA recognized that the new duties imposed on 1937 Act systems by PEPRA increased the potential conflicts of interest between the retirement systems and the dominant participating employer, the county. The drafters further recognized that the legacy operating authority model could be used to compromise the ability of a 1937 Act system to carry out its responsibilities. For that reason, early drafts of PEPRA authorized 1937 Act system retirement boards to shift to a different operating authority model. This change did not ultimately make it into the final version of PEPRA, but it continues to be viewed as a sensible measure to protect the ability of the 1937 Act retirement systems to carry out their duties.

AB 1853 addresses the growing realization that change in operating authority is necessary, widely desired across the 1937 Act systems, and will produce beneficial results for all the stakeholders of these systems. AB 1853 would remove the need for pursuing ongoing piecemeal modernization of operating authority by putting in place a standing mechanism for 1937 Act retirement boards to take such steps if and when they believe it is in the best interests of the participants in the system.

Under AB 1853 the individual system retirement boards can decide if they want to shift from their current operating authority model to one of the three main operating authority options in the 1937 Act – i.e., the OCERS, SBCERA or CCCERA operating authority structures. This decision would be at the discretion of each retirement board, with no approval or concurrence required by the county. At the same time, the retirement board is also free to coordinate/collaborate with the county in any such decision as it sees fit, and the retirement board is not required to change its operating authority model if it does not deem it advisable.

Flexibility rather than imposing a ‘one size fits all’ solution is a key component of AB 1853, with the right fit determined by each system. If systems are happy where they are, they can stay there. If systems want to change, there are options for how far they go, again contingent on what works best for their circumstances.

Another key component of AB 1853 is that the question of appropriate operating authority is not a ‘one and done’ decision. For example, a system can choose to start at the smaller end of the operating authority spectrum and then expand that authority if and when they believe it makes sense. This approach essentially allows a system to ‘test and verify’ that a change in operating authority works, and to be able to illustrate that as support for any subsequent increase in operating authority.

AB 1853 also contains various provisions that protect the rights of the retirement system personnel that would shift from being county employees to retirement system employees, including the right to be represented and the right to participate in any employee benefit plans and programs available to county employees.

What will Not Change Under AB 1853?

When the 1937 Act systems began to move out of the Treasurer/Tax Collectors’ office and become more autonomous, some people predicted that it would be disastrous. That did not happen then and, as evidenced by the experience in those systems that have already changed their operating authority model, will not happen now.

- The governance of the retirement systems will remain the same, with all the stakeholders having the same degree of representation and oversight as they have now. If a retirement board acts irresponsibly, the stakeholders can change its members.

- Transparency and accountability will not change. The 1937 Act contains a cap on administrative expenses, which will continue to be in effect. Meetings and records will still be public. Budgets will be public. Salaries will be public.
- Retirement board members will continue to be liable as fiduciaries for the decisions they make.

How will the Stakeholders of the Retirement System Benefit from AB 1853?

AB 1853 will allow the 1937 Act retirement systems to establish the staff structure and staffing levels necessary to successfully carry out their responsibilities. It will also enable the retirement system to attract and retain the skilled professionals necessary to successfully execute those responsibilities.

The ability to operate a more sophisticated investment program will benefit participating employers (and the taxpayers) through better investment returns and lower risk, resulting in lower employer cost. A stronger investment program will also benefit active members and retirees, by helping to maintain the funded status of the plan, thereby protecting their retirement security.

Appropriate staffing levels will benefit both employers and system participants through better customer service.

YEAR 2016 SACRS LEGISLATIVE PLATFORM WORKSHEET

PLEASE COMPLETE AND RETURN BY SEPTEMBER 4, 2015

Title of Issue: Sworn Statement Requirement

Association: San Diego County Employees Retirement Association (SDCERA)

Contact Person: Johanna Shick, Chief Service Officer
Elaine Reagan, Chief Legal Officer

Phone #: 619.515.6815
619.515.6804

Fax #: 619.515.5071
619.515.5067

Please answer the following questions as fully as possible:

1. Description of issue.

Government Code §31526 states “The regulations shall include provisions: (a) For the election of officers, their terms, meetings, and all other matters relating to the administrative procedure of the board. (b) For the filing of a sworn statement by every person who is or becomes a member, showing date of birth, nature and duration of employment with the county, compensation received, and such other information as is required by the board. (c) For forms of annuity certificates and for such other forms as are required.”

Some retirement systems receive date of birth, nature and duration of employment with the county and compensation automatically via electronic payroll feed from the County. At the time the statute became effective in 1947 electronic payroll feeds did not exist, making the collection of this information critical for enrolling members into the system.

When counties automatically enroll eligible employees into the retirement system, and collect and report to the retirement system the required information, the requirement of collecting a sworn statement from each eligible employee is duplicative and unnecessary. Further, requiring the collection of a sworn statement from each eligible employee creates compliance issues and inefficiencies. Because not all employees return their sworn statements, additional staff time and resources must be expended to obtain the form from employees in order to comply with Government Code §31526; however, the retirement system already has the necessary information from the employer via the payroll feed.

2. Recommended solution.

Add language that would allow counties to collect members' date of birth, nature and duration of employment with the county, and compensation received from the employer in lieu of requiring the member to complete a sworn statement. This would enable those counties that have implemented procedures to automatically enroll eligible employees into the retirement system, and collect and report the required information to the retirement system automatically to streamline processes, thus making the administration of the benefit more efficient and bringing statute in alignment with modern-day technology.

3. Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers.

§31526: The regulations shall include provisions: (a) For the election of officers, their terms, meetings, and all other matters relating to the administrative procedure of the board. (b) For the filing of a sworn statement by every person who is or becomes a member, showing date of birth, nature and duration of employment with the county, compensation received, and such other information as is required by the board or, alternatively and in lieu of a sworn statement, for such information to be provided by the member's employer to the retirement association in a form to be determined by the retirement association. (c) For forms of annuity certificates and for such other forms as are required.

4. Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association?

The requested addition to Government Code §31526 affects all CERL systems, not only SDCERA.

5. Do you anticipate that the proposed legislation would create any major problems, such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations?

No

6. Who will support or oppose this proposed change in the law?

The proposed amendment is unlikely to raise opposition as it is designed to allow the status quo for those systems that prefer it. It does not prohibit systems from continuing to use sworn statements; it simply allows those systems gathering this information electronically to streamline their processes and more reliably collect the information.

7. Who will be available from your association to testify before the Legislature?

Johanna Shick, Chief Service Officer
Elaine Reagan, Chief Legal Officer

E-mail or mail your legislative proposals to:

Jim Lites
California Strategies, LLC
980 9th Street, Suite 2000
Sacramento, CA 95814
Phone: (916) 266-4575
Email: jlites@calstrat.com

April 1, 2016

To: SACRS Membership
From: Vivian Gray, SACRS Bylaws Committee Chair
SACRS Bylaws Committee
Re: Amendment to SACRS Bylaws – Article IV- Delegates

At the request of Tulare CERA (TCERA), the Bylaws committee was asked to review TCERA's concerns regarding who may serve as an "Alternate Delegate" at SACRS Business meetings. After thoughtful review, the Bylaws committee determined that additional clarification would be helpful. The Committee developed the following language, enlisted SACRS Attorney to review and presented to the Board of Directors in September. SACRS attorney certified the language conforms with the Bylaws and presents no conflicts.

The following amendments to the SACRS Bylaws are being proposed for the Membership's approval: (~~delete language~~, new language)

Article IV- DELEGATES

Section 2-- Alternate Delegates

Alternate delegates may be designated in writing by the member County Retirement Board. ~~All alternates shall be regular members consistent with Article III, Section 1(a) herein.~~

Insert New Section 3.

Section 3-- Voting by Delegates/Alternate Delegates

Voting delegates serve as a proxy ~~vote~~ for their ~~system~~ respective County Retirement System. The delegate or alternate delegate shall vote ~~according to the direction of~~ as directed by their respective County Retirement System.

Section 3—Credentials will need to be amended as well to reflect the additional section.

Renumber Credentials:

Section 4--Credentials

9. SACRS Committee & Breakout Reports:

Committee	Chair	Breakout Reports	Representative
Affiliate	Michael Bowman	Administrators	Linda Webb
Audit	Steve Delaney	Attorneys	David Lantzer
Bylaws	Vivian Gray	Disability	Cristal Rodriguez
Education	Christie Porter	Internal Auditors	Harsh Jadhav
Legislative	Richard Stensrud	Investment Officers	Steve Marsh
Nomination	Ray McCray	Ops & Benefits	Jeannine Smart
Program	Gabe Rodrigues	Safety Trustees	Tracy Towner
		General Trustees	Vivian Gray

Next scheduled SACRS Association Business Meeting will be held Friday, November 11, 2016, at the Renaissance Esmeralda Resort & Spa, Indian Wells, CA.

April 20, 2016

FOR INFORMATION ONLY

TO: Each Member
Board of Retirement

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: May 5, 2016 Board of Retirement Meeting

SUBJECT: **Assembly Bill 1812 – Benefit Limits**

Your Board adopted an “Oppose” position on Assembly Bill 1812 on April 6, 2016. The bill would establish two limits to the payment of retirement benefits for members of public retirement systems: \$100,000 for those members whose service is not covered by Social Security and \$80,000 for those members whose service is covered by Social Security.

The limits would apply to all state and local public retirement systems except for the University of California Retirement System and any retirement systems created for a charter city or charter county. Since LACERA was created for the charter county of Los Angeles, the limits would not apply to our system but would apply to the retirement systems created for general law counties under the County Employees Retirement Law of 1937.

The bill was scheduled for hearing on April 6, 2016. Our legislative advocate, Joe Ackler, informed us that the bill was pulled off the calendar and not heard. It is his understanding that the author does not intend to pursue the bill this year.

Staff will continue to monitor this bill.

Reviewed and Approved:



Steven P. Rice, Chief Counsel



Documents not attached are exempt from disclosure under the California Public Records Act and other legal authority.

**For further information, contact:
LACERA
Attention: Public Records Act Requests
300 N. Lake Ave., Suite 620
Pasadena, CA 91101**



Documents not attached are exempt from disclosure under the California Public Records Act and other legal authority.

**For further information, contact:
LACERA
Attention: Public Records Act Requests
300 N. Lake Ave., Suite 620
Pasadena, CA 91101**



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**For further information, contact:
LACERA
Attention: Public Records Act Requests
300 N. Lake Ave., Suite 620
Pasadena, CA 91101**



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