



Stanislaus County Employees' Retirement Association

832 12th Street, Ste. 600, Modesto, CA 95354 • PO Box 3150, Modesto, CA 95353 • www.stancera.org • 209-525-6393 • 209-558-4976 Fax

AGENDA

BOARD OF RETIREMENT

832 12th Street Ste. 600, **Wesley W. Hall Board Room**
Modesto, CA 95354

October 22, 2019

1:30 p.m.

The Board of Retirement welcomes you to its meetings, which are regularly held on the fourth Tuesday of each month. Your interest is encouraged and appreciated.

CONSENT/ACTION ITEMS: Consent matters include routine administrative actions and are identified under the Consent Items heading. All other items are considered to be action items "Action" means that the Board may dispose of any item by any action, including but not limited to the following acts: approve, disapprove, authorize, modify, defer, table, take no action, or receive and file.

PUBLIC COMMENT: Matters under jurisdiction of the Board, may be addressed by the general public before or during the regular agenda. However, California law prohibits the Board from taking action on any matter which is not on the posted agenda unless it is determined an emergency by the Board of Retirement. Any member of the public wishing to address the Board during the "Public Comment," period shall be permitted to be heard once up to three minutes. Please complete a Public Comment Form and give it to the Chair of the Board. Any person wishing to make a presentation to the Board must submit the presentation in written form, with copies furnished to all Board members. Presentations are limited to three minutes.

BOARD AGENDAS & MINUTES: Board agendas, minutes and copies of items to be considered by the Board of Retirement are customarily posted on the Internet by Friday afternoon preceding a meeting at the following website: www.stancera.org.

Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection at StanCERA, 832 12th Street, Suite 600, Modesto, CA 95354, during normal business hours.

AUDIO/VIDEO: All Board of Retirement regular meetings are audio and visually recorded. Audio/Video recordings of the meetings are available after the meetings at <http://www.stancera.org/agenda>.

NOTICE REGARDING NON-ENGLISH SPEAKERS: Board of Retirement meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

REASONABLE ACCOMMODATIONS: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary at (209) 525-6393. Notification 72 hours prior to the meeting will enable StanCERA to make reasonable arrangements to ensure accessibility to this meeting.

1. Call Meeting to Order
2. Pledge of Allegiance
3. Roll Call
4. Announcements
5. Public Comment
6. Consent Items
 - a. Approval of the September 24, 2019 Meeting Minutes [View](#)
 - b. Monthly Staff Report [View](#)
 - c. Investment Matrix [View](#)
 - d. Complaint Log [View](#)
 - e. Applications for Service Retirement(s) – **Government Code Sections 31499.14, 31670, 31662.2 & 31810**
 1. Brockman, Elena – Assessor – Effective 10-12-19
 2. Christeson, Brenda – CEO – Effective 10-12-19
 3. Collins, Ronald – City of Ceres– Effective 10-20-19 *
 4. Dean, Suzanne – City of Ceres – Effective 10-05-19
 5. Hansen, Rolayne – HSA – Effective 09-25-19
 6. Harwood, Janet – Workforce Dev – Effective 09-19-19
 7. Hubert, Theresa – Library – Effective 10-01-19
 8. McCoy, Betina – City of Ceres – Effective 10-20-19
 9. Miler, James – Probation – Effective 10-03-19 *
 10. Moore, Lisa – DCSS – Effective 10-09-19

11. Moran, Cynthia – DA – Effective 10-12-19
12. Pease, Vicki – HSA – Effective 10-02-19
13. Phillips, Cheryl – Clerk Recorder – 09-20-19
14. Rodriguez, Rodrigo – Library – 10-02-19
15. Romero, Beatriz – DCSS – 10-26-19
16. Rose, Barbara – CSA – 10-11-19

** Indicates Safety Personnel*

f. Applications for Deferred Retirement(s) – **Government Code Section 31700**

1. Beeson, Regina – Probation – Effective 08-26-19 *
2. Betyordekorn, Sweney – CSA – Effective 02-07-19
3. Cuevas-Rabago, Jose – Sheriff – Effective 07-12-19 *
4. Delisle, Randall – BHRS – Effective 08-02-2019
5. Elness, Bryon – City of Ceres – Effective 08-04-2000 *
6. Erickson, Maureen Ann – HSA – Effective 09-27-19
7. Garcia, Alejandra – BHRS – Effective 08-02-19
8. Khatami, Katy – Stan Reg 911 – Effective 09-26-19
9. Silveira, Alison – Sheriff – Effective 03-21-19
10. Tam, Julian – ER – Effective 02-22-19
11. Vieira, Allison – Sheriff – Effective 03-21-19
12. Vieira, Nathaniel – Ag Comm – Effective 07-12-19

** Indicates Safety Personnel*

g. Application of Death Benefit – **Government Code Section 31781, 31781.1, 31781.3**

1. Maldonado, Irma – CSA – Non-Service Connected – Effective 09-21-19 – Active Member

h. Information Technology Solutions (ITS) Project Update

Agenda Item [View](#) Attachment 1 [View](#)

i. 2019 Executive Director Goals Update - Quarter 3

Agenda Item [View](#) Attachment 1 [View](#)

7. Verus – Investment Consultant

- a. September Flash Report [View](#)

8. Investment

- a. Review of SACRS Systems Performance Reporting Agenda Item [View](#)

9. Administrative

- a. Memorandum of Understanding Between Stanislaus County and StanCERA Regarding the Replacement Benefits Plan

Agenda Item [View](#) Attachment 1 [View](#) Attachment 2 [View](#)

- b. SACRS 2019 Fall Business Meeting and Voting Delegates Agenda Item [View](#)

Attachment 1 [View](#) Attachment 2 [View](#) Attachment 3 [View](#) Attachment 4 [View](#)

10. Closed Session

- a. Review of Legal Services provided by General Legal Counsel
Government Code Section 54957(b)(4)
- b. Conference with Legal Counsel – Pending Litigation – One Case:
O'Neal et al v. Stanislaus County Employees' Retirement Association
Stanislaus County Superior Court Case No. 648469
Government Code Section 54956.9(d)(1)
- c. Conference with Legal Counsel – Pending Litigation – One Case:
Stanislaus County Employees' Retirement Association v. Buck Consultants,
LLC, Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
Government Code Section 54956.9d)(4)

11. Members' Forum (Information and Future Agenda Requests Only)

12. Adjournment



BOARD OF RETIREMENT MINUTES
September 24, 2019

1. Call Meeting to Order

Meeting called to order 1:30 p.m. by Trustee DeMartini, Chair

2. Pledge of Allegiance

3. Roll Call

Trustees Present: Darin Gharat, Mike Lynch, Sam Sharpe, Jim DeMartini, Donna Riley, Jeff Grover, Michael O'Neal, Jeff Mangar and Mandip Dhillon

Trustees Absent: None

Alternate Trustee: Rhonda Biesemeier, Alternate Retiree Representative

Staff Present: Rick Santos, Executive Director
Natalie Elliott, Fiscal Services Manager
Kellie Gomes, Executive Board Assistant
Stan Conwell, Retirement Investment Officer

Others Present: Fred Silva, General Legal Counsel
Eileen Neil, Verus Investment Consultant

4. Announcements

Stan Conwell announced that the first Private Market commitment is on the consent calendar today and that the supporting documents are available should a trustee like to request a copy for review. He noted the documents could be available in electronic form or by paper but cautioned that on paper they could be 200 plus pages.

Rick Santos announced that the full day board meeting discussed earlier this year will be split in two pieces now with the first administrative piece to be covered at the December Board meeting and the investment piece to be discussed later in 2020 around April when we conduct the asset allocation study.

5. Public Comment

None

6. Consent Items

a. Approval of the August 27, 2019 Meeting Minutes

b. Monthly Staff Report

c. Applications for Service Retirement(s) – **Government Code Sections 31499.14, 31670, 31662.2 & 31810**

1. Cary, Debera – Treasurer/Tax Collector – Effective 09-11-19
2. Drew, Morgan – Sheriff – Effective 09-13-19 *
3. Hale, Melody – HSA – Effective 08-24-19
4. Halverson, Angelique – Public Works– Effective 09-20-19
5. McClaran, Eleanore – CSA – Effective 09-14-19
6. McDonnell, Diane – Library – Effective 09-07-19

7. Presto, Robert – CSA – Effective 09-28-19
8. Preston, Stephen – BHRS – Effective 09-14-19
9. Terry, Janice – Superior Courts – Effective 09-07-19
10. Vaisau, Cathleen – CSA – Effective 09-21-19
11. Warren, Billie – Planning – Effective 09-28-19
12. West, Collette – BHRS – Effective 09-28-19

** Indicates Safety Personnel*

d. Applications for Deferred Retirement(s) – **Government Code Section 31700**

1. Filgas, Bergen – CSA – Effective 06-21-19
2. Jones, Elizabeth – CSA – Effective 05-23-19
3. Garcia, Saul – Public Defender – Effective 07-12-19
4. Marrow, Sergio – BHRS – Effective 07-05-19
5. Naranjo, Ana Maria – Probation – Effective 08-02-19 *
6. Phitsamay, Amanda – CSA – Effective 08-09-2019
7. Urbina, Jorge – BHRS – Effective 06-01-19

** Indicates Safety Personnel*

e. Application for Disability Retirement – **Government Code Section 31724**

1. Sullivan, Patrick – Sheriff – Service-Connected – Effective 01-19-2018 *

f. Application of Death Benefit – **Government Code Section 31781**

1. Ruiz, Rayna – Health Services Agency – Non-Service Connected – Effective 08-2-2019 – Active Member

** Indicates Safety Personnel*

g. Information Technology Solutions (ITS) Project Update

h. Conference Summary Report

i. Risk Parity Performance in Low Interest Rate Environment

j. Legislative Update Pulled for Discussion by the Chairman

k. Private Markets Commitment Notice

Motion was made by Trustee Gharat and seconded by Trustee O'Neal to accept the consent items as presented except Item 6.j that was pulled by the Chairman for discussion.

Motion carried unanimously

Motion was made by Trustee Gharat and seconded by Trustee Riley to accept the consent item 6.j that was pulled by the Chairman for discussion.

Motion carried unanimously

7. Verus – Investment Consultant

a. August Flash Report

8. Investment

a. Auxiliary Investment Report as of June 30 2019

1. AB2833 Auxiliary Report

The Board requested this item be brought back annually for this type of discussion and all other quarterly reports of this nature be placed on consent.

2. Investment Fee Summary, Value Added and Cash Flow Reports

9. Administrative

None

10. Closed Session

a. Lease Negotiations with Potential Long-Term Tenant
Government Code Section 54956.8

b. Conference with Legal Counsel – Pending Litigation – One Case:
O’Neal et al v. Stanislaus County Employees’ Retirement Association
Stanislaus County Superior Court Case No. 648469
Government Code Section 54956.9(d)(1)

c. Conference with Legal Counsel – Pending Litigation – One Case:
Stanislaus County Employees’ Retirement Association v. Buck Consultants,
LLC, Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
Government Code Section 54956.9d)(4)

Motion was made by Trustee Gharat and seconded by Trustee O’Neil to go into closed session at 2:38 p.m.

Motion carried unanimously

Motion was made by Trustee Gharat and seconded by Trustee O’Neil to go into open session at 2:44 p.m.

Motion carried unanimously

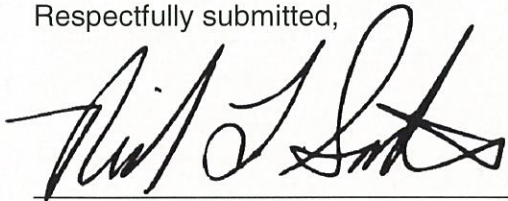
11. Members' Forum (Information and Future Agenda Requests Only)

None

12. Adjournment

Meeting adjourned at 2:49 p.m.

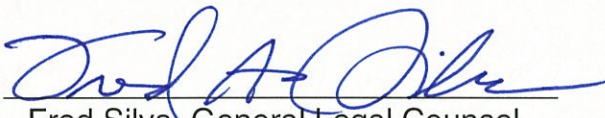
Respectfully submitted,



Rick Santos, Executive Director

APPROVED AS TO FORM:

Fred Silva, GENERAL LEGAL COUNSEL

By: 

Fred Silva, General Legal Counsel



October 22, 2019

Retirement Board Agenda Item

TO: Retirement Board

FROM: Lisa Frazer, Member and Employer Services Manager
Natalie Davis, Fiscal Services Manager

I. SUBJECT: Monthly Staff Report

II. ITEM NUMBER: 6.b

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None

V. ANALYSIS:

- a) *Member & Employer Services:* In September, Member and Employer Services Staff processed 60 new hires (43 General, 17 Safety) and 25 terminations. 16 estimate requests were prepared (generating 37 estimate calculations) and 10 buy-back requests were prepared, resulting in 10 contracts. 27 individual counseling sessions were held over the course of the month. One presentation was made by Member and Employer Services Specialists at the County's New Employee Orientation, which was held in the newly remodeled training room on the first floor at 10th Street Place.

Part-time staff are diligently working through data clean-up audits. From July 2019 to October 2019, 511 files have been audited. Currently, there are 1494 files remaining. Our goal is to have less than 500 remaining prior to the launch of Arrivos in Spring 2020.

- b) *Fiscal Services* – Employer and employee contributions totaling \$9,211,498 were received through 16 different payroll batches and 2 service purchases in September. 19 contribution refunds and death benefit payouts totaling \$223,881 were processed. The retiree payroll for September totaled \$11,265,346 and was processed as scheduled.

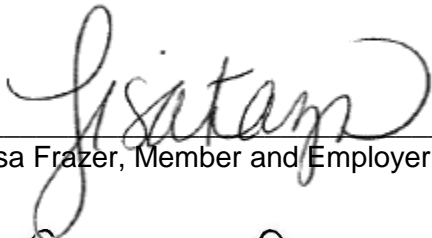
The process for the RFP for General Legal Services is complete and the Committee will be making a recommendation to the full Board for approval.

StanCERA now has a new Logo. The committee met on 10/3/19 and chose two different logos out of seven. The two logos were sent to staff and board members in a Survey Monkey and one was chosen by a near unanimous vote.

VI. RISK: None

VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently*

VIII. ADMINISTRATIVE BUDGET IMPACT: NONE



Lisa Frazer, Member and Employer Services Manager



Natalie Davis, Fiscal Services Manager



Rick Santos, Executive Director



October 22, 2019

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

I. SUBJECT: Investment Matrix

II. ITEM NUMBER: 6.c

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None.

V. ANALYSIS:

a) *Investment Governance and Compliance:* As you may recall from the September Board meeting, staff wrapped up side letter negotiations and committed \$10 Million to the Owl Rock First Lien Fund a new private credit fund on September 23. Staff also attended a ILPA meeting in Oakland specifically focused on encouraging more collaboration among California Limited Partners (LPs). A number of different models available to LPs each with a varying degree of complexity and required cooperation were discussed. Staff joined the Medley Opportunity Fund II advisory committee meeting call at the end of the month. Fund performance, an update on the firm and the current credit market were presented. The Medley II fund is approaching the end of its term and is set to liquidate in June, 2021.

b) *Money Transfer Report:* No transfers to report.

c) *Manager Meeting Notes:*

DFA

StanCERA's relationship manager recently changed at DFA and staff held a portfolio update meeting at StanCERA's office following the announcement. The new main contact for StanCERA's account, Chermaine Fullinck, was accompanied by David Plecha for a firm and fund overview and update. The meeting began with an outline to the fixed income capabilities of DFA including the different mandates offered and DFA's unique approach. DFA currently employs 1,400 people globally with \$586 billion in AUM. DFA's global fixed income AUM is about \$116 Billion. An overview of the global fixed income team and the governance processes including the role of the various committees was also provided. The majority of the meeting revolved around the DFA's investment philosophy and portfolio implementation. For DFA, the two most important drivers of fixed income expected returns are the term premium (longer vs shorter maturity bonds) and credit premium (lower vs higher quality bonds). Market conditions and their effects on those two factors will largely dictate the composition of the portfolio. DFA has also developed a set of data driven processes and strategies to effectively

implement their fixed income funds. The meeting concluded with a brief look at performance and positioning outlook for the fund.

PanAgora

Staff set up a brief conference call with Bryon Belton a Director of Multi Asset strategies at PanAgora. The topic of the call was negative interest rates and how it might influence StanCERA's risk parity portfolio. Negative interest rates have already occurred in other parts of the world and PanAgora mentioned they currently are running a risk parity strategy in one of the economies with negative interest rates. If negative rates did come to the United States total returns of all assets including risk parity would be expected to be lower. However, on a relative basis, risk parity returns in excess of the risk-free rate are predicted to be consistent with those in the current rate environment. It was also mentioned that lower or negative rates reduces the cost of leverage and the overall expense to implement the risk parity strategy would decline offsetting some of the lower total returns.

d) *Trainings/Conferences*: None

- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.
- VIII. ADMINISTRATIVE BUDGET IMPACT: None.



Stan Conwell, Retirement Investment Officer



Stanislaus County Employees' Retirement Association

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October 22, 2019

Retirement Board Agenda Item

TO: Retirement Board

FROM: Alaine Taa, Administrative Assistant

I. SUBJECT: StanCERA Complaint Log

II. ITEM NUMBER: 6.d

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None

V. ANALYSIS:

There was one complaint between July 1 and September 30, 2019. Staff keeps a tally of duplicate complaints to better gauge the extent of any problems. A summary of these complaints follows:

Quarter 3 - 2019

NUMBER OF COMPLAINTS	CALLER STATUS	NATURE OF COMPLAINT
1	Retiree	A Retiree expected a benefit increase after her spouse passed away. The option she chose is irrevocable and her benefit will not increase.
0	Active	None

Quarter 2 - 2019

NUMBER OF COMPLAINTS	CALLER STATUS	NATURE OF COMPLAINT
0	Retiree	None
0	Active	None

VI. RISK: None

VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.

VIII. ADMINISTRATIVE BUDGET IMPACT: None


Alaine Taa, Administrative Assistant


Natalie Davis, Fiscal Services Manager



October 22, 2019

Retirement Board Agenda Item

TO: Retirement Board

FROM: Jamie Borba, Member and Employer Services Specialist

- I. SUBJECT: Information Technology Solutions (ITS) Project
- II. ITEM NUMBER: 6.h.
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: The Pension Administration System (PAS) project continues to move forward. The Tax Withholding Workflow, Payment Method Change Workflow, Payroll Run Calendar and Retiree Payroll General Ledger Integration Processes have been completed. Staff is currently reviewing two (2) Business and Systems Requirement Documents (BSRD's) and constructing the functionalities of six (6) workflows.

The Project Management Committee is examining the PAS's timeline as it is in the preliminary stages of planning for the initial go-live. Several items must be taken in consideration when developing the plan, such as:

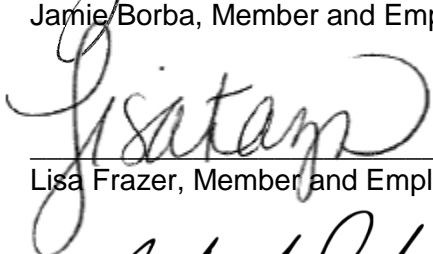
- Outstanding project action items;
- Black-out conversion period (no more than two (2) days);
- Annual retiree Cost of Living Adjustment (COLA) processing.

Due to the above factors, the go-live date is currently variable to ensure these processes and all required specs are met for Phase 4 of the project.

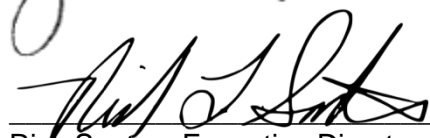
- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.
- VIII. ADMINISTRATIVE BUDGET IMPACT: None



Jamie Borba, Member and Employer Services Specialist



Lisa Frazer, Member and Employer Services Manager



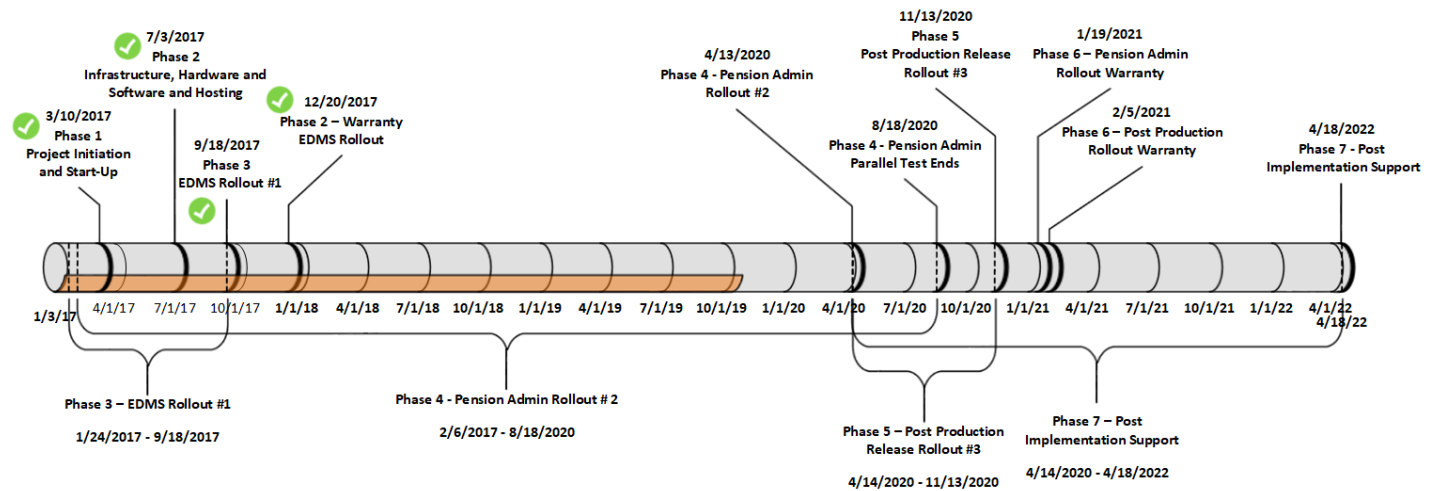
Rick Santos, Executive Director



PAS IMPLEMENTATION LINEA BI-WEEKLY STATUS UPDATE



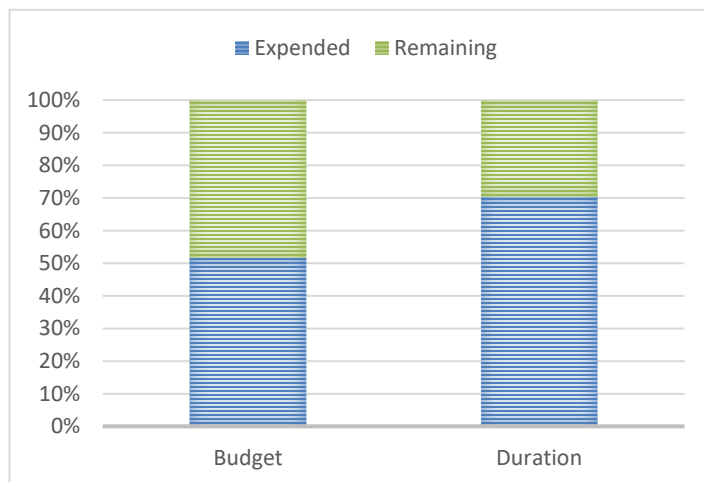
SPONSOR: Rick Santos **REPORT DATE:** 10-18-2019



Baseline 12/01/2016

STATUS

Risks & Issues:



Linea Budget as of 09/30/19

No new high-level risks have been identified at this time.

Accomplishments:

Upcoming:

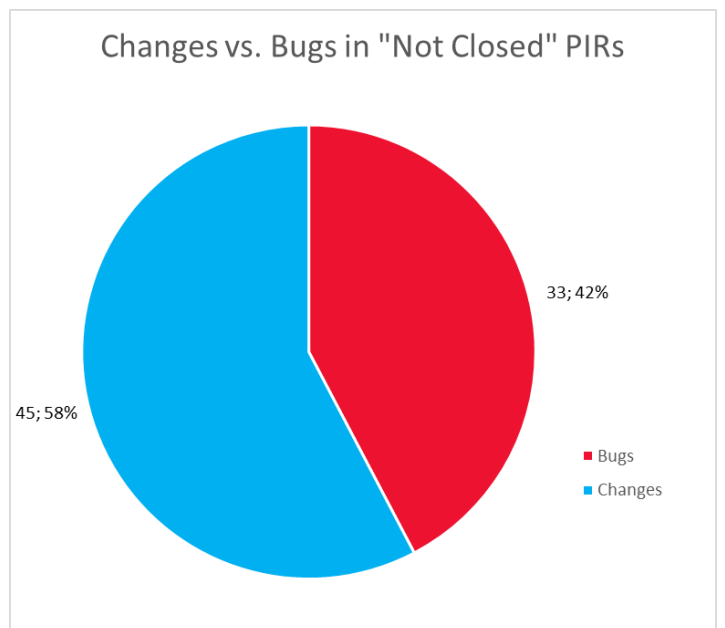
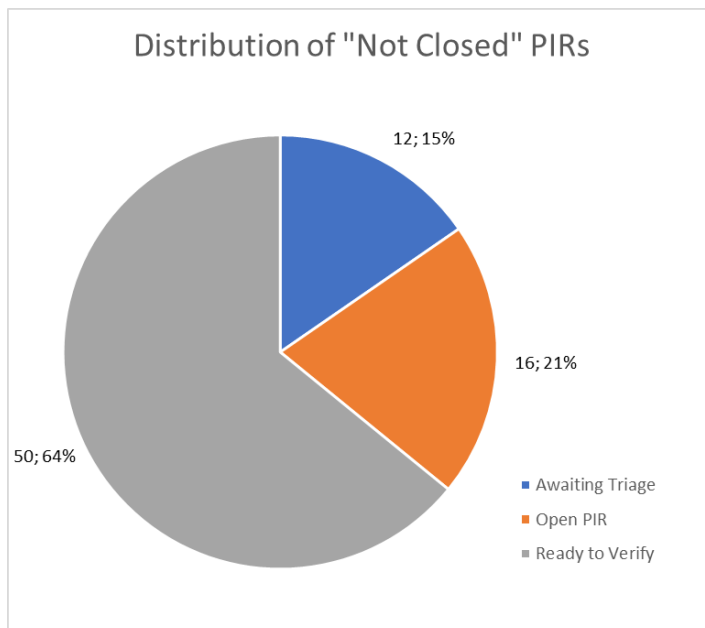
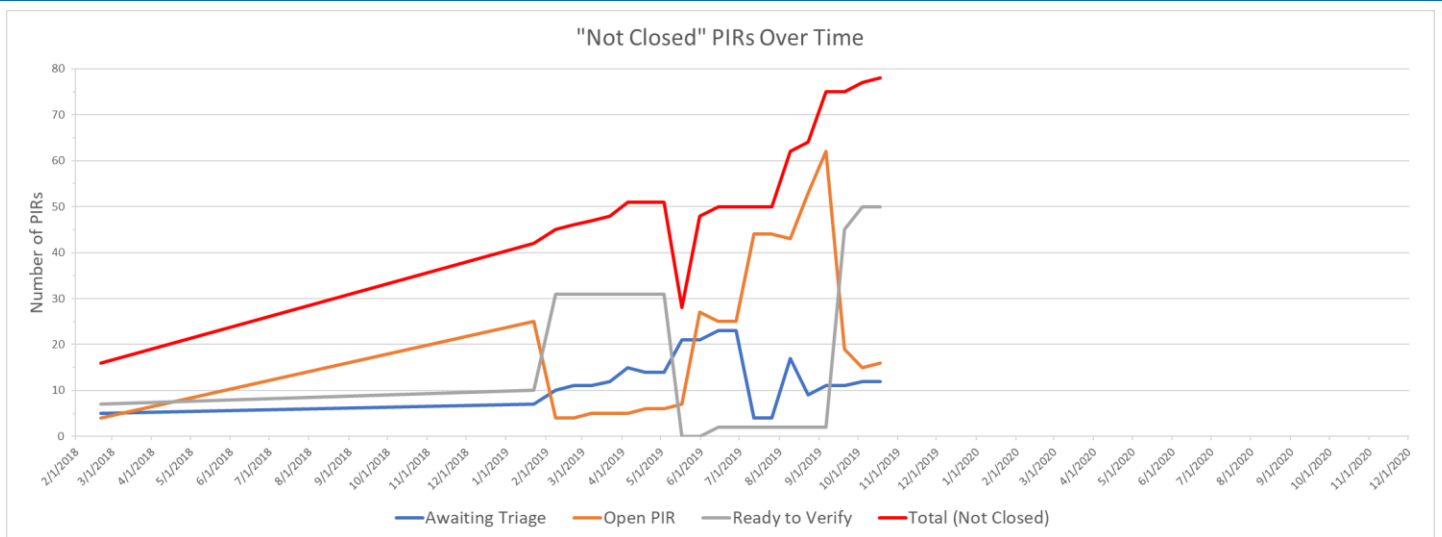
- Linea and StanCERA began testing on R16 workflow functionality in UAT.
- Made progress in testing Courts transmittal test files and communicated with County and City of Ceres developers regarding transmittal test file errors.
- Determined a schedule for meetings for the committee on Technology Information Security and Member Web Portal.

- Retesting of R13 and R14 resolved PIRs.
- Completion of testing for new workflow functionality released in R16.
- Continued analysis and evaluation of upload employer test files being received for consecutive pay periods.

Ongoing Project Contributions

- Facilitate weekly Project Manager's meetings and create meeting minutes.
- Facilitate monthly Steering Committee Meetings and create meeting minutes.
- Participate in Tegrit work sessions, review meeting minutes, and compile resulting decision logs and action items.
- Regularly review action items for follow up and completion.
- Review and hold group review sessions for BSRD deliverables made by Tegrit (BSR066, BSR058).
- Track requirements, as discussed in work sessions and BSRDs, using the RTM and meet with StanCERA PM to update requirements confirmation.
- Manage and participate in system testing efforts, including review of test scripts, compiling of results, input of PIRs, and tracking of issue resolution.

Current PIR Summary





October 22, 2019

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: 2019 Executive Director Goals Update - Quarter 3
- II. ITEM NUMBER: 6.i
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: This is the Quarter 3 Executive Director goals update for 2019 (attachment 1). Completed progress and tasks for 2019 are denoted by the green bullet points and the quarter completion period is also noted for those items tied to the strategic plan. Staff's main focus this quarter has been on the development of work flow processes and the PAS project itself. Major tasks yet to be completed by the end of year include internal policy revisions (ad hoc task not tied to the strategic plan), monitoring IPS compliance policy and the creation of a contribution and benefit database. In fact, IPS monitoring and the contribution and benefit database are the only items left on the 2017-2019 strategic plan that haven't yet been completed.

The implementation and completion of the 2017-2019 strategic plan has been very successful, since all issues except the creation of a peer review policy and the two items mentioned above have been completed. The creation of a peer review policy was intentionally pushed off until after go-live of our PAS and the other 2 investment related tasks should be completed by the end of the year.

Staff is currently working on the development of our 2020-2022 strategic plan and its final approval is intended to be brought before the Strategic Planning Committee sometime in November.
- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently
- VIII. ADMINISTRATIVE BUDGET IMPACT: NONE

Rick Santos, Executive Director



Strategic Goals 2019

(Attachment 1)

General and/or Ongoing Items

1. Continued communication, outreach and transparency with major stakeholders such as County, County BOS, Local Governments, Special Districts and Employee Groups
 - Meetings with StanCERA plan sponsors focused on pension system implementation
 - Meetings to discuss general business with plan sponsors
 - Several meetings with County on 415(b) issues
2. Maintenance of StanCERA's asset allocation targets
 - StanCERA asset allocation within current targets
3. Continued progress on the System data clean-up project
 - Ongoing member file audit work. Staff note: The member file audit is progressing better than expected. Over 500 audits have been completed since the employment of additional part-time staff. While staff still does not believe the audit process will be complete by System go-live, the expectation now is that we will be much closer to completion than originally anticipated.
4. Continued monitoring of StanCERA lawsuits
5. Director Professional Development
6. Facilitate RFP for General Legal Counsel
 - RFP Complete
7. Oversee Information Technology Solutions Project
 - Maintain high level oversight with StanCERA staff, Tegrit staff and Linea consultants
 - Appointed Jamie Borba as project manager and moved her over to the project on a full-time basis until completion
 - Augmentation of the project Steering Committee to create policy pertaining to information security technology related to the PAS
8. Oversee and completion of day to day administrative functions
 - All normal administrative functions completed on time
 - Outstanding disabilities (as of 10/16/2019): 14
9. Completion of internal policy revisions
 - Education policy complete
 - Records retention policy complete
 - Strategic Objectives, background, strategy and desired outcomes developed
10. Complete hiring of MESS Manager, IT Specialist and Retirement Investment Officer
 - All items complete



Items Tied to the Strategic Plan

Strategic Objective #1

Invest StanCERA assets in such a way that efficiently maximizes the ability to meet current and future benefit obligations while balancing the need for contribution stability and sustainability

Strategic Plan Objective #1: Action Plan with Deliverables

1. Implementation of Functionally Focused Portfolio Concept
 - ✓ Training of new investment staff on FFP process and maintenance of reporting projection and process tools
 - Training ongoing in Quarter 3
2. Maintain awareness of the cash flow process
 - ✓ Creation and maintenance of a database specifically designed to house contribution and benefit data

Strategic Objective #2

Develop efficient and effective processes for the evaluation, monitoring, and disposition of StanCERA's active managers

Strategic Plan Objective #2: Action Plan with Deliverables

1. Maintain and improve the comprehensive internal investment governance process
 - ✓ Train internal investment staff on general processes and procedures of the data collection process
 - Training complete on alternative data maintenance procedures (Quarter 1)
 - ✓ Enhance the fee reconciliation process for the alternative investments
 - Fee reconciliation process complete (Quarter 1)
 - ✓ Monitor IPS compliance
 - ✓ Creation of a policy regarding Organizational views on philosophy, monitoring and maintenance of investment manager thesis
 - Task complete (Quarter 1)
 - ✓ Monitor and analyze all documentation from investment managers including SOC/ADV reports, contract changes, quarterly and fiscal year end reports and MFN clauses



- Contract changes monitored regularly (Quarter 1)
- MFN Clauses monitored as needed (Quarter 1)
- All quarterly reports monitored and reconciled (Quarter 2)
- ✓ Research the Organization's capacity to effectively monitor manager trading costs
- 2. Maintain a comprehensive internal investment data repository
 - ✓ Develop written processes for downloading, storing and maintaining investment data
 - Written process for alternative data gathering and uploading complete (Quarter 1)

Strategic Objective # 3

Continue to foster an organizational culture that values and promotes team work, education, awareness, accountability, and achievement.

Strategic Plan Objective #3: Action Plan with Deliverables

1. Standardize communication and establish a formal peer-review process for internal and external documents and external communications.
 - ✓ Formalize StanCERA's peer review philosophy (to be completed in 2020)

Strategic Objective # 4

Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.

Strategic Plan Objective #4: Action Plan with Deliverables

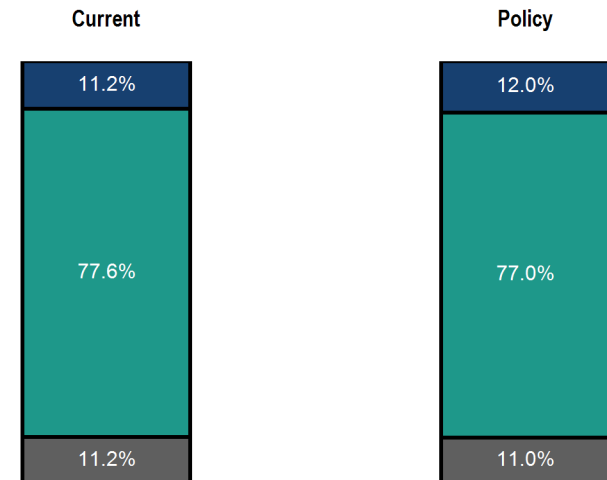
1. Implementation of Electronic Member Filing Content Management System
 - ✓ Permanent EDMS solution developed (implementation to take place in 2020)
 - Solution developed and currently being populated and maintained (Late 2018 and Quarter 1)
 - Work flow processes currently being developed (Quarters 2 and 3)
2. Design and rollout of new StanCERA Website
 - ✓ Complete RFP process for a web designer
 - RFP Complete (Quarter 3)
 - ✓ Contract with new vendor
 - Contract in place (Quarter 3)
 - ✓ Convert data to new website
 - Process to be completed in March of 2020

Total Fund Flash Report (Net of Fees) - Preliminary

Period Ending: September 30, 2019

	Market Value	% of Portfolio	1 Mo	YTD	Fiscal YTD
Total Fund	2,202,908,875	100.0	1.3	11.8	0.8
<i>Policy Index</i>			1.2	10.8	0.3
Liquidity Sub-Portfolio	246,941,449	11.2	-0.2	6.7	1.5
<i>StanCERA Liquidity Blended BM</i>			0.0	3.3	0.7
Cash	26,432,511	1.2	0.2	1.1	0.6
<i>FTSE T-Bill 1 Month TR</i>			0.2	1.8	0.5
Short-Term Gov't/Credit	220,508,938	10.0	-0.3	7.4	1.6
<i>BBgBarc US Gov't/Credit 1-3 Yr. TR</i>			-0.1	3.4	0.7
<i>Insight</i>	220,508,938	10.0	-0.3	7.4	1.6
<i>BBgBarc US Gov't/Credit 1-3 Yr. TR</i>			-0.1	3.4	0.7
Growth Sub-Portfolio	1,709,425,097	77.6	1.7	13.7	0.6
<i>StanCERA Growth Blended BM</i>			1.5	12.8	0.0
US Large	311,775,296	14.2	1.7	19.2	1.2
<i>Russell 1000</i>			1.7	20.5	1.4
<i>BlackRock Russell 1000 Growth</i>	154,878,643	7.0	0.0	23.3	1.5
<i>Russell 1000 Growth</i>			0.0	23.3	1.5
<i>BlackRock Russell 1000 Value</i>	78,609,386	3.6	3.5	17.9	1.4
<i>Russell 1000 Value</i>			3.6	17.8	1.4
<i>Dodge & Cox-Equity</i>	78,287,267	3.6	3.1	13.0	0.3
<i>Russell 1000 Value</i>			3.6	17.8	1.4
US Small	76,437,244	3.5	4.2	14.5	-2.2
<i>Russell 2000</i>			2.1	14.2	-2.4
<i>Capital Prospects</i>	76,437,244	3.5	4.2	14.5	-2.2
<i>Russell 2000 Value</i>			5.1	12.8	-0.6
Private Equity Proxy	133,604,490	6.1	1.8	20.1	1.2
<i>Russell 3000 +3%</i>			2.1	22.0	2.3
<i>Northern Trust Russell 3000</i>	133,604,490	6.1	1.8	20.1	1.2
<i>Russell 3000</i>			1.8	20.1	1.2

	Current	%	Policy	%
Liquidity Sub-Portfolio	\$246,941,449	11.2%	\$264,349,065	12.0%
Cash	\$26,432,511	1.2%	\$22,029,089	1.0%
Short-Term Gov't/Credit	\$220,508,938	10.0%	\$242,319,976	11.0%
Growth Sub-Portfolio	\$1,709,425,097	77.6%	\$1,696,239,834	77.0%
US Large	\$311,775,296	14.2%	\$308,407,242	14.0%
US Small	\$76,437,244	3.5%	\$66,087,266	3.0%
Private Equity Proxy	\$133,604,490	6.1%	\$132,174,532	6.0%
Int'l Developed	\$496,674,052	22.5%	\$506,669,041	23.0%
Core Real Estate	\$97,679,086	4.4%	\$110,145,444	5.0%
Value Add Real Estate	\$137,774,035	6.3%	\$110,145,444	5.0%
Risk Parity	\$319,005,753	14.5%	\$286,378,154	13.0%
Infrastructure	\$42,045,476	1.9%	\$44,058,177	2.0%
Private Credit	\$94,429,664	4.3%	\$132,174,532	6.0%
Risk-Diversifying Sub-Portfolio	\$246,542,328	11.2%	\$242,319,976	11.0%
US Treasury	\$64,294,111	2.9%	\$66,087,266	3.0%
Short Term Gov't/Credit	\$182,248,217	8.3%	\$176,232,710	8.0%
Total	\$2,202,908,875	100.0%	\$2,202,908,875	100.0%



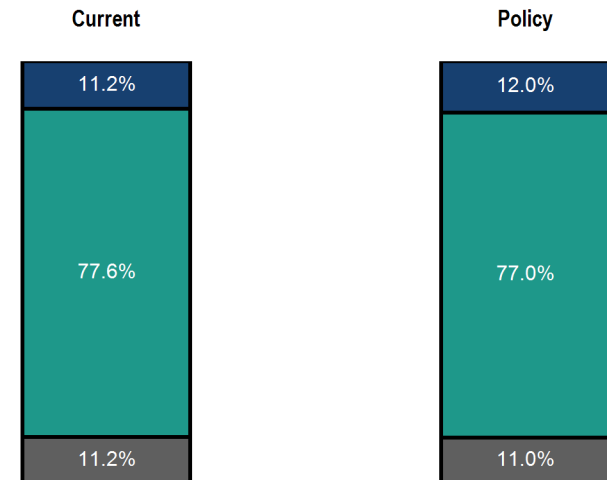
Policy Index (5/31/2019): 14% Russell 1000, 3% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 19% BBgBarc US Gov't/Credit 1-3 Yr, 3% BBgBarc US Treasury 7-10 Yr, 5% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 6% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% BBgBarc Global Aggregate, 1% Citi 1 Month T-Bills. PanAgora and AQR market values as of 7/31/2019. All data is preliminary.

Total Fund Flash Report (Net of Fees) - Preliminary

Period Ending: September 30, 2019

	Market Value	% of Portfolio	1 Mo	YTD	Fiscal YTD
Int'l Developed	496,674,052	22.5	3.5	11.3	-1.4
MSCI ACWI ex USA Gross			2.6	12.1	-1.7
LSV Asset Mgt	248,877,925	11.3	4.6	9.6	-0.9
MSCI ACWI ex USA Gross			2.6	12.1	-1.7
Fidelity	247,796,127	11.2	2.3	13.0	-2.0
MSCI ACWI ex USA Gross			2.6	12.1	-1.7
Core Real Estate	97,679,086	4.4	1.9	11.9	3.5
Prime Property Fund	58,055,197	2.6	1.4	4.6	1.4
NCREIF-ODCE			0.0	2.4	0.0
BlackRock US Real Estate	39,623,889	1.8	2.7	24.6	6.8
DJ US Select RESI TR USD			2.7	24.6	6.8
Value Add Real Estate	137,774,035	6.3	0.0	4.7	1.2
NCREIF Property Index +2%			0.2	4.9	0.5
American Strategic Value Realty	51,666,921	2.3	0.0	4.1	0.0
NCREIF Property Index			0.0	3.3	0.0
Greenfield Gap VII	10,199,705	0.5	0.0	14.2	9.5
NCREIF ODCE + 1%			0.1	3.2	0.2
Greenfield Gap VIII	19,807,000	0.9	0.0	6.1	3.5
NCREIF ODCE + 1%			0.1	3.2	0.2
PGIM Real Estate US Debt Fund	56,100,410	2.5	0.0	3.0	0.0
Risk Parity	319,005,753	14.5	0.0	20.0	3.0
60% MSCI ACWI Net/40% BBgBarc Global Aggregate			0.9	12.4	0.3
AQR Global Risk Premium - EL	158,801,166	7.2	0.0	17.8	1.9
60% MSCI ACWI Net/40% BBgBarc Global Aggregate			0.9	12.4	0.3
PanAgora Risk Parity Multi Asset	160,204,587	7.3	0.0	22.4	4.2
60% MSCI ACWI Net/40% BBgBarc Global Aggregate			0.9	12.4	0.3

	Current	%	Policy	%
Liquidity Sub-Portfolio	\$246,941,449	11.2%	\$264,349,065	12.0%
Cash	\$26,432,511	1.2%	\$22,029,089	1.0%
Short-Term Gov't/Credit	\$220,508,938	10.0%	\$242,319,976	11.0%
Growth Sub-Portfolio	\$1,709,425,097	77.6%	\$1,696,239,834	77.0%
US Large	\$311,775,296	14.2%	\$308,407,242	14.0%
US Small	\$76,437,244	3.5%	\$66,087,266	3.0%
Private Equity Proxy	\$133,604,490	6.1%	\$132,174,532	6.0%
Int'l Developed	\$496,674,052	22.5%	\$506,669,041	23.0%
Core Real Estate	\$97,679,086	4.4%	\$110,145,444	5.0%
Value Add Real Estate	\$137,774,035	6.3%	\$110,145,444	5.0%
Risk Parity	\$319,005,753	14.5%	\$286,378,154	13.0%
Infrastructure	\$42,045,476	1.9%	\$44,058,177	2.0%
Private Credit	\$94,429,664	4.3%	\$132,174,532	6.0%
Risk-Diversifying Sub-Portfolio	\$246,542,328	11.2%	\$242,319,976	11.0%
US Treasury	\$64,294,111	2.9%	\$66,087,266	3.0%
Short Term Gov't/Credit	\$182,248,217	8.3%	\$176,232,710	8.0%
Total	\$2,202,908,875	100.0%	\$2,202,908,875	100.0%



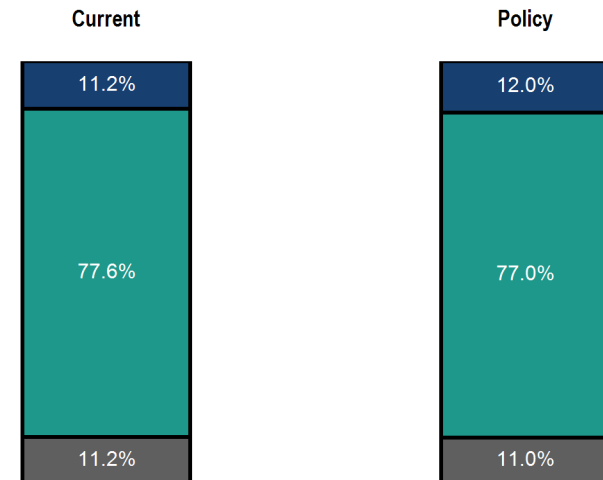
Policy Index (5/31/2019): 14% Russell 1000, 3% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 19% BBgBarc US Gov't/Credit 1-3 Yr, 3% BBgBarc US Treasury 7-10 Yr, 5% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 6% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% BBgBarc Global Aggregate, 1% Citi 1 Month T-Bills. PanAgora and AQR market values as of 7/31/2019. All data is preliminary.

Total Fund Flash Report (Net of Fees) - Preliminary

Period Ending: September 30, 2019

	Market Value	% of Portfolio	1 Mo	YTD	Fiscal YTD
Infrastructure	42,045,476	1.9	0.0	10.9	3.1
CPI + 5%			0.5	6.0	1.5
MS Infrastructure Partners II	42,045,476	1.9	0.0	10.9	3.1
CPI + 5%			0.5	6.0	1.5
Private Credit	94,429,664	4.3	0.0	3.3	-0.2
S&P/LSTA Leveraged Loan Index+2%			0.6	8.4	1.5
Medley Capital	12,870,163	0.6	0.0	-8.5	-4.9
S&P/LSTA Leveraged Loan Index+2%			0.6	8.4	1.5
Raven Capital	14,178,247	0.6	0.0	7.2	2.2
S&P/LSTA Leveraged Loan Index+2%			0.6	8.4	1.5
Raven Opportunity III	42,168,305	1.9	0.0	7.2	0.8
S&P/LSTA Leveraged Loan Index+2%			0.6	8.4	1.5
White Oak Pinnacle	25,212,949	1.1	0.0	2.6	-0.5
S&P/LSTA Leveraged Loan Index+2%			0.6	8.4	1.5
Risk-Diversifying Sub-Portfolio	246,542,328	11.2	-0.2	5.6	1.4
StanCERA Risk-Diversifying Blended BM			-0.3	5.2	1.3
US Treasury	64,294,111	2.9	-1.0	8.8	2.9
BBgBarc US Treasury 7-10 Yr TR			-1.1	9.8	2.7
Northern Trust Intermediate Gov't Bond	46,476,837	2.1	-0.4	5.2	1.2
BBgBarc US Govt Int TR			-0.4	5.2	1.2
Northern Trust Long Term Gov't Bond	17,817,274	0.8	-2.5	19.6	7.8
BBgBarc US Govt Long TR			-2.5	19.6	7.8
Short-Term Gov't/Credit	182,248,217	8.3	0.1	4.6	0.9
BBgBarc US Govt/Credit 1-3 Yr. TR			-0.1	3.4	0.7
DFA	182,248,217	8.3	0.1	4.6	0.9
BBgBarc US Govt/Credit 1-3 Yr. TR			-0.1	3.4	0.7

	Current	%	Policy	%
Liquidity Sub-Portfolio	\$246,941,449	11.2%	\$264,349,065	12.0%
Cash	\$26,432,511	1.2%	\$22,029,089	1.0%
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Private Equity Proxy	\$133,604,490	6.1%	\$132,174,532	6.0%
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Blended Benchmark Compositions

- StanCERA Liquidity Blended BM (8/31/2019): 92% BBgBarc US Govt/Credit 1-3 Yr. TR and 8% FTSE T-Bill 1 Month TR.
- StanCERA Growth Blended BM (8/31/2019): 18% Russell 1000, 4% Russell 2000, 8% Russell 3000 + 3%, 30% MSCI ACWI ex-US Gross, 6% NCREIF Property, 6% actual private Value Add Real Estate returns, 17% 60% MSCI ACWI/40% BBgBarc Global Aggregate, 3% actual Infrastructure returns, and 8% actual Private Credit returns.
- StanCERA Risk-Diversifying Blended BM (8/31/2019): 27% BBgBarc US Treasury 7-10 Yr. TR and 73% BBgBarc US Govt/Credit 1-3 Yr. TR.



October 22, 2019

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

I. SUBJECT: Review of SACRS Systems Performance Reporting

II. ITEM NUMBER: 8.a.

III. ITEM TYPE: Information/Discussion

IV. STAFF RECOMMENDATION: None.

V. ANALYSIS:

At the July Board meeting Trustee Sharpe requested staff review how other SACRS systems report investment performance. Staff conducted a thorough review of each SACRS system recent meeting agendas to collect data on investment performance reporting materials. The following data points were collected: Performance reporting frequency, system asset size, the presence of an investment committee, and whether the report was provided as a consent agenda item. A table summarizing the results is provided below:

SACRS Systems Investment Performance Reporting Review		
Reporting Frequency	Monthly	Quarterly or Other
Percentage	70%	30%
Reported as a Consent Item	On Consent	Not On Consent
Percentage	5%	95%

As you can tell from the summary table, the majority of SACRS systems produce monthly reports for either the full board or the investment committee if applicable. Also, the vast majority of SACRS systems do not list the report as a consent agenda item. Staff looked at a subset of SACRS systems similar to StanCERA with no investment committee and found roughly the same 70/30 split in reporting frequency. Staff also expanded the dataset to include CalAPRS systems and again the results showed a similar 70/30 split in reporting frequency. From this dataset it appears the majority of StanCERA peers report investment performance monthly and they do not provide the report as a consent agenda item.

Some additional observations were made in analyzing the data. There appears to be a relationship between system asset size and reporting frequency. The median size of the subset of SACRS systems that report quarterly is about three times the size of the median SACRS system that reports performance monthly. The systems that report quarterly had a median size of \$7.8 billion while the systems that report monthly have a median size of \$2.6 billion. This suggests that the larger the system, the more likely they are to report performance on a quarterly rather than a monthly basis. The median SACRS system is about \$4.1 billion in size.

Another observation is that there was some degree of variability in the content of the monthly performance reports. Some systems provided internally produced reports while others offered externally produced reports from consultants. Some reports displayed only total fund return numbers or only year-to-date and/or trailing 3 and 12 month returns. There appears to be no dominate monthly reporting format amongst StanCERA's peers.

- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.
- VIII. ADMINISTRATIVE BUDGET IMPACT: None.

A handwritten signature in cursive script, appearing to read "Stan Conwell", written in dark ink.

Stan Conwell, Retirement Investment Officer



Stanislaus County Employees' Retirement Association

832 12th Street, Ste. 600, Modesto, CA 95354 • PO Box 3150, Modesto, CA 95353 • www.stancera.org • 209-525-6393 • 209-558-4976 Fax

October 22, 2019

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Memorandum of Understanding Between Stanislaus County and StanCERA Regarding the Replacement Benefits Plan
- II. ITEM NUMBER: 9.a.
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION: Ratify the Memorandum of Understanding (MOU) (attachment 1) between the County and StanCERA regarding the 415(b) replacement benefits plan
- V. ANALYSIS: As a way to encourage retirement savings, years ago the Federal Government implemented tax policy that allow pension plans the ability to accumulate contributions on a pre-tax basis and to avoid paying taxes on accrued investment income. This is generally known as a plan or trust having a "favorable tax status". For StanCERA and other governmental pension plans to maintain its favorable tax status requires the plan to remain "qualified" by satisfying certain requirements of IRS Code. One section of IRS code, 415(b), currently limits the amount that a qualified pension plan can pay out in retirement benefits to a member in any one year. However, it is not illegal to pay benefits above these set limits, so long as those additional amounts do not come from the plan's trust.

In 2003, an agreement (MOU) was reached between Stanislaus County and StanCERA whereby the County agreed to pay benefits earned by retirees above the 415(b) limits. Essentially, the agreement stated that the County would be responsible for these payments and in return, StanCERA would inform the County of the amounts and timing of the required payments and adjust the County's contribution rates to recognize the fact that StanCERA would not be paying these additional amounts from the trust. To staff's knowledge, similar arrangements have been adopted by all 1937 Act Systems and CalPERS and CalSTRS.

Recently in a routine review of the process, it was discovered that while the County was reimbursing certain retirees for amounts above the limits, money was then being transferred from the StanCERA trust to reimburse the County. In retrospect, this was never the intent of the 2003 MOU and it is not entirely clear how and why this latter reimbursement transpired.

Through various meetings with the County, StanCERA Tax Counsel and StanCERA's actuary, the County and StanCERA agreed that the reimbursement process was in error and needed to be remedied. Subsequently, StanCERA has begun what is called a Voluntary Correction Process (VCP) with the IRS. This process will acknowledge the error, require the County to reimburse StanCERA for past transfers with actual trust earnings, provide a remedy going forward and amend our plan documents to describe the new process.

As part of the remedy, the County will reimburse the trust approximately \$1.53 million which includes both nominal transfers from the trust and investment earnings at the actual return the trust realized over the period in question. The intent here is to put the trust in a position today which it would've been had these transfers not actually occurred. On a going forward basis, the County and all affected departments will be solely responsible for payments to retirees above the 415(b) limits per the revised MOU. StanCERA will continue to inform the County when a retiree will require an

additional payment and for how much. Additionally, at the end of each year, the County and StanCERA will reconcile the payments and any adjustments made. Attachment 1 contains the revised red-line version of the new MOU. The substantive changes in the revised MOU include the following:

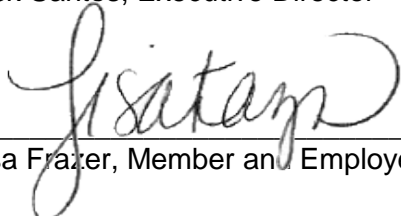
- Comment explicitly stating that no StanCERA assets shall be used to reimburse the County for payment of the additional benefits
- Comment removed that stated StanCERA will lower the County's contribution rate when payments are made. Note that StanCERA has always supplied the County with a reduced employer contribution rate in recognition of the fact that additional benefits cannot be accrued in the System and StanCERA assets cannot be used to make these additional payments
- Comment removed that stated StanCERA shall treat each district separately regarding adjustment of contributions (see explanation in prior bullet point)
- Severability clause added
- Preservation of StanCERA Tax Status clause added

VI. RISK: None

VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently*

VIII. ADMINISTRATIVE BUDGET IMPACT: NONE



Rick Santos, Executive Director

Lisa Frazer, Member and Employer Services Manager

**AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING
BETWEEN THE COUNTY OF STANISLAUS AND THE STANISLAUS
COUNTY EMPLOYEES' RETIREMENT ASSOCIATION REGARDING THE
STANISLAUS COUNTY REPLACEMENT BENEFITS PLAN**

This Amended and Restated Memorandum of Understanding- ("MOU") is entered into by and between the Stanislaus County Employees' Retirement Association ("StanCERA") and Stanislaus County ("County") to be effective beginning on September-November 123, 201903.

WHEREAS, StanCERA provides retirement benefits to employees of the County Stanislaus and to participating districts, and

WHEREAS, the amount of benefits that can be provided to StanCERA members is limited by Section 415(b) of the Internal Revenue Code ("section 415(b)" and "Code", respectively), and

WHEREAS, it is the County's responsibility under California vested rights rules to ensure that all retirement benefits that are earned by County employees are in fact paid, and

WHEREAS, the Code also- provides that a County can establish a replacement benefits plan to pay the full benefits earned by StanCERA members whose benefits are limited by Section 415(b), and

WHEREAS, such a replacement benefits plan is used by many other entities, in both the private and public sector, to replace benefits limited by section 415(b), and

WHEREAS, it is contemplated by the County Employees Retirement Law ("CERL") that each affected County will take action to replace the benefits that are limited by Section 415(b), and

WHEREAS, StanCERA's actuary has advised StanCERA that there is no net increase in the total cost of retirement benefits to the County of providing such a replacement benefits plan, and

WHEREAS, it would be to the benefit of StanCERA to ensure that all of its members receive the entire retirement benefits which they would earn under StanCERA but for the limits of the Code, and

WHEREAS, the most efficient way for the County to operate a replacement benefits plan is to enter into a memorandum of understanding with StanCERA setting out the responsibilities of the County and StanCERA with respect to such a plan, and

WHEREAS, some Districts located within the County also participate in StanCERA and the most efficient way for Districts to provide replacement benefits is to participate in a replacement benefits plan that is established by the County, sharing the cost thereof, and

WHEREAS, the County has provided to StanCERA the County's Replacement Benefits Plan, a copy of which is attached to hereto, and.

WHEREAS, the County and StanCERA entered into a memorandum of understanding on September 23, 2003 concerning the efficient operation of the County's Replacement Benefits Plan, and

WHEREAS, the parties desire to reaffirm and clarify their respective roles and responsibilities under the original memorandum of understanding.

NOW, THEREFORE, IN THE MOST EFFICIENT MANNER, THE ORIGINAL MEMORANDUM OF UNDERSTANDING-IT IS HEREBY AGREED-AMENDED AND RESTATED AND IN CONSIDERATION OF THE MUTUAL PROMISES, COVENANTS, TERMS, AND CONDITIONS HEREINAFTER CONTAINED, BY AND BETWEEN THE COUNTY OF STANISLAUS ("CountyOUNTY") AND THE STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION ("StanCERA") HEREBY AGREE AS FOLLOWS:

1. Purpose of Agreement

This Amended and Restated Memorandum of Understanding- ("MOU") is entered into by the County and StanCERA in order to facilitate the efficient operation by the County of a replacement benefits plan ("Plan") that will provide benefits to retired StanCERA members whose benefits are limited by Section 415(b) of the Internal Revenue Code ("Code").

2. Payment of Replacement Benefits

(a) In accordance with the Plan, the County shall pay to affected retired members of StanCERA, and to their surviving beneficiaries (if any), the difference between the benefits that would be payable from StanCERA without regard to the limits of Section 415(b) of the Code and the benefits that can be paid by StanCERA without violating Section 415(b). These benefits are called "replacement benefits".

(b) The County shall pay replacement benefits from its general assets. No assets of StanCERA shall be used to pay replacement benefits and no assets of StanCERA shall be used to pay the cost of administration or any other costs regarding the operation of the Plan. No assets of StanCERA shall be used to reimburse the County for the payment of replacement benefits.

3. Determination of Amount of Replacement Benefits

- (a) In accordance with its responsibilities under Section 415(b), StanCERA shall determine the amount of benefits for any affected retired member and surviving beneficiaries that would be paid from StanCERA without the limits of Section 415(b), and shall determine the amount of the benefits that can be paid to such persons in accordance with the limits of Section 415(b). The difference between these two amounts (if any) is the amount of replacement benefits payable by the County under the Plan.
- (b) StanCERA shall make this determination for the first year that the benefits of any affected retired member or surviving beneficiary are limited by Section 415(b) and for each relevant year thereafter. This is needed because both the amount of the limits and the amount of StanCERA benefits may change annually.
- (c) To the extent that the amount of benefits that are limited by Section 415(b) change during the year, and in accordance with its responsibilities under Section 415(b), StanCERA shall recalculate the benefits payable by the County under the Plan.
- (d) In accordance with the Plan document, the County shall rely on the calculations by StanCERA set out in paragraphs (a), (b), and (c) of this section for purposes of determining the replacement benefits payable under the Plan.
- (e) As provided in Section 5 of this MOU, StanCERA shall communicate to the County the information determined under this Section 3.

4. Effect on County Contributions To StanCERA of Section 415(b) Limits

~~Upon recommendation of StanCERA's actuary and in accordance with its obligation to recommend County and district contribution rates under Sections 31453 and 31453.1 of the Government Code, StanCERA shall adjust the contributions required to be contributed by the County (and district to the extent that a district participates in the Plan) to take account of the limits of section 415(b).~~

4.5. Communications Between the County and StanCERA

- (a) StanCERA shall communicate to the County, in writing and as soon as reasonably practicable, all information known to StanCERA that is necessary or appropriate for the efficient administration of the Plan. This communication includes but is not limited to the following: the names and identifying numbers of the retired members and surviving beneficiaries whose benefits are limited in any year; the amounts of their replacement benefits (if any) and the calculations that support these amounts; the date as of which the replacement benefits will become payable during each year (if any); the amount by which the replacement benefits change during the year (if at all); ~~the amount of reduction in the County's contribution to StanCERA that will occur under section 4 hereof;~~ and the date that any replacement benefits must cease (for example, on the death of the retired

member). The County shall keep confidential all information received from StanCERA for the purpose of administering the Plan, to the extent permitted by law.

(b) The County shall communicate to StanCERA, in writing and as soon as reasonably practicable, all information that is necessary or appropriate for the efficient administration of the Plan. This communication includes but is not limited to the following: the names and identifying numbers of the Plan participants and eligible surviving beneficiaries who are paid replacement benefits; the amount of such payments; and the dates on which such payments occurred during the year.

56. Communications With Members

(a) StanCERA shall inform members, generally, that if their StanCERA benefits are limited by Section 415(b), the limited benefits will be replaced by the County in accordance with the Plan.

(b) In accordance with its responsibilities under Section 415(b), StanCERA shall be responsible for testing member benefits with respect to the Section 415(b) limits and if the benefits of a member or surviving beneficiary are limited by Section 415(b), StanCERA will so inform the affected individual in writing, and will inform him or her about the Plan and generally how it works.

(c) Upon receiving the needed information from StanCERA with respect to the amounts and timing of payment of replacement benefits, the County shall inform each affected individual about how the Plan works with respect to him or her, including the amounts that will be paid under the Plan for the particular year, the timing of such payments, any tax withholding elections available and all other information that is necessary or appropriate for operation of the Plan.

67. Districts

The Plan provides that Districts that participate in StanCERA may participate in the Plan, upon meeting the terms and conditions thereof. In such a case, the County will administer the Plan on behalf of and as agent of the District. For purposes of replacement benefit determinations, StanCERA shall treat retired District members (and their surviving beneficiaries) who participate in the Plan in the same manner as if they had been County employees under this MOU. ~~However, for purposes of Section 4 of this MOU, regarding adjustment of contributions, StanCERA shall treat each District separately and shall adjust the contributions of each District as recommended by StanCERA's actuary.~~

78. Reconciliation of Amounts

(a) Reconciliation of payments between StanCERA and the County

The County and StanCERA shall take all reasonable steps to reconcile, after the end of each year, the amounts of replacement benefits that have been identified as payable under the Plan by StanCERA and the amounts of replacement benefits that have actually been paid. In the event that the Plan has paid benefits which StanCERA determines should have been paid by StanCERA within the limits of section 415(b), StanCERA shall reimburse the County (or district, if applicable) for the payment of such benefits under the Plan. In the event that StanCERA has paid benefits which StanCERA determines should have been paid under the Plan, the Plan shall reimburse StanCERA for the payments of such benefits by StanCERA.

(b) Underpayments or overpayments to Plan Participants

Underpayments or overpayments to Plan Participants and beneficiaries shall be corrected by the County in accordance with the Plan or as required by law. It shall be the County's responsibility to collect any such overpayments and to pay any such underpayments. The County shall not seek any recourse against StanCERA relating to such overpayments or underpayments except to the extent that StanCERA is required to reimburse the County as provided in section 8(a) above.

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89. Tax Reporting

StanCERA and the County shall be separately responsible for their required reporting to the tax authorities, and neither shall be responsible for the other's reporting.

90. Indemnification and Hold Harmless

Each party to this MOU shall indemnify and hold the other harmless for any costs, damages, or other liabilities incurred hereunder on account of its own negligence or willful misconduct.

101. Miscellaneous

(a) Integration

This ~~Memorandum of Understanding~~MOU and the documents referenced herein constitute the entire agreement of the parties with respect to the subject matter hereof and supercede all prior agreements and understandings, both written and oral.

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(b) Amendment to MOU

This ~~Memorandum of Understanding~~MOU may only be amended pursuant to a written agreement executed by both parties hereto.

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(c) Notice of Amendment to Plan

The County will provide 30 days' written notice to StanCERA of any proposed revision to the Plan. Notice shall be addressed to the Chair of the Board of Retirement.

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(d) Termination of MOU

This MOU shall be effective beginning on the date set out on the first page hereof and shall continue in effect unless and until terminated by either party on 30 days written notice to the other. Notice shall be addressed to the Chair of the Board of Supervisors, for the County, and to the Chair of the Board of Retirement, for StanCERA.

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(e) One year review

The County and StanCERA will meet within one year from the effective date of this MOU to review the operations of this MOU and to make such revisions hereto as are mutually agreeable.

(f) Severability

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If any portion of this MOU or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or county statute, ordinance or regulation the remaining provisions of this MOU or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of the MOU are severable.

(g) Preservation of StanCERA Tax Status

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This MOU shall not in any way jeopardize the tax qualified status of StanCERA. To maintain this qualified status, the parties shall take all necessary or appropriate action, including but not limited to amending this MOU, solely for the purpose of complying with applicable federal tax laws and regulations.

IN WITNESS WHEREOF, THIS AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING -HAS BEEN ENTERED INTO AS OF THE DATE SET FORTH ON THE FIRST PAGE HEREOF.

COUNTY OF STANISLAUS

STANISLAUS COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

By _____

By _____

Chairman of the Board of
Supervisors

Chairman of StanCERA's Board of Retirement

_____, 201903

_____, 20032019

Reviewed as to Form:

Reviewed as to Form:

~~Michael H. Krausnick~~ Thomas E. Boze
~~Halliday~~ Fred Silva

County Counsel
Attorney for the Board of Supervisors

~~Victoria A.~~

~~Deputy County General Legal~~ Counsel
Attorney for StanCERA

**AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING
BETWEEN THE COUNTY OF STANISLAUS AND THE STANISLAUS
COUNTY EMPLOYEES' RETIREMENT ASSOCIATION REGARDING THE
STANISLAUS COUNTY REPLACEMENT BENEFITS PLAN**

This Amended and Restated Memorandum of Understanding ("MOU") is entered into by and between the Stanislaus County Employees' Retirement Association ("StanCERA") and Stanislaus County ("County") to be effective beginning on November 1, 2019.

WHEREAS, StanCERA provides retirement benefits to employees of the County of Stanislaus and to participating districts ("Districts"), and

WHEREAS, the amount of benefits that can be provided to StanCERA members is limited by Section 415(b) of the Internal Revenue Code ("section 415(b)" and "Code", respectively), and

WHEREAS, it is the County's responsibility under California vested rights rules to ensure that all retirement benefits that are earned by County employees are in fact paid, and

WHEREAS, the Code also provides that a County can establish a replacement benefits plan to pay the full benefits earned by StanCERA members whose benefits are limited by Section 415(b), and

WHEREAS, such a replacement benefits plan is used by many other entities, in both the private and public sector, to replace benefits limited by section 415(b), and

WHEREAS, it is contemplated by the County Employees Retirement Law ("CERL") that each affected County will take action to replace the benefits that are limited by Section 415(b), and

WHEREAS, StanCERA's actuary has advised StanCERA that there is no net increase in the total cost of retirement benefits to the County of providing such a replacement benefits plan, and

WHEREAS, it would be to the benefit of StanCERA to ensure that all of its members receive the entire retirement benefits which they would earn under StanCERA but for the limits of the Code, and

WHEREAS, the most efficient way for the County to operate a replacement benefits plan is to enter into a memorandum of understanding with StanCERA setting out the responsibilities of the County and StanCERA with respect to such a plan, and

WHEREAS, some Districts located within the County also participate in StanCERA and the most efficient way for Districts to provide replacement benefits is to participate in a replacement benefits plan that is established by the County, sharing the cost thereof, and

WHEREAS, the County has provided to StanCERA the County's Replacement Benefits Plan, a copy of which is attached hereto, and

WHEREAS, the County and StanCERA entered into a memorandum of understanding on September 23, 2003 concerning the efficient operation of the County's Replacement Benefits Plan, and

WHEREAS, the parties desire to reaffirm and clarify their respective roles and responsibilities under the original memorandum of understanding.

NOW, THEREFORE, IN THE MOST EFFICIENT MANNER, THE ORIGINAL MEMORANDUM OF UNDERSTANDING IS HEREBY AMENDED AND RESTATED AND IN CONSIDERATION OF THE MUTUAL PROMISES, COVENANTS, TERMS, AND CONDITIONS HEREINAFTER CONTAINED, THE COUNTY OF STANISLAUS ("County") AND THE STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION ("StanCERA") HEREBY AGREE AS FOLLOWS:

1. Purpose of Agreement

This Amended and Restated Memorandum of Understanding ("MOU") is entered into by the County and StanCERA in order to facilitate the efficient operation by the County of a replacement benefits plan ("Plan") that will provide benefits to retired StanCERA members whose benefits are limited by Section 415(b) of the Internal Revenue Code ("Code").

2. Payment of Replacement Benefits

(a) In accordance with the Plan, the County shall pay to affected retired members of StanCERA, and to their surviving beneficiaries (if any), the difference between the benefits that would be payable from StanCERA without regard to the limits of Section 415(b) of the Code and the benefits that can be paid by StanCERA without violating Section 415(b). These benefits are called "replacement benefits".

(b) The County shall pay replacement benefits from its general assets. No assets of StanCERA shall be used to pay replacement benefits and no assets of StanCERA shall be used to pay the cost of administration or any other costs regarding the operation of the Plan. No assets of StanCERA shall be used to reimburse the County for the payment of replacement benefits.

3. Determination of Amount of Replacement Benefits

- (a) In accordance with its responsibilities under Section 415(b), StanCERA shall determine the amount of benefits for any affected retired member and surviving beneficiaries that would be paid from StanCERA without the limits of Section 415(b), and shall determine the amount of the benefits that can be paid to such persons in accordance with the limits of Section 415(b). The difference between these two amounts (if any) is the amount of replacement benefits payable by the County under the Plan.
- (b) StanCERA shall make this determination for the first year that the benefits of any affected retired member or surviving beneficiary are limited by Section 415(b) and for each relevant year thereafter. Said annual determination is necessary since both the amount of the limits and the amount of StanCERA's benefits may change annually.
- (c) To the extent that the amount of benefits that are limited by Section 415(b) change during the year, and in accordance with its responsibilities under Section 415(b), StanCERA shall recalculate the benefits payable by the County under the Plan.
- (d) In accordance with the Plan document, the County shall rely on the calculations by StanCERA set out in paragraphs (a), (b), and (c) of this section for purposes of determining the replacement benefits payable under the Plan.
- (e) As provided in Section 4 of this MOU, StanCERA shall communicate to the County the information determined under this Section 3.

4. Communications Between the County and StanCERA

- (a) StanCERA shall communicate to the County, in writing and as soon as reasonably practicable, all information known to StanCERA that is necessary or appropriate for the efficient administration of the Plan. This communication includes but is not limited to the following: the names and identifying numbers of the retired members and surviving beneficiaries whose benefits are limited in any year; the amounts of their replacement benefits (if any) and the calculations that support these amounts; the date as of which the replacement benefits will become payable during each year (if any); the amount by which the replacement benefits change during the year (if at all); and the date that any replacement benefits must cease (for example, on the death of the retired member). The County shall keep confidential all information received from StanCERA for the purpose of administering the Plan, to the extent permitted by law.
- (b) The County shall communicate to StanCERA, in writing and as soon as reasonably practicable, all information that is necessary or appropriate for the efficient administration of the Plan. This communication includes but is not limited to the following: the names and identifying numbers of the Plan participants and eligible surviving beneficiaries who are paid replacement benefits; the amount of such payments; and the dates on which such payments occurred during the year.

5. Communications With Members

(a) StanCERA shall inform members, generally, that if their StanCERA benefits are limited by Section 415(b), the limited benefits will be replaced by the County in accordance with the Plan.

(b) In accordance with its responsibilities under Section 415(b), StanCERA shall be responsible for testing member benefits with respect to the Section 415(b) limits and if the benefits of a member or surviving beneficiary are limited by Section 415(b), StanCERA will so inform the affected individual in writing, and will inform him or her about the Plan and generally how it works.

(c) Upon receiving the needed information from StanCERA with respect to the amounts and timing of payment of replacement benefits, the County shall inform each affected individual about how the Plan works with respect to him or her, including the amounts that will be paid under the Plan for the particular year, the timing of such payments, any tax withholding elections available and all other information that is necessary or appropriate for operation of the Plan.

6. Districts

The Plan provides that Districts that participate in StanCERA may participate in the Plan, upon meeting the terms and conditions thereof. In such a case, the County will administer the Plan on behalf of and as agent of the District. For purposes of replacement benefit determinations, StanCERA shall treat retired District members (and their surviving beneficiaries) who participate in the Plan in the same manner as if they had been County employees under this MOU.

7. Reconciliation of Amounts

(a) Reconciliation of payments between StanCERA and the County

The County and StanCERA shall take all reasonable steps to reconcile, after the end of each year, the amounts of replacement benefits that have been identified as payable under the Plan by StanCERA and the amounts of replacement benefits that have actually been paid. In the event that the Plan has paid benefits which StanCERA determines should have been paid by StanCERA within the limits of section 415(b), StanCERA shall reimburse the County (or district, if applicable) for the payment of such benefits under the Plan. In the event that StanCERA has paid benefits which StanCERA determines should have been paid under the Plan, the Plan shall reimburse StanCERA for the payments of such benefits by StanCERA.

(b) Underpayments or overpayments to Plan Participants

Underpayments or overpayments to Plan Participants and beneficiaries shall be corrected by the County in accordance with the Plan or as required by law. It shall be the

County's responsibility to collect any such overpayments and to pay any such underpayments. The County shall not seek any recourse against StanCERA relating to such overpayments or underpayments except to the extent that StanCERA is required to reimburse the County as provided in section 7(a) above.

8. Tax Reporting

StanCERA and the County shall be separately responsible for their required reporting to the tax authorities, and neither shall be responsible for the other's reporting.

9. Indemnification and Hold Harmless

Each party to this MOU shall indemnify and hold the other harmless for any costs, damages, or other liabilities incurred hereunder on account of its own negligence or willful misconduct.

10. Miscellaneous

(a) Integration

This MOU and the documents referenced herein constitute the entire agreement of the parties with respect to the subject matter hereof and supercede all prior agreements and understandings, both written and oral.

(b) Amendment to MOU

This MOU may only be amended pursuant to a written agreement executed by both parties hereto.

(c) Notice of Amendment to Plan

The County will provide 30 days' written notice to StanCERA of any proposed revision to the Plan. Notice shall be addressed to the Chair of the Board of Retirement.

(d) Termination of MOU

This MOU shall be effective beginning on the date set out on the first page hereof and shall continue in effect unless and until terminated by either party on 30 days written notice to the other. Notice shall be addressed to the Chair of the Board of Supervisors, for the County, and to the Chair of the Board of Retirement, for StanCERA.

(e) One year review

The County and StanCERA will meet within one year from the effective date of this MOU to review the operations of this MOU and to make such revisions hereto as are mutually agreeable.

(f) Severability

If any portion of this MOU or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or county statute, ordinance or regulation the remaining provisions of this MOU or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of the MOU are severable.

(g) Preservation of StanCERA Tax Status

This MOU shall not in any way jeopardize the tax qualified status of StanCERA. To maintain this qualified status, the parties shall take all necessary or appropriate action, including but not limited to amending this MOU, solely for the purpose of complying with applicable federal tax laws and regulations.

IN WITNESS WHEREOF, THIS AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING HAS BEEN ENTERED INTO AS OF THE DATE SET FORTH ON THE FIRST PAGE HEREOF.

COUNTY OF STANISLAUS

STANISLAUS COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

By_____

By_____

Chairman of the Board of
Supervisors

Chairman of StanCERA's Board of Retirement

_____, 2019

_____, 2019

Reviewed as to Form:

Reviewed as to Form:

Thomas E. Boze
County Counsel
Attorney for the Board of Supervisors

Fred Silva
General Legal Counsel
Attorney for StanCERA



October 22, 2019

Retirement Board Agenda Item

TO: Retirement Board

FROM: Kellie Gomes, Executive Board Assistant

I. SUBJECT: SACRS 2019 Fall Business Meeting; Appointment of StanCERA Delegates

II. ITEM NUMBER: 9.b

III. ITEM TYPE: Discussion and Action

IV. STAFF RECOMMENDATION:

1. Support SACRS request to amend SB 783 in January 2020 for consideration during the 2020 Legislative session as presented in the business packet
2. Support SACRS request to amend the CERL sections related to nonservice-connected disability retirement to remove the element related to intemperate use of alcoholic liquor or drugs as presented in the business packet
3. Choose a primary and secondary voting proxy for the Board of Retirement at the Fall Meeting

V. ANALYSIS: Each year in November, the SACRS (State Association of County Retirement Systems) holds a Fall Conference with a business meeting on the last day of the conference. The Constitution of SACRS states that "the purpose of the Association is to provide forums for disseminating knowledge of, and developing expertise in, the 1937 Act retirement systems; and further, that the Association foster and take an active role in the legislative process as it affects SACRS retirement systems".

StanCERA will need two voting delegates identified who will be voting on behalf of the full Board at the business meeting on Friday, November 15, 2019. The following should be of interest to the Board concerning the voting requirements:

5. SACRS Legislative Committee Update - Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA – SACRS Legislative Committee, Co-Chairs

A. 2019 Legislative Report – No Action Required

B. SACRS Omnibus Bill SB 783

C. Los Angeles CERA Proposal

Attachment 1 contains the SACRS Omnibus Bill SB 783

Attachment 2 contains the Los Angeles CERA Proposal

Attachment 3 contains the 2019 SACRS Full Business Meeting Agenda.

Attachment 4 contains the voting delegate form

VI. RISK: None

VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently*

VIII. ADMINISTRATIVE BUDGET IMPACT: NONE


Kellie Gomes, Executive Board Assistant



**SACRS Legislative Committee
Ad Hoc Committee on Employer Liabilities
August 2019**

On February 15, 2019, the Legislative Committee established an ad hoc committee to study the statutory tools that county retirement systems can use to ensure payment of contributions from employers. Dave Nelsen (Alameda), Gina Ratto (Orange), Eric Stern (Sacramento), Julie Wyne (Sonoma), and actuarial advisor Andy Yeung (Segal Consulting) were appointed to the ad hoc committee.

This memo reflects the ad hoc committee's findings and recommendations.

Background

This issue gained media attention in recent years as CalPERS exercised its statutory authority for the first time to reduce benefit payments for retirees after two employers terminated membership and stopped making required pension payments. CalPERS also has statutory authority to place a lien on the assets of a terminating agency.

County retirement systems do not have the same enforcement tools as CalPERS, though several CERL statutes address the retirement board's authority to require payments from counties and districts.

- **Policy question:** Is more legislation needed to provide CERL systems with sufficient tools to ensure payments from employers?

Recommendations

The ad hoc committee does not recommend any significant legislative changes.

- We believe the current statutory structure and case law provide the necessary legal support for collecting contributions from employers.
- We advise CERL systems to adopt declining employer payroll and/or terminating employer liability policies to establish a process to identify liabilities and collect payments from employers.
- We also recommend that CERL systems use strong language in participation agreements with district employers that include contractual remedies for a breach.
- We recommend affirming the *Mijares* ruling in the CERL omnibus bill, SB 783, to emphasize the Board's authority to collect contributions from employers,



regardless of whether the county or district has active employees participating in the retirement system.

- We do not recommend pursuing CalPERS-type remedies, such as reducing member's benefits or securing a lien for collection purposes, though those tools may be appropriate for a larger system like CalPERS, with 3,000 participating employers and more resources.

Analysis

- Public employees have a contractual right to an actuarially sound retirement system. *Board of Administration v. Wilson* (1997) 52 Cal.App.4th 1109 at 1137
- Retirement Boards have the sole and exclusive duty to administer the system in a manner that will assure prompt delivery of benefits and to provide for actuarial services to assure the competency of assets. *County of Orange v. Association of Orange County Deputy Sheriffs* (2011) 192 Cal.App.4th 21 at 34; Cal. Constitution Article XVI, Sec. 17
- Contribution rates are binding on the County and participating districts and are set by law. *City of Oakland v. PERS* (2002) 95 Cal.App.4th 29 at 49; *In re Retirement Cases* (2003) 110 Cal.App.4th 421 at 453 and CERL Section 31586
- The obligation to pay the unfunded liability arises from predictions and future estimates about often-fluctuating factors over the years and is a highly variable amount. *Orange*, supra at 37
- The court in the *Mijares* case that OCERS took up on appeal found that Section 31453.5 applied to both active and inactive employers who have retired employees currently receiving benefits from the County retirement system. *Mijares v. Orange County Employees Retirement System*, 32 Cal.App. 5th 316
- The *Mijares* court also found that the unfunded liability payment is not required to be deducted from active employee payroll and recognized the system's right to recommend changes in county and district appropriations as necessary. (Section 31453)
- The *Mijares* court also found that the board's plenary constitutional authority to administer the system in a manner that will assure prompt delivery of benefits and related services to participants and beneficiaries supports the ability to collect from an employer that has no active payroll but still has deferred or retired members.



2020 CERL Clean-Up/Omnibus Bill

August 28, 2019

Dear SACRS Board of Directors:

At its August 16, 2019 meeting, the Legislative Committee approved bill language for a CERL Omnibus Bill and recommended approval by the SACRS Board of Directors.

A “shell” bill – SB 783 – has been filed on behalf of SACRS by the Senate Committee on Labor, Public Employment and Retirement. If approved by the SACRS membership at the Fall Conference, SB 783 can be amended in January 2020 for consideration during the 2020 legislative session.

The enclosed language reflects the work of Legislative Committee members, in collaboration with system administrators, over the past six months to develop non-controversial, technical, and clarifying amendments to the CERL. The proposed amendments will help the 1937 Act systems administer benefits in accordance with changes in federal law and recent appellate court rulings, provide more flexibility to Retirement Boards, and add parity to the CERL by aligning certain statutes with CalPERS and CalSTRS laws. Specifically, the amendments:

- Consolidate the military service-credit statutes to better conform to federal law and ensure members who are called to duty are made whole for their time away.
- Affirm the recent *Mijares v. OCERS* appellate case regarding an employer's liability and obligation to make contributions for pension benefits.
- Allow counties to authorize members to purchase parental leave service credit, aligning with CalPERS and CalSTRS statutes and evolving law about family leave.
- Clarify existing law regarding which benefit tier a member rejoins when reinstated to active service after an involuntary separation is overturned.
- Allow Boards to delegate to staff the authority to finalize retirement applications and put retirees on payroll, in compliance with the *Wilmot vs CCCERA* ruling.
- Provide flexibility to Retirement Boards to accept retirement applications earlier than the current 60-day limit.
- Allow for the lump-sum distribution of contributions when a member reaches mandatory distribution age instead of requiring a pension benefit that may be only a few dollars.
- Update incorrect statutory references, and make other technical changes.

The bill language and a summary matrix are enclosed.

Respectfully,

Dave Nelsen and Eric Stern
Legislative Committee Co-Chairs

Amendments to SB 783

VERSION 5

As Adopted by SACRS Legislative Committee
August 16, 2019

Additional Member Contributions; Removes Incorrect Cross Reference

Amend Section 31465:

“Additional contributions” means contributions made by members in addition to normal contributions under ~~Sections 31504 and~~ Section 31627.

Additional Member Contributions; Removes Incorrect Cross Reference

Amend Section 31627.1:

A member who has additional contributions under Section 31627 of the Government Code, ~~or under Section 31504 of the Government Code,~~ Code may, within 30 days prior to retirement, elect in writing to have all or any part of his ~~the member's~~ accumulated additional contributions returned to him ~~the member~~. The portion returned shall not be included in the calculation of the member's annuity.

Additional Member Contributions; Removes Incorrect Cross Reference

Amend Section 31627.2:

In any county in which the provisions of Section 31676.1 apply, any member who has additional contributions under ~~Section 31504 of the Government Code, or under Section 31627 of the Government Code,~~ Code may elect in writing to have all or any part of his ~~the member's~~ accumulated additional contributions returned to him ~~the member~~. The portion returned shall not be included in the calculation of the member's annuity. The board may order payment in whole or in part withheld for a period not to exceed 90 days after receipt of such written election.

Amend Section 31631.5:

Member Contributions; Removes Incorrect Cross Reference

(a) (1) Notwithstanding any other provision of this chapter, a board of supervisors or the governing body of a district may require that members pay 50 percent of the normal cost of benefits. However, that contribution shall be no more than 14 percent above the

applicable normal rate of contribution of members established pursuant to this article for local general members, no more than 33 percent above the applicable normal rate of contribution of members established pursuant to Article 6.8 (commencing with Section ~~21639~~) **31639**) for local police officers, local firefighters, county peace officers, and no more than 37 percent above the applicable normal rate of contribution of members established pursuant to Article 6.8 (commencing with Section 31639) for all local safety members other than police officers, firefighters, and county peace officers.

(2) Before implementing any change pursuant to this subdivision for any represented employees, the public employer shall complete the good faith bargaining process as required by law, including any impasse procedures requiring mediation and factfinding. This subdivision shall become operative on January 1, 2018. This subdivision shall not apply to any bargaining unit when the members of that unit are paying at least 50 percent of the normal cost of their pension benefit or are subject to an agreement reached pursuant to paragraph (1). Applicable normal rate of contribution of members means the statutorily authorized rate applicable to the member group as the statutes read on December 31, 2012.

(b) Nothing in this section shall modify a board of supervisors' or the governing body of a district's authority under law as it existed on December 31, 2012, including any restrictions on that authority, to change the amount of member contributions.

Employer Liabilities; Affirming the Mijares vs OCERS Ruling

Amend Section 31453:

(a) An actuarial valuation shall be made within one year after the date on which any system established under this chapter becomes effective, and thereafter at intervals not to exceed three years. The valuation shall be conducted under the supervision of an actuary and shall cover the mortality, service, and compensation experience of the members and beneficiaries, and shall evaluate the assets and liabilities of the retirement fund. Upon the basis of the investigation, valuation, and recommendation of the actuary, the board shall, at least 45 days prior to the beginning of the succeeding fiscal year, recommend to the board of supervisors the changes in the rates of interest, in the rates of contributions of members, and in county and district appropriations as are necessary. With respect to the rates of interest to be credited to members and to the county or district, the board may, in its sound discretion, recommend a rate which is higher or lower than the interest assumption rate established by the actuarial survey. No adjustment shall be included in the new rates for time prior to the effective date of the revision. (b)(1) Upon the basis of the investigation, valuation, and recommendation of the actuary, the board shall, at least 45 days prior to the beginning of the succeeding fiscal year, recommend to the governing body of a district within the county system that is not governed by the board of supervisors the changes in the rates of contributions of district members and in district appropriations as are necessary. (2) This subdivision shall not be operative in any county until the board of supervisors, by resolution adopted by majority vote, makes the provisions applicable in that county.

(c) The legislature affirms the ruling of *Mijares v. Orange County Employees Retirement System* (2019) 32 Cal.App.5th 316 with respect to the board's plenary authority to recommend adjustments to county and district contributions as necessary to ensure the appropriate funding of the system, and with respect to the mandate of Section 31454 that the county and districts adjust the rates of contributions of members and appropriations in accordance with the board's recommendations. Under all circumstances, the county and districts shall each remain liable to the retirement system for their respective share of any unfunded actuarial liability of the system, as determined by the board.

Member Refunds; Removes Incorrect Cross Reference

Amend Section 31641.45:

Whenever a member is entitled to redeposit funds previously withdrawn from a retirement system and thereby becomes eligible to receive a pension or retirement allowance for the service for which he was granted public service credit as authorized in Section 31641.1, regardless of whether or not the member elects to exercise such entitlement, the member shall be refunded the amount deposited by him in accordance with Section 31641.2 plus interest which has been credited to such amount and shall receive no credit in the system for such service.

This section applies only to a member who would be eligible to receive the benefit of Section 31835 or ~~20023.4~~20638 on making the redeposit.

Concurrent Retirement; Clarifies Age Requirement for PEPRA members

Amend Section 31835.1 to read:

Notwithstanding the provisions of Sections 31835 and 31836, a member of a retirement system established under this chapter who is eligible to retire at age 50 pursuant to Section 31672 or Section 7522.25, or at age 52 pursuant to Section 7522.20, or who is required to retire because of age while a member of the Public Employees' Retirement System, a retirement system established under this chapter in another county, the State Teachers' Retirement System, or a retirement system of any other public agency of the state that has established reciprocity with the Public Employees' Retirement System subject to the conditions of Section 31840.2, but who cannot retire concurrently from the Public Employees' Retirement System, a retirement system established under this chapter in another county, the State Teachers' Retirement System, or a retirement system of any other public agency of the state that has established reciprocity with the Public Employees' Retirement System subject to the conditions of Section 31840.2, shall be entitled to have his final compensation and service determined under Sections 31835 and 31836 as if he had retired concurrently under such other system.

Service Credit Purchases for Parental Leave

Amend 31646:

- (a) A member who returns to active service following an uncompensated leave of absence on account of illness may receive service credit for the period of such absence upon the payment of the contributions that the member would have paid during such period, together with the interest that such contributions would have earned had they been on deposit, if the member was not absent. The contributions may be paid in a lump sum or may be paid on a monthly basis for a period of not more than the length of the period for which service credit is claimed. Credit may not be received for any period of such absence in excess of 12 consecutive months.
- (b) (1) A member who returns to active service following an uncompensated leave of absence on account of parental leave, may receive service credit for the period of such absence upon the payment of the contributions that the member and the employer would have paid during such period, together with the interest that such contributions would have earned had they been on deposit, if the member was not absent. For purposes of this subsection, parental leave is defined as any time, up to one year, during which a member is granted an approved maternity or paternity leave and returns to employment at the end of the approved leave for a period of time at least equal to that leave. The contributions may be paid in a lump sum or may be paid on a monthly basis for a period of not more than the length of the period for which service credit is claimed. Credit may not be received for any period of such absence in excess of 12 consecutive months.
(2) This subsection shall not be operative until the board of supervisors, by resolution adopted by majority vote, makes the provisions applicable to that county, and applies to parental leave that commences after the adoption by the board of supervisors.

Military Leave; Streamlines Military Service Credit Provisions

Government Code section 31649 should be amended to read:

- ~~(a) Any member who resigns to enter and does enter the Armed Forces of the United States on a voluntary or involuntary basis, and within 90 days after the termination of that service under honorable conditions, reenters county service, or~~
- ~~(b) Any member who obtains a leave of absence to enter and does enter the Armed Forces of the United States on a voluntary or involuntary basis, and within one year after the termination under honorable conditions of~~

~~leave of absence reenters county service, if he or she has not contributed to the retirement fund the total percentage of his or her compensation earnable due pursuant to Section 31461 or pensionable compensation as defined in Section 7522.34, whichever is applicable, due under this chapter for the entire period during which he or she was out of county service and in military service, may, not more than 90 days after his or her reentrance into county service, file with the board his or her election that no further contributions be deducted from his or her compensation except contributions due because of current service.~~

~~(c) A member who reenters county service under either (a) or (b) above may be allowed up to five years credit for vesting in the system~~

(a) This chapter shall comply with the Uniformed Services Employment and Reemployment Act of 1994 (USERRA) (38 U.S.C. § 4301 et. seq.) as amended from time to time. Any member who was absent from county or district employment for military service and is eligible for reemployment benefits pursuant to USERRA, may, as provided in USERRA, make contributions and receive service credit for the time absent.

(b) Any member who does not qualify for reemployment benefits under (a) due to the length of the military service and who returns to county or district employment within one year of being honorably discharged from the Armed Forces of the United States, shall receive credit for service for all or any part of his or her military service, if, before retirement from the county or district, he or she contributes what he or she would have paid to the fund based on his or her compensation earnable as defined by section 31461 or pensionable compensation as defined in section 7522.34, whichever is applicable, at the time of the beginning of the absence together with regular interest thereon.

(c) Nothing in this section shall affect any arrangement to pay contributions pursuant to section 31653.

Sections 31649.5, 31649.6, 31650, and 31651 should be repealed.

Board Approval/Notification of Retirement Applications; Delegation to Staff

Amend Section 31670:

(a) Retirement of a member who has met the requirements for age and service shall be made by the board pursuant to this article or pursuant to the California Public Employees' Pension Reform Act of 2013, whichever is applicable.

(b) The board may authorize the administrator or other personnel to exercise the board's power and perform its duty to retire members under this section. The administrator or other personnel shall report service

retirements to the board at the next public meeting of the board after the retirement.

Amend Section 31662.2:

- (a) Retirement of a safety member in a county subject to the provisions of 31676.1, or of Section 31695.1, if applicable, who has met the requirements for age and service shall be made by the board pursuant to this article or pursuant to the California Public Employees' Pension Reform Act of 2013, whichever is applicable.
- (b) The board may authorize the administrator or other personnel to exercise the board's power and perform its duty to retire members under this section. The administrator or other personnel shall report service retirements to the board at the next public meeting of the board after the retirement.

60-Day Application Window; Provides Option for Longer Period

Amend Sections 31672, 31672.1, 31672.2, 31672.3 et al:

...may be retired upon filing with the board a written application, setting forth the date upon which he or she desires his or her retirement to become effective ~~not earlier than the date the application is filed with the board and not more than 60 days after the date of filing the application.~~ That effective retirement date shall not be:

- (a) earlier than the date the application is filed with the board, and
- (b) more than 60 days after the date of filing the application, or such number of days as approved by the Board.

Reinstatement to Prior Benefit Level

Add Section 31680.10:

- (a) A person who has been retired under this chapter for service following an involuntary termination of his or her employment, and who is subsequently reinstated to that employment pursuant to an administrative or judicial proceeding that is final and not subject to appeal, shall be reinstated from retirement as if there were no intervening period of retirement. Except as provided in subdivision (b), the requirements of Sections 31680.4, 31680.5, and 31680.7 shall not apply to that reinstatement.
- (b) The allowance received by the person during retirement shall be repaid by him or her to the retirement system from which he or she retired in accordance with the retirement system's repayment policy. Contributions shall be made for any period for which salary is awarded in the administrative or judicial proceedings in the amount that would have contributed had the member's employment not been terminated, and he or

she shall receive credit for the period for which salary is awarded. If the person fails to repay the allowance received during retirement, then his or her contributions and allowance upon retirement subsequent to reinstatement shall be calculated under Sections 31680.5 or 31680.7, as applicable.

- (c) As used in this section, "administrative proceeding" means the process for appeal of an involuntary termination established by county or district ordinance or charter.
- (d) This section shall only apply to persons reinstated to such employment by final action on or after the effective date of this section pursuant to an administrative or judicial proceeding.

Minimum Age Distributions; Timing and Lump-Sum Option

Amend Section 31706:

Any member who has left county service and has elected to leave accumulated contributions in the retirement fund or who is deemed to have elected a deferred retirement pursuant to subdivision (b) of Section 31700 and has attained age 70 but has not yet applied for a deferred retirement allowance and who is not a reciprocal member of a retirement system established pursuant to this chapter or the Public Employees' Retirement Law shall be notified in writing by the treasurer, or other entity authorized by the board, that the member is eligible to apply for and shall begin receiving either; a deferred retirement allowance by April 1 of the year following the year in which the member attains age 70 ½, or, a one-time distribution of all accumulated contributions and interest. The notification shall be made at the time the deferred member attains age 70 and shall be sent by certified mail to the member's last known address, or to the member's last known employer, as shown by the records of the retirement system. If the member can be located but does not make proper application for a deferred retirement allowance with retirement to be effective by April 1 of the year following the year in which the member attains age 70 ½, the retirement system shall commence paying either an unmodified allowance to the member if the member was eligible to begin receiving a deferred retirement allowance under the provisions of 31485.22, or, a one-time distribution of all accumulated contributions and interest if the member is otherwise ineligible for a deferred retirement allowance. If the member cannot be located by April 1 of the year following the year in which the member attains age 70 ½, all of the member's accumulated contributions and interest thereon shall be deposited in, and become a part of, the current pension reserve fund of the retirement system. The board may at any time after transfer of proceeds to the reserve fund upon receipt of proper information satisfactory to it, redeposit the proceeds to the credit of the claimant, to be administered in the manner provided under this law. This section shall not apply to a member while the member is actively employed past mandatory retirement age in a retirement system established under the provisions of this chapter or the Public Employees' Retirement Law.

Optional Retirement Allowances and Survivor Benefits; Clarifies Age for Children

Amend sections 31760.1, 31760.2, 31765, 31765.1, 31781.1, 31781.2, 31785, 31785.1, 31786, 31786.1, 31787, and 31787.5:

...Notwithstanding any other provisions of this section, the benefits otherwise payable to the children of the member shall be paid to ~~such children through the age of 21~~those children up to the 22nd birthday of the children if such children remain unmarried and are regularly enrolled as full-time students in and accredited school as determined by the board.

And, amend section 31855.3 (c) to read:

(c) ~~Between 18 and 22 years of age,~~ Over age 18 but under age 22, and enrolled as a full-time student in an accredited school, as determined by the board.

SB 783 -- 1937 Act Omnibus Bill

Gov Code	Topic	Issue/Justification
31465	Additional member contributions	Removes incorrect reference to GC 31504, which was repealed
31627.1	Additional member contributions, refunds	Removes incorrect cross reference to GC 31504; adds gender neutral language
31627.2	Additional member contributions, refunds	Removes incorrect cross reference to GC 31504; adds gender neutral language
31631.5	Member contributions, normal cost-sharing	Fixes incorrect cross reference to GC 31639 (currently 21639)
31453	Withdrawn Employer Liabilities	Affirms <i>Mijares vs. OCERS</i> ruling to emphasize Board's authority to set contributions for employers (even if they no longer have active members) to ensure sustainability of the fund.
31641.45	Refunds	Removes incorrect cross reference to 20023.1, which was repealed in 1995.
31646	Service Purchase for Uncompensated Illness	Allows members to purchase parental leave time, similar to CalPERS (GC 21013) and CalSTRS (EC 22803). Current statute does not permit purchases for unpaid absences other than for illness. This amendment adds parity for county retirement systems in an area of law and practice that has been evolving regarding parental leave. Unlike current statute that requires only member contributions for service purchases related to unpaid medical leave, this amendment requires the member to pay ALL contributions (employee and employer). This provision also require BOS approval, and applies prospectively to future parental leave to ensure compliance with PEPRAs ban on retroactive benefit increases.
31649 31649.5, 31649.5, 31649.6, 31650, and 31651	Military Leave	Consolidates military service credit statutes to conform to federal laws to ensure members who have been called to duty and return to work can be made whole for retirement purposes due to their leave of absence. These amendments do not contain policy changes, but add clarity and remove potential conflict with federal law regarding the treatment of military service purchases.

August 16, 2019

31662.2 31670	Board Approval of Retirements	Delegates authority to the system administrator or other personnel to accept and process service retirement applications, approve effective retirement dates, and pay members, and directs staff to notify Board at the next public meeting. The recent Wilmot v. CCCERA appellate ruling raised a question as to when a member officially retires. The court, citing section 31670, held that a member was not retired until the Board formally approved the member's retirement application. There are various approaches that retirement boards currently use to approve, ratify, or review service retirement applications. By formally delegating the authority to staff to process service retirements, current practices can be codified to comply with section 31670 to ensure members can be paid in a timely manner.
31672, 31672.1, 31672.2, 31672.3	60-Day Advance Application Window	Allows each system to set an application window based on business needs/ability. Statute currently prohibits members from submitting applications more than 60 days before retirement, which will remain the default unless proactively changed by the Board. The 60-day rule is arbitrary and likely reflected the constraints on a manual processes. Technology solutions today can accommodate applications filed earlier, which can help facilitate retirement planning for the individual and succession planning for the employer.
31680	Reinstatement from Retirement	Reinstates to prior status members who had involuntarily termination overturned by administrative or judicial proceeding. This amendment clarifies what Tier the member should return to, if the member was separated from service during the appeal that may have stretched for long periods. Similar to CalPERS (GC 21198)
31706	Minimum Age Distribution	<p>Conforms to IRC regulations the timing of notice for mandatory distribution by clarifying that member deadline to retire/take action is April 1 of <u>year following the</u> year in which the member attains age 70 ½.</p> <p>Adds language for flexibility for lump sum distribution of contributions instead of an "allowance." There are frequent situations in which a deferred member who worked for the county many years ago may have a small amount of member contributions on file. It is cumbersome and inefficient to provide an annual pension on what may amount to a few dollars, instead of providing a lump sum distribution.</p>

August 16, 2019

31760.1, 31760.2, 31765, 31765.1, 31781.1, 31782.2, 31785, 31785.1, 31787, 31787.5, 31853.3	Optional Retirement Allowances and Death Benefits: Age 21	Amends CERL sections to clarify survivor benefit are to be paid up to the child's 22nd birthday as long as the child remains unmarried and enrolled full time. CERL provides for a benefit to be paid to a child over the age of 18 who is regularly enrolled as a full-time student in an accredited school. The benefit is to be paid "through the age of 21." "Through the age of 21" could mean up to the date that the child turns 21 because as of that date the child is 21 plus one day. On the other hand, it could mean up to the child's 22nd birthday. This amendment reflects the majority interpretation and practice.
31835.1	Concurrent Retirement: PEPRAs members	Adds clarifying language regarding early retirement for PEPRAs members who also have legacy status in another system. This section deals with concurrent retirement for reciprocal members who can retire in one system at age 50 but aren't eligible to retire in the reciprocal system until after age 50, and ensures reciprocity is maintained if they retire in the earlier eligible system. There could be a situation where a member is a Legacy member in the first system, and leaves for more than 180 days and enters the second system as a PEPRAs member. If the Legacy system has not passed a resolution to lower age 55 to age 50, then the member could be subject to an age 55 requirement in one system, and an age 50 or 52 requirement in the other system. This amendment adds PEPRAs reference to age 52.

#1

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, September 04, 2019 4:23:53 PM
Last Modified: Wednesday, September 04, 2019 4:49:26 PM
Time Spent: 00:25:33
IP Address: 63.193.71.3

Page 1

Q1 Title of Issue:

Nonservice-connected Disability Retirement and Intemperate Use of Alcoholic Liquor or Drugs

Q2 Retirement Association/System:

Los Angeles County Employees Retirement Association

Q3 Contact Person:

Barry Lew, Legislative Affairs Officer

Q4 Contact e-mail:

blew@lacera.com

Q5 Contact Phone #:

626-564-2370

Q6 Description of issue:

Government Code Sections 31726 and 31726.5 were added to CERL in 1937 and 1951, respectively. These sections limit a member's nonservice-connected disability retirement allowance to an annuity that is the actuarial equivalent of his accumulated contributions if the member's disability is due to intemperate use of alcoholic liquor or drugs, willful misconduct, or violation of law on the member's part. In the successive decades since 1937 and 1951, views on alcohol and drug use have evolved from a legal and moral perspective to a medical, scientific, and public health perspective—from temperance and prohibition to treatment, recovery, and counseling. The public policy underlying the limitation on nonservice-connected disability retirement allowances due to intemperate use of alcoholic liquor or drugs may no longer reflect contemporary views of alcohol and drug use. If alcohol and drug use were viewed from a disease perspective rather than a moral failure, the benefit limitation as a consequence would be financially punitive and discriminatory for members.

Q7 Recommended solution:

Amend the CERL sections related to nonservice-connected disability retirement to remove the element related to intemperate use of alcoholic liquor or drugs.

Q8 Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers:

Section 31726: Upon retirement for nonservice-connected disability a member who has attained age 65 shall receive his or her service retirement allowance. Every member under age 65 who is retired for nonservice-connected disability and who is not simultaneously retired as a member on deferred retirement of the State Public Employees' Retirement System or a retirement system established under this chapter in another county shall receive a disability retirement allowance which shall be the greater of the following: (a) The sum to which he or she would be entitled as service retirement. (b) A sum which shall consist of any of the following: (1) An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement. (2) If, in the opinion of the board, his or her disability is not due to intemperate use of alcoholic liquor or drugs, willful misconduct, willful misconduct or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district. (3) If, in the opinion of the board, his or her disability is not due to conviction of a felony or criminal activity which caused or resulted in the member's disability, a disability retirement pension purchased by contributions of the county or district. This paragraph shall only apply to a person who becomes a member of the system on or after January 1, 1988. Section 31726.5: Upon retirement for nonservice-connected disability a safety member who has attained age 55 shall receive his or her service retirement allowance. Every safety member under age 55 who is retired for nonservice-connected disability and who is not simultaneously retired as a member on deferred retirement of the Public Employees' Retirement System or a retirement system established under this chapter in another county shall receive a disability retirement allowance which shall be the greater of: (a) The sum to which he or she would be entitled to as service retirement; or (b) A sum which shall consist of: (1) An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement. (2) If, in the opinion of the board, his or her disability is not due to intemperate use of alcoholic liquor or drugs, willful misconduct, willful misconduct or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district. (3) If, in the opinion of the board, his or her disability is not due to conviction of a felony or criminal activity which caused or resulted in the member's disability, a disability retirement pension purchased by contributions of the county or district. Paragraph (3) shall only apply to a person who becomes a member of the association on or after January 1, 1988. Section 31728: If, in the opinion of the board, the disability is due to intemperate use of alcoholic liquor or drugs, willful misconduct, willful misconduct or violation of law on the part of the member, and his annuity is less than two hundred forty dollars (\$240) a year, the board may pay the member his accumulated contributions in one lump sum in lieu of his annuity. Section 31838: Every safety member under age 55 years and every other member under age 65 years who is retired for nonservice-connected disability and who is retired simultaneously under a disability retirement allowance from the Public Employees' Retirement System or a retirement system established under this chapter in another county shall receive a retirement allowance equal to the greater of the following amounts: (1) The sum to which he would be entitled as service retirement; or (2) A sum which shall consist of: (a) An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and (b) If, in the opinion of the board, his disability is not due to intemperate use of alcoholic liquor or drugs, willful misconduct, willful misconduct or violation of law on his part, a disability retirement pension purchased by contributions of the county or district, all computed as provided in Sections 31727 or 31727.2.

Q9 Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association/system?

The nonservice-connected disability retirement provisions apply to all SACRS systems.

Q10 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/systems?

As plan administrators, the other SACRS systems may not be amenable to this proposal that would substantively change the policy underlying the benefit structure for nonservice-connected disability retirements. This proposal may put a plan administrator at odds with its plan sponsor.

Q11 Who will support or oppose this proposed change in the law?

SACRS systems that view the benefit limitation as financially punitive and discriminatory may support this proposal. Plan sponsors may oppose this proposal because it is a substantive change to the benefit structure of a nonservice-connected disability retirement allowance.

Q12 Who will be available from your retirement association/system to testify before the Legislature?

Barry Lew, Legislative Affairs Officer Joe Ackler, Ackler & Associates

SACRS 2020 Legislative Platform Submission Information

- **Title of Issue**
Nonservice-connected Disability Retirement and Intemperate Use of Alcoholic Liquor or Drugs
- **Retirement Association/Name**
Los Angeles County Employees Retirement Association
- **Contact Name**
Barry Lew, Legislative Affairs Officer
- **Contact Phone Number**
626-564-2370
- **Contact Email Address**
blew@lacera.com
- **Description of Issue**
Government Code Sections 31726 and 31726.5 were added to CERL in 1937 and 1951, respectively. These sections limit a member's nonservice-connected disability retirement allowance to an annuity that is the actuarial equivalent of his accumulated contributions if the member's disability is due to intemperate use of alcoholic liquor or drugs, willful misconduct, or violation of law on the member's part.

In the successive decades since 1937 and 1951, views on alcohol and drug use have evolved from a legal and moral perspective to a medical, scientific, and public health perspective—from temperance and prohibition to treatment, recovery, and counseling. The public policy underlying the limitation on nonservice-connected disability retirement allowances due to intemperate use of alcoholic liquor or drugs may no longer reflect contemporary views of alcohol and drug use. If alcohol and drug use were viewed from a disease perspective rather than a moral failure, the benefit limitation as a consequence would be financially punitive and discriminatory for members.
- **Recommended Solution**
Amend the CERL sections related to nonservice-connected disability retirement to remove the element related to intemperate use of alcoholic liquor or drugs.
- **Specific language changed or added to the 1937 Act and suggested code section number(s)**

Section 31726

Upon retirement for nonservice-connected disability a member who has attained age 65 shall receive his or her service retirement allowance.

Every member under age 65 who is retired for nonservice-connected disability and who is not simultaneously retired as a member on deferred retirement of the ~~State Public~~ Employees' Retirement System or a retirement system established under this chapter in another county shall receive a disability retirement allowance which shall be the greater of the following:

(a) The sum to which he or she would be entitled as service retirement.

(b) A sum which shall consist of any of the following:

(1) An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

(2) If, in the opinion of the board, his or her disability is not due to ~~intemperate use of alcoholic liquor or drugs, willful misconduct,~~ willful misconduct or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district.

(3) If, in the opinion of the board, his or her disability is not due to conviction of a felony or criminal activity which caused or resulted in the member's disability, a disability retirement pension purchased by contributions of the county or district. This paragraph shall only apply to a person who becomes a member of the system on or after January 1, 1988.

Section 31726.5

Upon retirement for nonservice-connected disability a safety member who has attained age 55 shall receive his or her service retirement allowance. Every safety member under age 55 who is retired for nonservice-connected disability and who is not simultaneously retired as a member on deferred retirement of the Public Employees' Retirement System or a retirement system established under this chapter in another county shall receive a disability retirement allowance which shall be the greater of:

(a) The sum to which he or she would be entitled to as service retirement; or

(b) A sum which shall consist of:

(1) An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

(2) If, in the opinion of the board, his or her disability is not due to ~~intemperate use of alcoholic liquor or drugs, willful misconduct, willful misconduct~~ or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district.

(3) If, in the opinion of the board, his or her disability is not due to conviction of a felony or criminal activity which caused or resulted in the member's disability, a disability retirement pension purchased by contributions of the county or district. Paragraph (3) shall only apply to a person who becomes a member of the association on or after January 1, 1988

Section 31728

If, in the opinion of the board, the disability is due to ~~intemperate use of alcoholic liquor or drugs, willful misconduct, willful misconduct~~ or violation of law on the part of the member, and his annuity is less than two hundred forty dollars (\$240) a year, the board may pay the member his accumulated contributions in one lump sum in lieu of his annuity.

Section 31838

Every safety member under age 55 years and every other member under age 65 years who is retired for nonservice-connected disability and who is retired simultaneously under a disability retirement allowance from the Public Employees' Retirement System or a retirement system established under this chapter in another county shall receive a retirement allowance equal to the greater of the following amounts:

(1) The sum to which he would be entitled as service retirement; or

(2) A sum which shall consist of:

(a) An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

(b) If, in the opinion of the board, his disability is not due to ~~intemperate use of alcoholic liquor or drugs, willful misconduct, willful misconduct~~ or violation of law on his part, a disability retirement pension purchased by contributions of the county or district, all computed as provided in Sections 31727 or 31727.2.

- **Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association/system?**

The nonservice-connected disability retirement provisions apply to all SACRS systems.

- **Do you anticipate 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/systems?**

As plan administrators, the other SACRS systems may not be amenable to this proposal that would substantively change the policy underlying the benefit structure for nonservice-connected disability retirements. This proposal may put a plan administrator at odds with its plan sponsor.

- **Who will support or oppose this proposed change in the law?**

SACRS systems that view the benefit limitation as financially punitive and discriminatory may support this proposal. Plan sponsors may oppose this proposal because it is a substantive change to the benefit structure of a nonservice-connected disability retirement allowance.

- **Who will be available from your association/system to testify before the Legislature?**

Barry Lew, Legislative Affairs Officer
Joe Ackler, Ackler & Associates



SACRS Business Meeting Packet

Friday, November 15, 2019

10:00 AM - Upon Adjournment

Hyatt Regency Monterey Hotel and Spa

1 Old Golf Course Rd
Monterey, CA 93940



SACRS Business Meeting Agenda
Friday, November 15, 2019
10:00 AM - Upon Adjournment
Hyatt Regency Monterey
Monterey, CA

SACRS Parliamentarian – TBD
Sergeant at Arms – Bob Goodchild, San Diego CERA

1. SACRS System Roll Call

Kathryn Cavness, Mendocino CERA, SACRS Secretary

2. Secretary's Report - Receive and File

Kathryn Cavness, Mendocino CERA, SACRS Secretary

- A. May 2019 SACRS Business Meeting Minutes

3. Treasurer's Report - Receive and File

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

- A. July 2019 – August 2019 Financials

4. SACRS President Report - No Action

Dan McAllister, San Diego CERA, SACRS President

- A. SACRS President Update

5. SACRS Legislative Committee Update - Vote

Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA – SACRS Legislative Committee Co-Chairs

- A. 2019 Legislative Report – No Action
- B. SACRS Omnibus Bill SB 783- Vote
- C. Los Angeles CERA Proposal – Vote

6. SACRS Nomination Committee - 2020-2021 SACRS Election Notice – No Action

Ray McCray, San Joaquin CERA, SACRS Nomination Committee Chair

- A. SACRS Election Notice 2020-2021

7. SACRS Audit Report – No Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

- A. SACRS Audit Committee Update



8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

- A. SACRS Fall Conference Evaluations 2019

9. SACRS Program Committee Report – No Action

Vivian Gray, Los Angeles CERA, SACRS Program Committee Chair

- A. SACRS Fall Conference Report 2019

10. SACRS Affiliate Committee Report – No Action

Ben Lazarus, Parametric, SACRS Affiliate Committee Chair

- A. Affiliate Committee Update

11. SACRS Bylaws Committee Report – No Action

Johanna Fontenot, Los Angeles CERA, SACRS Bylaws Committee Chair

- A. Bylaws Committee Update

12. SACRS Fall Conference Breakout Reports – No Action

A representative from each breakout will give report on their meetings.

- A. Administrators
- B. Counsel
- C. Disability/ Operations & Benefits Combo
- D. Internal Auditors
- E. Investment Officers
- F. Safety Trustees
- G. General Trustees

13. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, May 15, 2020 at the Paradise Point Hotel and Resort in San Diego, CA.



1. SACRS System Roll Call

Kathryn Cavness, Mendocino CERA, SACRS Secretary



1. SACRS System Roll Call
Kathryn Cavness, SACRS Secretary

System	In Attendance	Absent	Delegate/Alternate Name
Alameda			
Contra Costa			
Fresno			
Imperial			
Kern			
Los Angeles			
Marin			
Mendocino			
Merced			
Orange			
Sacramento			
San Bernardino			
San Diego			
San Joaquin			
San Mateo			
Santa Barbara			
Sonoma			
Stanislaus			
Tulare			
Ventura			
Total			



2. Secretary's Report - Receive and File

Kathryn Cavness, Mendocino CERA, SACRS Secretary

A. May 2019 SACRS Business Meeting Minutes



SACRS Business Meeting Minutes
Friday, May 10, 2019
10:00 AM - Upon Adjournment
Resort at Squaw Creek
Lake Tahoe, CA

SACRS Parliamentarian – Lance Kjeldgaard
Sergeant at Arms – Bob Goodchild, San Diego CERA

Meeting called to order at 9:48 AM by President Dan McAllister

SACRS Board Members Present: Dan McAllister, President; Vivian Gray, Vice President; Kathryn Cavness, Secretary; Harry Hagen, Treasurer; Chris Cooper, Board Member; Roger Hilton, Board Member; Ray McCray, Immediate Past President; and Ben Lazarus, Affiliate Chair

1. SACRS System Roll Call

Kathryn Cavness, Mendocino CERA, SACRS Secretary

20 SACRS Member Systems Present

Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura

At the time of roll call, San Bernardino CERA did not have a voting proxy present. Louis Fiorino arrived as SBCERA's delegate after the meeting was called to order and item 4.

2. Secretary's Report - Receive and File

Kathryn Cavness, Mendocino CERA, SACRS Secretary

A. November 2018 SACRS Business Meeting Minutes

Motion: A motion to adopt the November 2018 Business Meeting Minutes was made by San Diego CERA.

2nd: Santa Barbara CERS

Yes: 19

No: 0

Abstain: 0

Absent: 1 - San Bernardino CERS

Motion Passes



3. Treasurer's Report - Receive and File

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

A. July 2018 – February 2019 Financials

Motion: A motion to approve the Treasurers report was made by Los Angeles CERA.

2nd: Imperial CERS

Yes: 19

No: 0

Abstain: 0

Absent: 1 - San Bernardino CERS

Motion Passes

4. SACRS President Report - No Action

Dan McAllister, San Diego CERA, SACRS President

A. SACRS President Update

Discussion: No action taken, information only.

5. SACRS Legislative Committee Update – No Action

Eric Stern, Sacramento CERS & Dave Nelsen, Alameda CERA, SACRS Legislative Committee Co-Chairs

A. 2019 Legislative Report

Discussion: No action taken, information only. Bills to watch; SACRS Bill SB 783 is a technical cleanup bill for the CERL; AB 664 (Cooper) County Employees Permanent Incapacity; AB 1212 (Levine) Infrastructure Investment; AB 1320 (Nazarian) Divestment in Turkey; ab 233 (Bonta) Divestment in Private Prisons; AB 1332 (Bonta) Sanctuary State Contracting.

6. SACRS Nomination Committee - 2019-2020 SACRS Elections – Action

Ray McCray, San Joaquin CERA, SACRS Nomination Committee Chair

A. SACRS Election 2019-2020

Motion: A motion to approve the Nomination Committee recommendation for the 2019-2020 Board of Directors was made by Fresno CERA. Recommendation includes - Dan McAllister, President; Vivian Gray, Vice President; Kathryn Cavness, Secretary; Harry Hagen, Treasurer; Chris Cooper, Board Member and Roger Hilton, Board Member.

2nd: San Diego CERA

Yes: 20

No: 0

Abstain: 0

Motion Passes



7. SACRS Audit Report – Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS 2017-2018 Audit Report

Motion: A motion to approve the Audit report was made by Los Angeles CERA.

2nd: Imperial CERS

Yes: 19

No: 0

Abstain: 1 - Contra Costa

Motion Passes

8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

A. SACRS Spring Conference Evaluations 2019

Discussion: No action taken, information only, a verbal report was provided by JJ Popowich, Committee Chair. Feedback was positive and the committee had many attendees at their meeting. Many attendees utilized the online survey during the conference, more communication/instructions on how to access accounts will be needed in future conferences. Attendees were reminded to complete their evaluations online to receive credit toward their 24 hours of required continuing education.

9. SACRS Program Committee Report – No Action

Vivian Gray, Los Angeles CERA, SACRS Program Committee Chair

A. SACRS Spring Conference Report 2019

Discussion: No action taken, information only, a verbal report was provided by Vivian Gray, Committee Chair. Vivian thanked the committee members for their efforts and hard work developing a great program. Vivian asked members to please submit ideas for topics and suggestion online at the sacrs.org website.

10. SACRS Affiliate Committee Report – No Action

Ben Lazarus, Parametric, SACRS Affiliate Committee Chair

A. Affiliate Committee Update

Discussion: No action taken, information only, a verbal report was provided by Ben Lazarus, Committee Chair. Ben thanked the Affiliate Committee members and Tim Price for assisting with the developing the Affiliate Breakout session on Wednesday. The Affiliates also discussed the UC Berkeley program, Affiliate Member Guideline amendments and elections for the committee.



11. SACRS Bylaws Committee Report – No Action

Johanna Fontenot, Los Angeles CERA, SACRS Bylaws Committee Chair

A. Bylaws Committee Update

Discussion: No action taken, information only, a verbal report was provided by Sulema Peterson. Update on bylaw amendments are forthcoming, the committee is reviewing for changes in management and structure for committees.

12. SACRS Fall Conference Breakout Reports – No Action

A representative from each breakout will give report on their meetings.

- A. Administrators – Eric Stern reported that Debby Cherney will moderate the Administrators session at the Fall 2019 Conference.
- B. Counsel – Johanna Fontenot will moderate the Counsel session at the Fall 2019 Conference.
- C. Disability/ Operations & Benefits Combo – No Report, Arlene Owens will moderate the Tuesday Disability/Ops session at the Fall 2019 Conference.
- D. Internal Auditors – No Report
- E. Investment Officers – Tim Price will moderate the Investment session at the Fall 2019 Conference. They will have a closed-door session separate from the Affiliate breakout.
- F. Safety Trustees – Brian Williams will moderate the Safety session at the Fall 2019 Conference.
- G. General Trustees – Dan McAllister reported that Gina Sanchez will moderate the Tuesday Trustee session at the Fall 2019 Conference.

13. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, November 15, 2019, Hyatt Regency Hotel & Spa, Monterey, CA.

Motion: A motion to adjourn at 10:08 am was made by Mendocino CERA.

2nd: Fresno CERA

Yes: 20

No: 0

Motion Passes



3. Treasurer's Report - Receive and File

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

A. July 2019 – August 2019 Financials

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Balance Sheet
As of August 31, 2019

Aug 31, 19

ASSETS

Current Assets

Checking/Savings

1000 · First Foundation Bank-Checking	263,995.07
1001 · BofA Interest Checking 4389	363,111.91
1002 · First Foundation Bank ICS Acct	57,453.38
1107 · CalTrust Liquidity Fund	8,131.39

Total Checking/Savings 692,691.75

Other Current Assets

1100 · CalTrust - Medium Term	1,189,358.25
1104 · CalTrust - BlackRock FedFund	781,346.23
1201 · Deposits in Transit	10,534.17

Total Other Current Assets 1,981,238.65

Total Current Assets 2,673,930.40

TOTAL ASSETS 2,673,930.40

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Other Current Liabilities

2100 · Unrealized Gain (Loss)	89,757.88
2150 · Refund Liability	2,510.00

Total Other Current Liabilities 92,267.88

Total Current Liabilities 92,267.88

Total Liabilities 92,267.88

Equity

32000 · Retained Earnings 2,298,166.07

Net Income 283,496.45

Total Equity 2,581,662.52

TOTAL LIABILITIES & EQUITY 2,673,930.40

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July through August 2019

	<u>Jul - Aug 19</u>
Ordinary Income/Expense	
Income	
4100 - Membership Dues	
4101 - Affiliates	173,750.01
4102 - Non Profit - Organizations	2,000.00
4103 - Non Profit - Systems	6,000.00
4104 - Systems - Medium	52,000.00
4105 - Systems - Large	42,000.00
Total 4100 - Membership Dues	<u>275,750.01</u>
4270 - UC Berkeley Program	
4271 - Registrations	7,500.00
4272 - Sponsorships	20,500.00
4270 - UC Berkeley Program - Other	-2,500.00
Total 4270 - UC Berkeley Program	<u>25,500.00</u>
4300 - Fall Conference Registration	
4301 - Affiliates - Early	142,790.00
4304 - Non Profit	240.00
4305 - Systems	5,400.00
4306 - Non-Members	125,490.00
4300 - Fall Conference Registration - Other	-2,670.00
Total 4300 - Fall Conference Registration	<u>271,250.00</u>
4350 - Spring Conference Registration	
4352 - Affiliates - Regular	30,510.00
4356 - Non-Members	0.00
4357 - Fun Run	150.00
4358 - Yoga	100.00
Total 4350 - Spring Conference Registration	<u>30,760.00</u>
4900 - Interest Earned	<u>129.22</u>
Total Income	<u>603,389.23</u>
Gross Profit	<u>603,389.23</u>
Expense	
5000 - Administrative Fee	15,000.00
5001 - Administrative Services	825.70
5002 - Awards	387.35
5003 - Bank Charges/Credit Card Fees	12,005.02
5010 - Berkeley & Symposium	
5013 - Hotel	10,625.53
5015 - Materials/Printing/Design	570.94
5016 - Travel	510.53
Total 5010 - Berkeley & Symposium	<u>11,707.00</u>
5041 - Consulting	9,332.00
5050 - Fall Conference	
5054 - Hotel	
5054.2 - Conference	2,000.00
Total 5054 - Hotel	<u>2,000.00</u>

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July through August 2019

	<u>Jul - Aug 19</u>
5056 · Speakers	5,385.00
5058 · Travel	813.87
Total 5050 · Fall Conference	8,198.87
5071 · Legal & Professional Fees	2,744.00
5072 · Legislative Advocacy	10,002.00
5080 · Magazine	
5082 · Design/Printing/Etc.	2,640.00
Total 5080 · Magazine	2,640.00
6000 · Board & Committees	
6001 · Board of Directors	
6001.1 · Food & Beverage	4,733.62
6001.2 · Printing/Supplies	598.13
6001.3 · Travel - BOD Meetings	1,854.11
6001 · Board of Directors - Other	698.82
Total 6001 · Board of Directors	7,884.68
6002 · Legislative Committee Meetings	10.95
Total 6000 · Board & Committees	7,895.63
6010 · Office Expenses / Supplies	1,929.58
6011 · Postage & Delivery	368.50
6020 · Spring Conference	
6021 · Audio/Visual	6,155.29
6022 · Delivery & Shipping	5,966.48
6024 · Hotel	
6024.1 · Wednesday Night Event	72,476.97
6024.2 · Conference	8,306.40
6024.3 · Food & Beverage	100,844.41
6024 · Hotel - Other	8,476.54
Total 6024 · Hotel	190,104.32
6025 · Program Material	3,573.24
6026 · Speakers	10,875.84
6028 · Travel	8,855.81
Total 6020 · Spring Conference	225,530.98
6053 · Technology/AMS/Website	10,223.07
6054 · Travel	1,103.14
66900 · Reconciliation Discrepancies	-0.06
Total Expense	319,892.78
Net Ordinary Income	283,496.45
Net Income	<u><u>283,496.45</u></u>

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
Profit & Loss Budget vs. Actual
July through August 2019

	Jul - Aug 19	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4100 · Membership Dues				
4101 · Affiliates	173,750.01	268,750.00	-94,999.99	64.65%
4102 · Non Profit - Organizations	2,000.00	3,000.00	-1,000.00	66.67%
4103 · Non Profit - Systems	6,000.00	6,000.00	0.00	100.0%
4104 · Systems - Medium	52,000.00	52,000.00	0.00	100.0%
4105 · Systems - Large	42,000.00	42,000.00	0.00	100.0%
Total 4100 · Membership Dues	275,750.01	371,750.00	-95,999.99	74.18%
4250 · Product Income				
4255 · Magazine Advertising	0.00	2,000.00	-2,000.00	0.0%
Total 4250 · Product Income	0.00	2,000.00	-2,000.00	0.0%
4270 · UC Berkeley Program				
4271 · Registrations	7,500.00	100,000.00	-92,500.00	7.5%
4272 · Sponsorships	20,500.00	55,000.00	-34,500.00	37.27%
4270 · UC Berkeley Program - Other	-2,500.00			
Total 4270 · UC Berkeley Program	25,500.00	155,000.00	-129,500.00	16.45%
4300 · Fall Conference Registration				
4301 · Affiliates - Early	142,790.00	165,230.00	-22,440.00	86.42%
4302 · Affiliates - Regular	0.00	100,000.00	-100,000.00	0.0%
4303 · Affiliates - Late/Onsite	0.00	35,000.00	-35,000.00	0.0%
4304 · Non Profit	240.00	1,000.00	-760.00	24.0%
4305 · Systems	5,400.00	25,000.00	-19,600.00	21.6%
4306 · Non-Members	125,490.00	255,000.00	-129,510.00	49.21%
4307 · Fun Run	0.00	1,000.00	-1,000.00	0.0%
4308 · Yoga	0.00	300.00	-300.00	0.0%
4300 · Fall Conference Registration - Other	-2,670.00			
Total 4300 · Fall Conference Registration	271,250.00	582,530.00	-311,280.00	46.56%
4350 · Spring Conference Registration				
4351 · Affiliates - Early	0.00	160,000.00	-160,000.00	0.0%
4352 · Affiliates - Regular	30,510.00	100,000.00	-69,490.00	30.51%
4353 · Affiliates - Late/Onsite	0.00	35,000.00	-35,000.00	0.0%
4354 · Non Profit	0.00	1,000.00	-1,000.00	0.0%
4355 · Systems	0.00	22,500.00	-22,500.00	0.0%
4356 · Non-Members	0.00	255,000.00	-255,000.00	0.0%
4357 · Fun Run	150.00	1,000.00	-850.00	15.0%
4358 · Yoga	100.00	350.00	-250.00	28.57%
Total 4350 · Spring Conference Registration	30,760.00	574,850.00	-544,090.00	5.35%
4900 · Interest Earned	129.22			
Total Income	603,389.23	1,686,130.00	-1,082,740.77	35.79%
Gross Profit	603,389.23	1,686,130.00	-1,082,740.77	35.79%
Expense				
5000 · Administrative Fee	15,000.00	180,000.00	-165,000.00	8.33%
5001 · Administrative Services	825.70	500.00	325.70	165.14%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July through August 2019

	Jul - Aug 19	Budget	\$ Over Budget	% of Budget
5002 · Awards	387.35	500.00	-112.65	77.47%
5003 · Bank Charges/Credit Card Fees	12,005.02	36,000.00	-23,994.98	33.35%
5010 · Berkeley & Symposium				
5011 · Audio/Visual	0.00	2,200.00	-2,200.00	0.0%
5013 · Hotel	10,625.53	12,000.00	-1,374.47	88.55%
5014 · Food & Beverage	0.00	13,000.00	-13,000.00	0.0%
5015 · Materials/Printing/Design	570.94	2,900.00	-2,329.06	19.69%
5016 · Travel	510.53	2,500.00	-1,989.47	20.42%
5017 · UC Berkeley	0.00	206,000.00	-206,000.00	0.0%
Total 5010 · Berkeley & Symposium	11,707.00	238,600.00	-226,893.00	4.91%
5030 · CERL				
5031 · Materials/Printing/Design	0.00	16,500.00	-16,500.00	0.0%
5032 · Shipping	0.00	1,300.00	-1,300.00	0.0%
Total 5030 · CERL	0.00	17,800.00	-17,800.00	0.0%
5040 · Commissions & Fees	0.00	20,000.00	-20,000.00	0.0%
5041 · Consulting	9,332.00	19,992.00	-10,660.00	46.68%
5042 · Dues & Subscriptions	0.00	3,700.00	-3,700.00	0.0%
5050 · Fall Conference				
5051 · Audio/Visual	0.00	50,000.00	-50,000.00	0.0%
5052 · Delivery & Shipping	0.00	2,500.00	-2,500.00	0.0%
5053 · Entertainment	0.00	6,500.00	-6,500.00	0.0%
5054 · Hotel				
5054.1 · Wednesday Night Event	0.00	75,000.00	-75,000.00	0.0%
5054.2 · Conference	2,000.00	15,000.00	-13,000.00	13.33%
5054 · Hotel - Other	0.00	275,000.00	-275,000.00	0.0%
Total 5054 · Hotel	2,000.00	365,000.00	-363,000.00	0.55%
5055 · Program Material	0.00	30,000.00	-30,000.00	0.0%
5056 · Speakers	5,385.00	50,000.00	-44,615.00	10.77%
5057 · Supplies	0.00	1,000.00	-1,000.00	0.0%
5058 · Travel	813.87	15,000.00	-14,186.13	5.43%
Total 5050 · Fall Conference	8,198.87	520,000.00	-511,801.13	1.58%
5070 · Insurance	0.00	5,000.00	-5,000.00	0.0%
5071 · Legal & Professional Fees	2,744.00	35,000.00	-32,256.00	7.84%
5072 · Legislative Advocacy	10,002.00	60,012.00	-50,010.00	16.67%
5080 · Magazine				
5081 · Delivery & Shipping	0.00	600.00	-600.00	0.0%
5082 · Design/Printing/Etc.	2,640.00	20,000.00	-17,360.00	13.2%
5080 · Magazine - Other	0.00	5,200.00	-5,200.00	0.0%
Total 5080 · Magazine	2,640.00	25,800.00	-23,160.00	10.23%
6000 · Board & Committees				
6001 · Board of Directors				
6001.1 · Food & Beverage	4,733.62	8,500.00	-3,766.38	55.69%
6001.2 · Printing/Supplies	598.13	4,000.00	-3,401.87	14.95%
6001.3 · Travel - BOD Meetings	1,854.11	11,000.00	-9,145.89	16.86%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
Profit & Loss Budget vs. Actual
July through August 2019

	Jul - Aug 19	Budget	\$ Over Budget	% of Budget
6001.4 · Travel - Miscellaneous BOD	0.00	1,200.00	-1,200.00	0.0%
6001 · Board of Directors - Other	698.82	3,000.00	-2,301.18	23.29%
Total 6001 · Board of Directors	7,884.68	27,700.00	-19,815.32	28.47%
6002 · Legislative Committee Meetings	10.95	250.00	-239.05	4.38%
6003 · Program Committee Meetings	0.00	2,500.00	-2,500.00	0.0%
6000 · Board & Committees - Other	0.00	175.00	-175.00	0.0%
Total 6000 · Board & Committees	7,895.63	30,625.00	-22,729.37	25.78%
6010 · Office Expenses / Supplies	1,929.58	2,500.00	-570.42	77.18%
6011 · Postage & Delivery	368.50	2,500.00	-2,131.50	14.74%
6020 · Spring Conference				
6021 · Audio/Visual	6,155.29	50,000.00	-43,844.71	12.31%
6022 · Delivery & Shipping	5,966.48	3,000.00	2,966.48	198.88%
6023 · Entertainment	0.00	6,500.00	-6,500.00	0.0%
6024 · Hotel				
6024.1 · Wednesday Night Event	72,476.97	75,000.00	-2,523.03	96.64%
6024.2 · Conference	8,306.40			
6024.3 · Food & Beverage	100,844.41			
6024 · Hotel - Other	8,476.54	275,000.00	-266,523.46	3.08%
Total 6024 · Hotel	190,104.32	350,000.00	-159,895.68	54.32%
6025 · Program Material	3,573.24	35,000.00	-31,426.76	10.21%
6026 · Speakers	10,875.84	50,000.00	-39,124.16	21.75%
6027 · Supplies	0.00	1,000.00	-1,000.00	0.0%
6028 · Travel	8,855.81	15,000.00	-6,144.19	59.04%
Total 6020 · Spring Conference	225,530.98	510,500.00	-284,969.02	44.18%
6050 · Strategic Facilitator	0.00	10,000.00	-10,000.00	0.0%
6051 · Taxes & Licenses	0.00	50.00	-50.00	0.0%
6053 · Technology/AMS/Website	10,223.07	30,000.00	-19,776.93	34.08%
6054 · Travel	1,103.14	10,000.00	-8,896.86	11.03%
66900 · Reconciliation Discrepancies	-0.06			
Total Expense	319,892.78	1,759,079.00	-1,439,186.22	18.19%
Net Ordinary Income	283,496.45	-72,949.00	356,445.45	-388.62%
Net Income	283,496.45	-72,949.00	356,445.45	-388.62%

**STATE ASSOCIATION OF COUNTY
RETIREMENT SYSTEMS
2019-2020 Budget**

	Budget
Ordinary Income/Expense	
Income	
4100 · Membership Dues	
4101 · Affiliates	268,750.00
4102 · Non Profit - Organizations	3,000.00
4103 · Non Profit - Systems	6,000.00
4104 · Systems - Medium	52,000.00
4105 · Systems - Large	42,000.00
Total 4100 · Membership Dues	371,750.00
4250 · Product Income	
4255 · Magazine Advertising	2,000.00
Total 4250 · Product Income	2,000.00
4270 · UC Berkeley Program	
4271 · Registrations	100,000.00
4272 · Sponsorships	55,000.00
4270 · UC Berkeley Program - Other	
Total 4270 · UC Berkeley Program	155,000.00
4300 · Fall Conference Registration	
4301 · Affiliates - Early	165,230.00
4302 · Affiliates - Regular	100,000.00
4303 · Affiliates - Late/Onsite	35,000.00
4304 · Non Profit	1,000.00
4305 · Systems	25,000.00
4306 · Non-Members	255,000.00
4307 · Fun Run	1,000.00
4308 · Yoga	300.00
4300 · Fall Conference Registration - Other	
Total 4300 · Fall Conference Registration	582,530.00
4350 · Spring Conference Registration	
4351 · Affiliates - Early	160,000.00
4352 · Affiliates - Regular	100,000.00
4353 · Affiliates - Late/Onsite	35,000.00
4354 · Non Profit	1,000.00
4355 · Systems	22,500.00
4356 · Non-Members	255,000.00
4357 · Fun Run	1,000.00
4358 · Yoga	350.00
Total 4350 · Spring Conference Registration	574,850.00
4900 · Interest Earned	
Total Income	1,686,130.00
Gross Profit	1,686,130.00
Expense	
5000 · Administrative Fee	180,000.00
5001 · Administrative Services	500.00

5002 · Awards	500.00
5003 · Bank Charges/Credit Card Fees	36,000.00
5010 · Berkeley & Symposium	
5011 · Audio/Visual	2,200.00
5013 · Hotel	12,000.00
5014 · Food & Beverage	13,000.00
5015 · Materials/Printing/Design	2,900.00
5016 · Travel	2,500.00
5017 · UC Berkeley	206,000.00
Total 5010 · Berkeley & Symposium	238,600.00
5030 · CERL	
5031 · Materials/Printing/Design	16,500.00
5032 · Shipping	1,300.00
Total 5030 · CERL	17,800.00
5040 · Commissions & Fees	20,000.00
5041 · Consulting	19,992.00
5042 · Dues & Subscriptions	3,700.00
5050 · Fall Conference	
5051 · Audio/Visual	50,000.00
5052 · Delivery & Shipping	2,500.00
5053 · Entertainment	6,500.00
5054 · Hotel	
5054.1 · Wednesday Night Event	75,000.00
5054.2 · Conference	15,000.00
5054 · Hotel - Other	275,000.00
Total 5054 · Hotel	365,000.00
5055 · Program Material	30,000.00
5056 · Speakers	50,000.00
5057 · Supplies	1,000.00
5058 · Travel	15,000.00
Total 5050 · Fall Conference	520,000.00
5070 · Insurance	5,000.00
5071 · Legal & Professional Fees	35,000.00
5072 · Legislative Advocacy	60,012.00
5080 · Magazine	
5081 · Delivery & Shipping	600.00
5082 · Design/Printing/Etc.	20,000.00
5080 · Magazine - Other	5,200.00
Total 5080 · Magazine	25,800.00
6000 · Board & Committees	
6001 · Board of Directors	
6001.1 · Food & Beverage	8,500.00
6001.2 · Printing/Supplies	4,000.00
6001.3 · Travel - BOD Meetings	11,000.00
6001.4 · Travel - Miscellaneous BOD	1,200.00
6001 · Board of Directors - Other	3,000.00

Total 6001 - Board of Directors	27,700.00
6002 - Legislative Committee Meetings	250.00
6003 - Program Committee Meetings	2,500.00
6000 - Board & Committees - Other	175.00
Total 6000 - Board & Committees	30,625.00
6010 - Office Expenses / Supplies	2,500.00
6011 - Postage & Delivery	2,500.00
6020 - Spring Conference	
6021 - Audio/Visual	50,000.00
6022 - Delivery & Shipping	3,000.00
6023 - Entertainment	6,500.00
6024 - Hotel	
6024.1 - Wednesday Night Event	75,000.00
6024.2 - Conference	
6024.3 - Food & Beverage	
6024 - Hotel - Other	275,000.00
Total 6024 - Hotel	350,000.00
6025 - Program Material	35,000.00
6026 - Speakers	50,000.00
6027 - Supplies	1,000.00
6028 - Travel	15,000.00
Total 6020 - Spring Conference	510,500.00
6050 - Strategic Facilitator	10,000.00
6051 - Taxes & Licenses	50.00
6053 - Technology/AMS/Website	30,000.00
6054 - Travel	10,000.00
66900 - Reconciliation Discrepancies	
Total Expense	1,759,079.00
Net Ordinary Income	-72,949.00
Net Income	-72,949.00



4. SACRS President Report - No Action

Dan McAllister, San Diego CERA, SACRS President

A. SACRS President Update



No Printed Materials For This Item



5. SACRS Legislative Committee Update - Vote

Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA – SACRS Legislative Committee Co-Chairs

- A. 2019 Legislative Report – No Action
- B. SACRS Omnibus Bill SB 783- Vote
- C. Los Angeles CERA Proposal – Vote



SACRS Legislative Committee Ad Hoc Committee on Employer Liabilities August 2019

On February 15, 2019, the Legislative Committee established an ad hoc committee to study the statutory tools that county retirement systems can use to ensure payment of contributions from employers. Dave Nelsen (Alameda), Gina Ratto (Orange), Eric Stern (Sacramento), Julie Wyne (Sonoma), and actuarial advisor Andy Yeung (Segal Consulting) were appointed to the ad hoc committee.

This memo reflects the ad hoc committee's findings and recommendations.

Background

This issue gained media attention in recent years as CalPERS exercised its statutory authority for the first time to reduce benefit payments for retirees after two employers terminated membership and stopped making required pension payments. CalPERS also has statutory authority to place a lien on the assets of a terminating agency.

County retirement systems do not have the same enforcement tools as CalPERS, though several CERL statutes address the retirement board's authority to require payments from counties and districts.

- **Policy question:** Is more legislation needed to provide CERL systems with sufficient tools to ensure payments from employers?

Recommendations

The ad hoc committee does not recommend any significant legislative changes.

- We believe the current statutory structure and case law provide the necessary legal support for collecting contributions from employers.
- We advise CERL systems to adopt declining employer payroll and/or terminating employer liability policies to establish a process to identify liabilities and collect payments from employers.
- We also recommend that CERL systems use strong language in participation agreements with district employers that include contractual remedies for a breach.
- We recommend affirming the *Mijares* ruling in the CERL omnibus bill, SB 783, to emphasize the Board's authority to collect contributions from employers,



regardless of whether the county or district has active employees participating in the retirement system.

- We do not recommend pursuing CalPERS-type remedies, such as reducing member's benefits or securing a lien for collection purposes, though those tools may be appropriate for a larger system like CalPERS, with 3,000 participating employers and more resources.

Analysis

- Public employees have a contractual right to an actuarially sound retirement system. *Board of Administration v. Wilson* (1997) 52 Cal.App.4th 1109 at 1137
- Retirement Boards have the sole and exclusive duty to administer the system in a manner that will assure prompt delivery of benefits and to provide for actuarial services to assure the competency of assets. *County of Orange v. Association of Orange County Deputy Sheriffs* (2011) 192 Cal.App.4th 21 at 34; Cal. Constitution Article XVI, Sec. 17
- Contribution rates are binding on the County and participating districts and are set by law. *City of Oakland v. PERS* (2002) 95 Cal.App.4th 29 at 49; *In re Retirement Cases* (2003) 110 Cal.App.4th 421 at 453 and CERL Section 31586
- The obligation to pay the unfunded liability arises from predictions and future estimates about often-fluctuating factors over the years and is a highly variable amount. *Orange*, supra at 37
- The court in the *Mijares* case that OCERS took up on appeal found that Section 31453.5 applied to both active and inactive employers who have retired employees currently receiving benefits from the County retirement system. *Mijares v. Orange County Employees Retirement System*, 32 Cal.App. 5th 316
- The *Mijares* court also found that the unfunded liability payment is not required to be deducted from active employee payroll and recognized the system's right to recommend changes in county and district appropriations as necessary. (Section 31453)
- The *Mijares* court also found that the board's plenary constitutional authority to administer the system in a manner that will assure prompt delivery of benefits and related services to participants and beneficiaries supports the ability to collect from an employer that has no active payroll but still has deferred or retired members.



2020 CERL Clean-Up/Omnibus Bill

August 28, 2019

Dear SACRS Board of Directors:

At its August 16, 2019 meeting, the Legislative Committee approved bill language for a CERL Omnibus Bill and recommended approval by the SACRS Board of Directors.

A “shell” bill – SB 783 – has been filed on behalf of SACRS by the Senate Committee on Labor, Public Employment and Retirement. If approved by the SACRS membership at the Fall Conference, SB 783 can be amended in January 2020 for consideration during the 2020 legislative session.

The enclosed language reflects the work of Legislative Committee members, in collaboration with system administrators, over the past six months to develop non-controversial, technical, and clarifying amendments to the CERL. The proposed amendments will help the 1937 Act systems administer benefits in accordance with changes in federal law and recent appellate court rulings, provide more flexibility to Retirement Boards, and add parity to the CERL by aligning certain statutes with CalPERS and CalSTRS laws. Specifically, the amendments:

- Consolidate the military service-credit statutes to better conform to federal law and ensure members who are called to duty are made whole for their time away.
- Affirm the recent Mijares v. OCERS appellate case regarding an employer’s liability and obligation to make contributions for pension benefits.
- Allow counties to authorize members to purchase parental leave service credit, aligning with CalPERS and CalSTRS statutes and evolving law about family leave.
- Clarify existing law regarding which benefit tier a member rejoins when reinstated to active service after an involuntary separation is overturned.
- Allow Boards to delegate to staff the authority to finalize retirement applications and put retirees on payroll, in compliance with the Wilmot vs CCCERA ruling.
- Provide flexibility to Retirement Boards to accept retirement applications earlier than the current 60-day limit.
- Allow for the lump-sum distribution of contributions when a member reaches mandatory distribution age instead of requiring a pension benefit that may be only a few dollars.
- Update incorrect statutory references, and make other technical changes.

The bill language and a summary matrix are enclosed.

Respectfully,

Dave Nelsen and Eric Stern
Legislative Committee Co-Chairs

Amendments to SB 783

VERSION 5

As Adopted by SACRS Legislative Committee
August 16, 2019

Additional Member Contributions; Removes Incorrect Cross Reference

Amend Section 31465:

“Additional contributions” means contributions made by members in addition to normal contributions under ~~Sections 31504 and~~ Section 31627.

Additional Member Contributions; Removes Incorrect Cross Reference

Amend Section 31627.1:

A member who has additional contributions under Section 31627 of the Government Code, ~~or under Section 31504 of the Government Code,~~ Code may, within 30 days prior to retirement, elect in writing to have all or any part of ~~his~~ the member's accumulated additional contributions returned to ~~him~~ the member. The portion returned shall not be included in the calculation of the member's annuity.

Additional Member Contributions; Removes Incorrect Cross Reference

Amend Section 31627.2:

In any county in which the provisions of Section 31676.1 apply, any member who has additional contributions under ~~Section 31504 of the Government Code, or under Section~~ 31627 of the Government Code, Code may elect in writing to have all or any part of ~~his~~ the member's accumulated additional contributions returned to ~~him~~ the member. The portion returned shall not be included in the calculation of the member's annuity. The board may order payment in whole or in part withheld for a period not to exceed 90 days after receipt of such written election.

Amend Section 31631.5:

Member Contributions; Removes Incorrect Cross Reference

(a) (1) Notwithstanding any other provision of this chapter, a board of supervisors or the governing body of a district may require that members pay 50 percent of the normal cost of benefits. However, that contribution shall be no more than 14 percent above the

applicable normal rate of contribution of members established pursuant to this article for local general members, no more than 33 percent above the applicable normal rate of contribution of members established pursuant to Article 6.8 (commencing with Section ~~21639~~) **31639**) for local police officers, local firefighters, county peace officers, and no more than 37 percent above the applicable normal rate of contribution of members established pursuant to Article 6.8 (commencing with Section 31639) for all local safety members other than police officers, firefighters, and county peace officers.

(2) Before implementing any change pursuant to this subdivision for any represented employees, the public employer shall complete the good faith bargaining process as required by law, including any impasse procedures requiring mediation and factfinding. This subdivision shall become operative on January 1, 2018. This subdivision shall not apply to any bargaining unit when the members of that unit are paying at least 50 percent of the normal cost of their pension benefit or are subject to an agreement reached pursuant to paragraph (1). Applicable normal rate of contribution of members means the statutorily authorized rate applicable to the member group as the statutes read on December 31, 2012.

(b) Nothing in this section shall modify a board of supervisors' or the governing body of a district's authority under law as it existed on December 31, 2012, including any restrictions on that authority, to change the amount of member contributions.

Employer Liabilities; Affirming the Mijares vs OCERS Ruling

Amend Section 31453:

(a) An actuarial valuation shall be made within one year after the date on which any system established under this chapter becomes effective, and thereafter at intervals not to exceed three years. The valuation shall be conducted under the supervision of an actuary and shall cover the mortality, service, and compensation experience of the members and beneficiaries, and shall evaluate the assets and liabilities of the retirement fund. Upon the basis of the investigation, valuation, and recommendation of the actuary, the board shall, at least 45 days prior to the beginning of the succeeding fiscal year, recommend to the board of supervisors the changes in the rates of interest, in the rates of contributions of members, and in county and district appropriations as are necessary. With respect to the rates of interest to be credited to members and to the county or district, the board may, in its sound discretion, recommend a rate which is higher or lower than the interest assumption rate established by the actuarial survey. No adjustment shall be included in the new rates for time prior to the effective date of the revision. (b)(1) Upon the basis of the investigation, valuation, and recommendation of the actuary, the board shall, at least 45 days prior to the beginning of the succeeding fiscal year, recommend to the governing body of a district within the county system that is not governed by the board of supervisors the changes in the rates of contributions of district members and in district appropriations as are necessary. (2) This subdivision shall not be operative in any county until the board of supervisors, by resolution adopted by majority vote, makes the provisions applicable in that county.

(c) The legislature affirms the ruling of *Mijares v. Orange County Employees Retirement System* (2019) 32 Cal.App.5th 316 with respect to the board's plenary authority to recommend adjustments to county and district contributions as necessary to ensure the appropriate funding of the system, and with respect to the mandate of Section 31454 that the county and districts adjust the rates of contributions of members and appropriations in accordance with the board's recommendations. Under all circumstances, the county and districts shall each remain liable to the retirement system for their respective share of any unfunded actuarial liability of the system, as determined by the board.

Member Refunds; Removes Incorrect Cross Reference

Amend Section 31641.45:

Whenever a member is entitled to redeposit funds previously withdrawn from a retirement system and thereby becomes eligible to receive a pension or retirement allowance for the service for which he was granted public service credit as authorized in Section 31641.1, regardless of whether or not the member elects to exercise such entitlement, the member shall be refunded the amount deposited by him in accordance with Section 31641.2 plus interest which has been credited to such amount and shall receive no credit in the system for such service.

This section applies only to a member who would be eligible to receive the benefit of Section 31835 or ~~20023.4~~**20638** on making the redeposit.

Concurrent Retirement; Clarifies Age Requirement for PEPRA members

Amend Section 31835.1 to read:

Notwithstanding the provisions of Sections 31835 and 31836, a member of a retirement system established under this chapter who is eligible to retire at age 50 pursuant to Section 31672 **or Section 7522.25, or at age 52 pursuant to Section 7522.20**, or who is required to retire because of age while a member of the Public Employees' Retirement System, a retirement system established under this chapter in another county, the State Teachers' Retirement System, or a retirement system of any other public agency of the state that has established reciprocity with the Public Employees' Retirement System subject to the conditions of Section 31840.2, but who cannot retire concurrently from the Public Employees' Retirement System, a retirement system established under this chapter in another county, the State Teachers' Retirement System, or a retirement system of any other public agency of the state that has established reciprocity with the Public Employees' Retirement System subject to the conditions of Section 31840.2, shall be entitled to have his final compensation and service determined under Sections 31835 and 31836 as if he had retired concurrently under such other system.

Service Credit Purchases for Parental Leave

Amend 31646:

- (a) A member who returns to active service following an uncompensated leave of absence on account of illness may receive service credit for the period of such absence upon the payment of the contributions that the member would have paid during such period, together with the interest that such contributions would have earned had they been on deposit, if the member was not absent. The contributions may be paid in a lump sum or may be paid on a monthly basis for a period of not more than the length of the period for which service credit is claimed. Credit may not be received for any period of such absence in excess of 12 consecutive months.
- (b) (1) A member who returns to active service following an uncompensated leave of absence on account of parental leave, may receive service credit for the period of such absence upon the payment of the contributions that the member and the employer would have paid during such period, together with the interest that such contributions would have earned had they been on deposit, if the member was not absent. For purposes of this subsection, parental leave is defined as any time, up to one year, during which a member is granted an approved maternity or paternity leave and returns to employment at the end of the approved leave for a period of time at least equal to that leave. The contributions may be paid in a lump sum or may be paid on a monthly basis for a period of not more than the length of the period for which service credit is claimed. Credit may not be received for any period of such absence in excess of 12 consecutive months.
(2) This subsection shall not be operative until the board of supervisors, by resolution adopted by majority vote, makes the provisions applicable to that county, and applies to parental leave that commences after the adoption by the board of supervisors.

Military Leave; Streamlines Military Service Credit Provisions

Government Code section 31649 should be amended to read:

- ~~(a) Any member who resigns to enter and does enter the Armed Forces of the United States on a voluntary or involuntary basis, and within 90 days after the termination of that service under honorable conditions, reenters county service, or~~
- ~~(b) Any member who obtains a leave of absence to enter and does enter the Armed Forces of the United States on a voluntary or involuntary basis, and within one year after the termination under honorable conditions of~~

~~leave of absence reenters county service, if he or she has not contributed to the retirement fund the total percentage of his or her compensation earnable due pursuant to Section 31461 or pensionable compensation as defined in Section 7522.34, whichever is applicable, due under this chapter for the entire period during which he or she was out of county service and in military service, may, not more than 90 days after his or her reentrance into county service, file with the board his or her election that no further contributions be deducted from his or her compensation except contributions due because of current service.~~

~~(c) A member who reenters county service under either (a) or (b) above may be allowed up to five years credit for vesting in the system~~

(a) This chapter shall comply with the Uniformed Services Employment and Reemployment Act of 1994 (USERRA) (38 U.S.C. § 4301 et. seq.) as amended from time to time. Any member who was absent from county or district employment for military service and is eligible for reemployment benefits pursuant to USERRA, may, as provided in USERRA, make contributions and receive service credit for the time absent.

(b) Any member who does not qualify for reemployment benefits under (a) due to the length of the military service and who returns to county or district employment within one year of being honorably discharged from the Armed Forces of the United States, shall receive credit for service for all or any part of his or her military service, if, before retirement from the county or district, he or she contributes what he or she would have paid to the fund based on his or her compensation earnable as defined by section 31461 or pensionable compensation as defined in section 7522.34, whichever is applicable, at the time of the beginning of the absence together with regular interest thereon.

(c) Nothing in this section shall affect any arrangement to pay contributions pursuant to section 31653.

Sections 31649.5, 31649.6, 31650, and 31651 should be repealed.

Board Approval/Notification of Retirement Applications; Delegation to Staff

Amend Section 31670:

(a) Retirement of a member who has met the requirements for age and service shall be made by the board pursuant to this article or pursuant to the California Public Employees' Pension Reform Act of 2013, whichever is applicable.

(b) The board may authorize the administrator or other personnel to exercise the board's power and perform its duty to retire members under this section. The administrator or other personnel shall report service

retirements to the board at the next public meeting of the board after the retirement.

Amend Section 31662.2:

- (a) Retirement of a safety member in a county subject to the provisions of 31676.1, or of Section 31695.1, if applicable, who has met the requirements for age and service shall be made by the board pursuant to this article or pursuant to the California Public Employees' Pension Reform Act of 2013, whichever is applicable.
- (b) **The board may authorize the administrator or other personnel to exercise the board's power and perform its duty to retire members under this section. The administrator or other personnel shall report service retirements to the board at the next public meeting of the board after the retirement.**

60-Day Application Window; Provides Option for Longer Period

Amend Sections 31672, 31672.1, 31672.2, 31672.3 et al:

...may be retired upon filing with the board a written application, setting forth the date upon which he or she desires his or her retirement to become effective ~~not earlier than the date the application is filed with the board and not more than 60 days after the date of filing the application.~~ **That effective retirement date shall not be:**

- (a) **earlier than the date the application is filed with the board, and**
- (b) **more than 60 days after the date of filing the application, or such number of days as approved by the Board.**

Reinstatement to Prior Benefit Level

Add Section 31680.10:

- (a) **A person who has been retired under this chapter for service following an involuntary termination of his or her employment, and who is subsequently reinstated to that employment pursuant to an administrative or judicial proceeding that is final and not subject to appeal, shall be reinstated from retirement as if there were no intervening period of retirement. Except as provided in subdivision (b), the requirements of Sections 31680.4, 31680.5, and 31680.7 shall not apply to that reinstatement.**
- (b) **The allowance received by the person during retirement shall be repaid by him or her to the retirement system from which he or she retired in accordance with the retirement system's repayment policy. Contributions shall be made for any period for which salary is awarded in the administrative or judicial proceedings in the amount that would have contributed had the member's employment not been terminated, and he or**

she shall receive credit for the period for which salary is awarded. If the person fails to repay the allowance received during retirement, then his or her contributions and allowance upon retirement subsequent to reinstatement shall be calculated under Sections 31680.5 or 31680.7, as applicable.

- (c) As used in this section, “administrative proceeding” means the process for appeal of an involuntary termination established by county or district ordinance or charter.
- (d) This section shall only apply to persons reinstated to such employment by final action on or after the effective date of this section pursuant to an administrative or judicial proceeding.

Minimum Age Distributions; Timing and Lump-Sum Option

Amend Section 31706:

Any member who has left county service and has elected to leave accumulated contributions in the retirement fund or who is deemed to have elected a deferred retirement pursuant to subdivision (b) of Section 31700 and has attained age 70 but has not yet applied for a deferred retirement allowance and who is not a reciprocal member of a retirement system established pursuant to this chapter or the Public Employees’ Retirement Law shall be notified in writing by the treasurer, or other entity authorized by the board, that the member is eligible to apply for and shall begin receiving **either**; a deferred retirement allowance by April 1 of the year following the year in which the member attains age 70 ½, **or, a one-time distribution of all accumulated contributions and interest.** The notification shall be made at the time the deferred member attains age 70 and shall be sent by certified mail to the member’s last known address, or to the member’s last known employer, as shown by the records of the retirement system. If the member can be located but does not make proper application for a deferred retirement allowance with retirement to be effective by April 1 of the year **following the year** in which the member attains age 70 ½, the retirement system shall commence paying **either** an unmodified allowance to the member **if the member was eligible to begin receiving a deferred retirement allowance under the provisions of 31485.22, or, a one-time distribution of all accumulated contributions and interest if the member is otherwise ineligible for a deferred retirement allowance.** If the member cannot be located by April 1 of the year following the year in which the member attains age 70 ½, all of the member’s accumulated contributions and interest thereon shall be deposited in, and become a part of, the current pension reserve fund of the retirement system. The board may at any time after transfer of proceeds to the reserve fund upon receipt of proper information satisfactory to it, redeposit the proceeds to the credit of the claimant, to be administered in the manner provided under this law. This section shall not apply to a member while the member is actively employed past mandatory retirement age in a retirement system established under the provisions of this chapter or the Public Employees’ Retirement Law.

Optional Retirement Allowances and Survivor Benefits; Clarifies Age for Children

Amend sections 31760.1, 31760.2, 31765, 31765.1, 31781.1, 31781.2, 31785, 31785.1, 31786, 31786.1, 31787, and 31787.5:

...Notwithstanding any other provisions of this section, the benefits otherwise payable to the children of the member shall be paid to ~~such children through the age of 21~~**those children up to the 22nd birthday of the children** if such children remain unmarried and are regularly enrolled as full-time students in and accredited school as determined by the board.

And, amend section 31855.3 (c) to read:

(c) ~~Between 18 and 22 years of age,~~ **Over age 18 but under age 22,** and enrolled as a full-time student in an accredited school, as determined by the board.

SB 783 -- 1937 Act Omnibus Bill

Gov Code	Topic	Issue/Justification
31465	Additional member contributions	Removes incorrect reference to GC 31504, which was repealed
31627.1	Additional member contributions, refunds	Removes incorrect cross reference to GC 31504; adds gender neutral language
31627.2	Additional member contributions, refunds	Removes incorrect cross reference to GC 31504; adds gender neutral language
31631.5	Member contributions, normal cost-sharing	Fixes incorrect cross reference to GC 31639 (currently 21639)
31453	Withdrawn Employer Liabilities	Affirms <i>Mijares vs. OCERS</i> ruling to emphasize Board's authority to set contributions for employers (even if they no longer have active members) to ensure sustainability of the fund.
31641.45	Refunds	Removes incorrect cross reference to 20023.1, which was repealed in 1995.
31646	Service Purchase for Uncompensated Illness	Allows members to purchase parental leave time, similar to CalPERS (GC 21013) and CalSTRS (EC 22803). Current statute does not permit purchases for unpaid absences other than for illness. This amendment adds parity for county retirement systems in an area of law and practice that has been evolving regarding parental leave. Unlike current statute that requires only member contributions for service purchases related to unpaid medical leave, this amendment requires the member to pay ALL contributions (employee and employer). This provision also require BOS approval, and applies prospectively to future parental leave to ensure compliance with PEPRAs ban on retroactive benefit increases.
31649 31649.5, 31649.5, 31649.6, 31650, and 31651	Military Leave	Consolidates military service credit statutes to conform to federal laws to ensure members who have been called to duty and return to work can be made whole for retirement purposes due to their leave of absence. These amendments do not contain policy changes, but add clarity and remove potential conflict with federal law regarding the treatment of military service purchases.

August 16, 2019

31662.2 31670	Board Approval of Retirements	Delegates authority to the system administrator or other personnel to accept and process service retirement applications, approve effective retirement dates, and pay members, and directs staff to notify Board at the next public meeting. The recent Willmot v. CCCERA appellate ruling raised a question as to when a member officially retires. The court, citing section 31670, held that a member was not retired until the Board formally approved the member's retirement application. There are various approaches that retirement boards currently use to approve, ratify, or review service retirement applications. By formally delegating the authority to staff to process service retirements, current practices can be codified to comply with section 31670 to ensure members can be paid in a timely manner.
31672, 31672.1, 31672.2, 31672.3	60-Day Advance Application Window	Allows each system to set an application window based on business needs/ability. Statute currently prohibits members from submitting applications more than 60 days before retirement, which will remain the default unless proactively changed by the Board. The 60-day rule is arbitrary and likely reflected the constraints on a manual processes. Technology solutions today can accommodate applications filed earlier, which can help facilitate retirement planning for the individual and succession planning for the employer.
31680	Reinstatement from Retirement	Reinstates to prior status members who had involuntarily termination overturned by administrative or judicial proceeding. This amendment clarifies what Tier the member should return to, if the member was separated from service during the appeal that may have stretched for long periods. Similar to CalPERS (GC 21198)
31706	Minimum Age Distribution	<p>Conforms to IRC regulations the timing of notice for mandatory distribution by clarifying that member deadline to retire/take action is April 1 of year following the year in which the member attains age 70 ½.</p> <p>Adds language for flexibility for lump sum distribution of contributions instead of an "allowance." There are frequent situations in which a deferred member who worked for the county many years ago may have a small amount of member contributions on file. It is cumbersome and inefficient to provide an annual pension on what may amount to a few dollars, instead of providing a lump sum distribution.</p>

August 16, 2019

31760.1, 31760.2, 31765, 31765.1, 31781.1, 31782.2, 31785, 31785.1, 31787, 31787.5, 31853.3	Optional Retirement Allowances and Death Benefits: Age 21	Amends CERL sections to clarify survivor benefit are to be paid up to the child's 22nd birthday as long as the child remains unmarried and enrolled full time. CERL provides for a benefit to be paid to a child over the age of 18 who is regularly enrolled as a full-time student in an accredited school. The benefit is to be paid "through the age of 21." "Through the age of 21" could mean up to the date that the child turns 21 because as of that date the child is 21 plus one day. On the other hand, it could mean up to the child's 22nd birthday. This amendment reflects the majority interpretation and practice.
31835.1	Concurrent Retirement: PEPRA members	Adds clarifying language regarding early retirement for PEPRA members who also have legacy status in another system. This section deals with concurrent retirement for reciprocal members who can retire in one system at age 50 but aren't eligible to retire in the reciprocal system until after age 50, and ensures reciprocity is maintained if they retire in the earlier eligible system. There could be a situation where a member is a Legacy member in the first system, and leaves for more than 180 days and enters the second system as a PEPRA member. If the Legacy system has not passed a resolution to lower age 55 to age 50, then the member could be subject to an age 55 requirement in one system, and an age 50 or 52 requirement in the other system. This amendments adds PEPRA reference to age 52.

#1

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, September 04, 2019 4:23:53 PM
Last Modified: Wednesday, September 04, 2019 4:49:26 PM
Time Spent: 00:25:33
IP Address: 63.193.71.3

Page 1

Q1 Title of Issue:

Nonservice-connected Disability Retirement and Intemperate Use of Alcoholic Liquor or Drugs

Q2 Retirement Association/System:

Los Angeles County Employees Retirement Association

Q3 Contact Person:

Barry Lew, Legislative Affairs Officer

Q4 Contact e-mail:

blew@lacera.com

Q5 Contact Phone #:

626-564-2370

Q6 Description of issue:

Government Code Sections 31726 and 31726.5 were added to CERL in 1937 and 1951, respectively. These sections limit a member's nonservice-connected disability retirement allowance to an annuity that is the actuarial equivalent of his accumulated contributions if the member's disability is due to intemperate use of alcoholic liquor or drugs, willful misconduct, or violation of law on the member's part. In the successive decades since 1937 and 1951, views on alcohol and drug use have evolved from a legal and moral perspective to a medical, scientific, and public health perspective—from temperance and prohibition to treatment, recovery, and counseling. The public policy underlying the limitation on nonservice-connected disability retirement allowances due to intemperate use of alcoholic liquor or drugs may no longer reflect contemporary views of alcohol and drug use. If alcohol and drug use were viewed from a disease perspective rather than a moral failure, the benefit limitation as a consequence would be financially punitive and discriminatory for members.

Q7 Recommended solution:

Amend the CERL sections related to nonservice-connected disability retirement to remove the element related to intemperate use of alcoholic liquor or drugs.

Q8 Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers:

Section 31726: Upon retirement for nonservice-connected disability a member who has attained age 65 shall receive his or her service retirement allowance. Every member under age 65 who is retired for nonservice-connected disability and who is not simultaneously retired as a member on deferred retirement of the State Public Employees' Retirement System or a retirement system established under this chapter in another county shall receive a disability retirement allowance which shall be the greater of the following: (a) The sum to which he or she would be entitled as service retirement. (b) A sum which shall consist of any of the following: (1) An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement. (2) If, in the opinion of the board, his or her disability is not due to intemperate use of alcoholic liquor or drugs, willful misconduct, willful misconduct or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district. (3) If, in the opinion of the board, his or her disability is not due to conviction of a felony or criminal activity which caused or resulted in the member's disability, a disability retirement pension purchased by contributions of the county or district. This paragraph shall only apply to a person who becomes a member of the system on or after January 1, 1988. Section 31726.5: Upon retirement for nonservice-connected disability a safety member who has attained age 55 shall receive his or her service retirement allowance. Every safety member under age 55 who is retired for nonservice-connected disability and who is not simultaneously retired as a member on deferred retirement of the Public Employees' Retirement System or a retirement system established under this chapter in another county shall receive a disability retirement allowance which shall be the greater of: (a) The sum to which he or she would be entitled to as service retirement; or (b) A sum which shall consist of: (1) An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement. (2) If, in the opinion of the board, his or her disability is not due to intemperate use of alcoholic liquor or drugs, willful misconduct, willful misconduct or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district. (3) If, in the opinion of the board, his or her disability is not due to conviction of a felony or criminal activity which caused or resulted in the member's disability, a disability retirement pension purchased by contributions of the county or district. Paragraph (3) shall only apply to a person who becomes a member of the association on or after January 1, 1988. Section 31728: If, in the opinion of the board, the disability is due to intemperate use of alcoholic liquor or drugs, willful misconduct, willful misconduct or violation of law on the part of the member, and his annuity is less than two hundred forty dollars (\$240) a year, the board may pay the member his accumulated contributions in one lump sum in lieu of his annuity. Section 31838: Every safety member under age 55 years and every other member under age 65 years who is retired for nonservice-connected disability and who is retired simultaneously under a disability retirement allowance from the Public Employees' Retirement System or a retirement system established under this chapter in another county shall receive a retirement allowance equal to the greater of the following amounts: (1) The sum to which he would be entitled as service retirement; or (2) A sum which shall consist of: (a) An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and (b) If, in the opinion of the board, his disability is not due to intemperate use of alcoholic liquor or drugs, willful misconduct, willful misconduct or violation of law on his part, a disability retirement pension purchased by contributions of the county or district, all computed as provided in Sections 31727 or 31727.2.

Q9 Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association/system?

The nonservice-connected disability retirement provisions apply to all SACRS systems.

Q10 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/systems?

As plan administrators, the other SACRS systems may not be amenable to this proposal that would substantively change the policy underlying the benefit structure for nonservice-connected disability retirements. This proposal may put a plan administrator at odds with its plan sponsor.

Q11 Who will support or oppose this proposed change in the law?

SACRS systems that view the benefit limitation as financially punitive and discriminatory may support this proposal. Plan sponsors may oppose this proposal because it is a substantive change to the benefit structure of a nonservice-connected disability retirement allowance.

Q12 Who will be available from your retirement association/system to testify before the Legislature?

Barry Lew, Legislative Affairs Officer Joe Ackler, Ackler & Associates

SACRS 2020 Legislative Platform Submission Information

- **Title of Issue**
Nonservice-connected Disability Retirement and Intemperate Use of Alcoholic Liquor or Drugs
- **Retirement Association/Name**
Los Angeles County Employees Retirement Association
- **Contact Name**
Barry Lew, Legislative Affairs Officer
- **Contact Phone Number**
626-564-2370
- **Contact Email Address**
blew@lacera.com
- **Description of Issue**
Government Code Sections 31726 and 31726.5 were added to CERL in 1937 and 1951, respectively. These sections limit a member's nonservice-connected disability retirement allowance to an annuity that is the actuarial equivalent of his accumulated contributions if the member's disability is due to intemperate use of alcoholic liquor or drugs, willful misconduct, or violation of law on the member's part.

In the successive decades since 1937 and 1951, views on alcohol and drug use have evolved from a legal and moral perspective to a medical, scientific, and public health perspective—from temperance and prohibition to treatment, recovery, and counseling. The public policy underlying the limitation on nonservice-connected disability retirement allowances due to intemperate use of alcoholic liquor or drugs may no longer reflect contemporary views of alcohol and drug use. If alcohol and drug use were viewed from a disease perspective rather than a moral failure, the benefit limitation as a consequence would be financially punitive and discriminatory for members.
- **Recommended Solution**
Amend the CERL sections related to nonservice-connected disability retirement to remove the element related to intemperate use of alcoholic liquor or drugs.
- **Specific language changed or added to the 1937 Act and suggested code section number(s)**

Section 31726

Upon retirement for nonservice-connected disability a member who has attained age 65 shall receive his or her service retirement allowance.

Every member under age 65 who is retired for nonservice-connected disability and who is not simultaneously retired as a member on deferred retirement of the ~~State-Public~~ Employees' Retirement System or a retirement system established under this chapter in another county shall receive a disability retirement allowance which shall be the greater of the following:

(a) The sum to which he or she would be entitled as service retirement.

(b) A sum which shall consist of any of the following:

(1) An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

(2) If, in the opinion of the board, his or her disability is not due to ~~intemperate use of alcoholic liquor or drugs, willful misconduct, willful misconduct~~ or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district.

(3) If, in the opinion of the board, his or her disability is not due to conviction of a felony or criminal activity which caused or resulted in the member's disability, a disability retirement pension purchased by contributions of the county or district. This paragraph shall only apply to a person who becomes a member of the system on or after January 1, 1988.

Section 31726.5

Upon retirement for nonservice-connected disability a safety member who has attained age 55 shall receive his or her service retirement allowance. Every safety member under age 55 who is retired for nonservice-connected disability and who is not simultaneously retired as a member on deferred retirement of the Public Employees' Retirement System or a retirement system established under this chapter in another county shall receive a disability retirement allowance which shall be the greater of:

(a) The sum to which he or she would be entitled to as service retirement; or

(b) A sum which shall consist of:

(1) An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

(2) If, in the opinion of the board, his or her disability is not due to ~~intemperate use of alcoholic liquor or drugs, willful misconduct,~~willful misconduct or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district.

(3) If, in the opinion of the board, his or her disability is not due to conviction of a felony or criminal activity which caused or resulted in the member's disability, a disability retirement pension purchased by contributions of the county or district. Paragraph (3) shall only apply to a person who becomes a member of the association on or after January 1, 1988

Section 31728

If, in the opinion of the board, the disability is due to ~~intemperate use of alcoholic liquor or drugs, willful misconduct,~~willful misconduct or violation of law on the part of the member, and his annuity is less than two hundred forty dollars (\$240) a year, the board may pay the member his accumulated contributions in one lump sum in lieu of his annuity.

Section 31838

Every safety member under age 55 years and every other member under age 65 years who is retired for nonservice-connected disability and who is retired simultaneously under a disability retirement allowance from the Public Employees' Retirement System or a retirement system established under this chapter in another county shall receive a retirement allowance equal to the greater of the following amounts:

(1) The sum to which he would be entitled as service retirement; or

(2) A sum which shall consist of:

(a) An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

(b) If, in the opinion of the board, his disability is not due to ~~intemperate use of alcoholic liquor or drugs, willful misconduct,~~willful misconduct or violation of law on his part, a disability retirement pension purchased by contributions of the county or district, all computed as provided in Sections 31727 or 31727.2.

- **Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association/system?**

The nonservice-connected disability retirement provisions apply to all SACRS systems.

- **Do you anticipate 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/systems?**

As plan administrators, the other SACRS systems may not be amenable to this proposal that would substantively change the policy underlying the benefit structure for nonservice-connected disability retirements. This proposal may put a plan administrator at odds with its plan sponsor.

- **Who will support or oppose this proposed change in the law?**

SACRS systems that view the benefit limitation as financially punitive and discriminatory may support this proposal. Plan sponsors may oppose this proposal because it is a substantive change to the benefit structure of a nonservice-connected disability retirement allowance.

- **Who will be available from your association/system to testify before the Legislature?**

Barry Lew, Legislative Affairs Officer

Joe Ackler, Ackler & Associates



6. SACRS Nomination Committee - 2020-2021 SACRS Election Notice – No Action

Ray McCray, San Joaquin CERA, SACRS Nomination Committee Chair

A. SACRS Election Notice 2020-2021



October 1, 2019

To: SACRS Trustees & SACRS Administrators/CEO's
From: Ray McCray, SACRS Immediate Past President, Nominating Committee Chair
SACRS Nominating Committee
Re: SACRS Board of Director Elections 2020-2021 - Elections Notice

SACRS BOD 2020-2021 election process will begin January 2020. Please provide this elections notice to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2020	Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.
March 25, 2020	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 15, 2020	Nomination Committee to conduct elections during the SACRS Business Meeting at the Spring Conference (May 12-15, 2020)
May 15, 2020	Board of Directors take office for 1 year

Per SACRS Bylaws, Article VIII, Section 1. Board of Director and Section 2. Elections of Directors:

Section 1. Board of Directors. *The Board shall consist of the officers of SACRS as described in Article VI, Section 1, the immediate Past President, and two (2) regular members*

A. Immediate Past President. *The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.*

B. Two (2) Regular Members. *Two (2) regular members shall also be members of the Board with full voting rights.*

Section 2. Elections of Directors. *Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.*

The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25. The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.



Director elections shall take place during the first regular meeting of each calendar year. The election shall be conducted by an open roll call vote, and shall conform to Article V, Sections 6 and 7 of these Bylaws.

Newly elected Directors shall assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer shall co-serve with the newly elected Treasurer through the completion of the current fiscal year.

The elections will be held at the SACRS Spring Conference May 12-15, 2020 at the Paradise Point Hotel and Spa, San Diego, CA. Elections will be held during the Annual Business meeting on Friday, May 15, 2020.

If you have any questions, please contact me at Ray McCray, raym1@sbcglobal.net or (209) 471-4472.

Thank you for your prompt attention to this timely matter.

Sincerely,

Ray McCray

Ray McCray, San Joaquin CERA Trustee
SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Administrator



7. SACRS Audit Report – No Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS Audit Committee Update



No Printed Materials For This Item



8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

A. SACRS Fall Conference Evaluations 2019



No Printed Materials For This Item



9. SACRS Program Committee Report – No Action

Vivian Gray, Los Angeles CERA, SACRS Program Committee Chair

A. SACRS Fall Conference Report 2019



No Printed Materials For This Item



10. SACRS Affiliate Committee Report – No Action

Ben Lazarus, Parametric, SACRS Affiliate Committee Chair

A. Affiliate Committee Update



No Printed Materials For This Item



11. SACRS Bylaws Committee Report – No Action

Johanna Fontenot, Los Angeles CERA, SACRS Bylaws Committee Chair

A. Bylaws Committee Update



No Printed Materials For This Item



12. SACRS Fall Conference Breakout Reports – No Action

A representative from each breakout will give report on their meetings.

- A. Administrators
- B. Counsel
- C. Disability/ Operations & Benefits Combo
- D. Internal Auditors
- E. Investment Officers
- F. Safety Trustees
- G. General Trustees



13. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, May 15, 2020 at the Paradise Point Hotel and Resort in San Diego, CA.



SACRS VOTING PROXY FORM

The following are authorized by the _____ County Retirement Board to vote on behalf of the County Retirement System at the upcoming SACRS Conference

(if you have more than one alternate, please attach the list of alternates in priority order):

_____ Voting Delegate

_____ Alternate Voting Delegate

These delegates were approved by the Retirement Board on ____ / ____ / ____.

The person authorized to fill out this form on behalf of the Retirement Board:

Signature: _____

Print Name: _____

Position: _____

Date: _____

Please send your system's voting proxy by October 1, 2019 to Sulema H. Peterson, SACRS Executive Director at Sulema@sacrs.org.