

**MercedCERA ADMINISTRATIVE RETIREMENT BOARD AGENDA
THURSDAY, AUGUST 13, 2020
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TELEPHONE NUMBER: 1-310-372-7549, CONFERENCE CODE: 975839**

Important Notice Regarding SARS-COV-2

Based on guidance from the California Department of Public Health and the California Governor's Office, in order to minimize the spread of the SARS-COV-2 virus, MercedCERA's building will be closed to the public during MercedCERA Board meetings. Members of the MercedCERA Board will participate in this meeting offsite via conference call. Members of the public may listen to the meeting and offer public comment telephonically by calling into the telephone number provided above and entering the stated conference code. If you have any issues participating in the meeting telephonically or require reasonable accommodation for your participation, please contact MercedCERA staff at 209-726-2724.

Please turn your cell phone or other electronic device to non-audible mode or mute.

CALL TO ORDER: 8:15 A.M.

- ROLL CALL.
- APPROVAL OF MINUTES – July 23, 2020.

PUBLIC COMMENT

Members of the public may comment on any item under the Board's jurisdiction. Matters presented under this item will not be discussed or acted upon by the Board at this time. For agenda items, the public may make comments at the time the item comes up for Board consideration. Persons addressing the Board will be limited to a maximum of five (5) minutes in total. Please state your name for the record.

CLOSED SESSION

As provided in the Ralph M. Brown Act, Government Code sections 54950 et seq., the Board may meet in closed session with members of its staff, county employees and its attorneys. These sessions are not open to the public and may not be attended by members of the public. The matters the Board will meet on in closed session are identified below. Any public reports of action taken in the closed session will be made in accordance with Government Code sections 54957.1.

(1) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

(Govt. Code § 54956.9(d)(1))

Name of Case: AFSCME Local 2703, et al. v. MCERA, et al., Cal. Supreme Court
Case No. S247095.

(2) DISABILITY RETIREMENT APPLICATIONS: PERSONNEL EXCEPTION

(Govt. Code § § 54957, 31532; Cal Const. art. I, § 1)

1. Informal Hearing

a. Cruz, Mary Kay

- b. Pitts, David
- 2. Formal Hearing
 - a. None
- 3. Disability update and possible action:
 - a. Aceves, Martin
 - b. Arroyo, Elizabeth
 - c. Banda, Gregory
 - d. Cureton, Michael
 - e. Elias Jr., Robert C.
 - f. Herrera, Yvonne
 - g. Jenkins, Robert L.
 - h. Leyro, Domingo
 - i. Parras, Stacy
 - j. Salgado, Jose

RETURN TO OPEN SESSION

Report on any action taken in closed session.

CONSENT CALENDAR

Consent matters are expected to be routine and may be acted upon, without discussion, as one unit. If an item is taken off the Consent Calendar for discussion, it will be heard as the last item(s) of the Board Action/Discussion as appropriate.

RETIREMENTS: Pursuant to Govt. Code § 31663.25 or § 31672

All items of earnable compensation for service or disability retirements listed below are in compliance with the pay code schedule approved by the Board of Retirement. The retirement is authorized; however, administrative adjustments may be necessary to alter the amount due to: audit, late arrival of data, court order, etc.

a. Evans, Kelley	Sup Court	13 Yrs. Svc.	Eff. 07/11/2020
b. Pinker, Merete	Health	20 Yrs. Svc.	Eff. 07/31/2020
c. Linder, Frederick	Admin Svcs	14 Yrs. Svc.	Eff. 07/07/2020
d. Valentine, Lisa	H.S.A.	18 Yrs. Svc.	Eff. 07/13/2020
e. Plascencia, Marcelino	SCD Probation	17 Yrs. Svc.	Eff. 03/25/2020*
f. Plascencia, Ramon SCD	Juv Hall	15 Yrs. Svc.	Eff. 01/15/2019*

YTD fiscal year 2020/2021 retirees: 6

YTD fiscal year 2019/2020 retirees: 104*

YTD fiscal year 2018/2019 retirees: 102

*Counts corrected in FY 2019/2020 to add disability retirement approved by the MercedCERA Board.

REFUND OF SERVICE PURCHASE: None

DEATH BENEFIT: None

MONTHLY BUDGET REPORT: Submitted (July).

BOARD ACTION¹/DISCUSSION

1. Discussion and possible action to rescind Resolutions 2018-1 and 2018-3 in accordance with *Alameda County Deputy Sheriff's Assoc. et al., v. Alameda County Employees' Retirement Assn., et al.* (2020) __ P.3d.__ (WL 4360051) (S247095) (the "Alameda Decision") and to adopt Board Resolution implementing the *Alameda* Decision. – Ashley Dunning, Nossaman LLC.
2. Discussion and possible action to adopt pay codes 3303, 3304, 3305, 3308 and 3350/VPO as non-pensionable due to the *Alameda* Decision– Staff.
3. Discussion and possible action to adopt new employee contribution rates for members in Tiers 1-3 due to the *Alameda* Decision – Staff.
4. Discussion and possible action to postpone the consideration of the feasibility of new building construction potentially located at 690 W. 19th Street, in Merced – Staff.
5. Discussion and possible action to adopt SACRS Board of Directors election ballot – Staff.
6. Discussion on Election Timeline and Information for Seats 3 (General Member), 8 (Retiree) and 8A (Alternate Retiree) – Staff.
7. Discussion and possible action on Legislative Reports – Staff.

INFORMATION ONLY

MercedCERA UPCOMING BOARD MEETINGS

Please note: The MercedCERA Board Meeting and/or Education Day times and dates may be changed in accordance with the Ralph M. Brown Act by the MercedCERA Board as required.

- August 27, 2020
- September 10, 2020

ADJOURNMENT

All supporting documentation is available for public review online at www.co.merced.ca.us/retirement

Any material related to an item on this Agenda submitted to the Merced County Employees' Retirement Association, after distribution of the Agenda packet is available for public inspection at www.co.merced.ca.us/retirement

Persons who require accommodation for a disability in order to review an agenda, or to participate in a meeting of the Merced County Employees' Retirement Association per the American Disabilities Act (ADA), may obtain assistance by requesting such accommodation by emailing the Merced County Employees' Association at MCERA@co.merced.ca.us, or telephonically by calling (209) 726-2724. Any such request for accommodation should be made at least 48 hours prior to the scheduled meeting for which assistance is requested.

¹ "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.

Minutes from July 23, 2020

MCERA ADMINISTRATIVE & INVESTMENT RETIREMENT BOARD
AGENDA
THURSDAY, JULY 23, 2020
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TELEPHONE NUMBER: 1-310-372-7549, CONFERENCE CODE: 975839

CALL TO ORDER: 8:15 A.M.

Board Members Present: Ryan Paskin, Scott Johnston, Al Peterson, David Ness, Darlene Ingersoll, Scott Silveira (arrived at 9:00AM), Michael Rhodes, Karen Adams, Kalisa Rochester, **Counsel:** Jeff Grant. **Staff:** Kristen Santos, Mark Harman, Martha Sanchez, Ninebra Maryoonani, Sheri Villagrana, Brenda Mojica. **Absent:** Janey Cabral, Jason Goins

APPROVAL OF MINUTES – July 23, 2020.

Motion to approve the July 23, 2020 meeting minutes.

Ingersoll/Adams U/A (7-0)

PUBLIC COMMENT

No Comment.

BOARD ACTION¹/DISCUSSION

Pursuant to Govt. Code § 31594 and MCERA's Investment Objectives & Policy Statement due diligence analysis requirement:

Pursuant to Govt. Code § 31594 and MCERA's Investment Objectives & Policy Statement due diligence analysis requirement:

1. Discussion on capital markets update – Meketa Group.

No action taken.

2. Discussion and possible action on quarterly performance ending June 30th by Meketa with possible action on any managers/funds – Meketa Group.

No action taken.

3. Discussion and possible action to adopt “MercedCERA” as a new acronym for the Merced County Employees' Retirement Association – Staff.

Motion approved to adopt MercedCERA as new acronym for the Merced County Employees' Retirement Association. Adams/Ness (7-0)

4. Discussion and possible action on the feasibility of construction for MCERA's new building potentially located at 690 W. 19th Street, Merced, CA. – Staff.

Motion was made but did not pass to pursue the feasibility of construction on a 2-story building – Silveira/Ingersoll (4-4).

Motion was made but did not pass to pursue the feasibility of construction of a 1-story building – Ness/Rhodes (4-4)

5. Review calendar of any training sessions and authorize expenditures for Trustees and Plan Administrator. Pursuant to Govt. Code § 31522.8 and MCERA's Trustees Education and Training Policy requirements. Examples of upcoming training and educational sessions:
 - a. SACRS Public Pension Investment Management Program (via Zoom Webinar), July 28, 2020 to August 13, 2020.
 - b. CALAPRS Principles for Trustees, August 18, 25 and 26, 2020 (online).
 - c. Nossaman Fiduciary Forum September 30 – October 2, 2020 (virtual conference).

No action taken.

¹ “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.

INFORMATION ONLY

No information items.

ADJOURNMENT

The meeting adjourned at 9:43AM

Respectfully submitted,

Ryan Paskin, Chair

Al Peterson, Secretary

Date

Non-Administrative Expenses	Original Projection	Current Projection	Expended 07/2020	Expended YTD	Bal Remaining	% Exp YTD
21800 · Investment Expenses	3,500,000.00	3,500,000.00	46,998.00	46,998.00	3,453,002.00	1%
07/21/2020 Barrow Hanley - 2020-Q3 Mgt Fees			46,998.00			
Total 21800 · Investment Expenses			<u>46,998.00</u>			
21802 · Actuarial Services	150,000.00	150,000.00	-	-	150,000.00	0%
Total 21802 · Actuarial Services			<u>-</u>			
21812 · Data Processing	90,000.00	90,000.00	-	-	90,000.00	0%
Total 21812 · Data Processing			<u>-</u>			
21834 · Legal Services	325,000.00	325,000.00	-	-	325,000.00	0%
Total 21834 · Legal Services			<u>-</u>			
21840 · Custodial Banking Services	135,000.00	135,000.00	-	-	135,000.00	0%
Total 21840 · Custodial Banking Services			<u>-</u>			
22350 · Software and Technology	505,000.00	505,000.00	137,398.70	137,398.70	367,601.30	27%
07/01/2020 CPAS - 2020 Annual Maint - FY 20-21 Q1 & Q2 Portion			11,748.00			
07/01/2020 IBM - 2020-2021 Cognos Access			16,747.20			
07/01/2020 CPAS - 2020 Annual Support - FY 20-21 Q1 & Q2 Portion			81,000.00			
07/06/2020 Copier Lease Buyout - Capitalization of prior lease expense			(6,048.00)			
07/16/2020 CPAS - 2020-07 Hosting			6,107.00			
07/20/2020 Intuit - QuickBooks Annual Subscription			810.00			
07/24/2020 Digital Deployment - Website Development Svcs - 2nd Payment			21,737.50			
07/29/2020 CPAS - 2020-08 Hosting			6,107.00			
Total 22350 · Software and Technology			<u>138,208.70</u>			
Depreciation Expense	250,000.00	250,000.00	4,719.42	4,719.42	245,280.58	
Total Non-Administrative Items	<u>4,955,000.00</u>	<u>4,955,000.00</u>	<u>189,926.12</u>	<u>189,116.12</u>	<u>4,765,883.88</u>	4%

Merced County Employees' Retirement Association
Non-Administrative Expenses Prev Year Comparison (Preliminary)
7/31/2020

Expense	<u>July 20</u>	<u>July 19</u>	<u>\$ Change</u>	<u>% Change</u>
62025 · Non-Administrative Expenses				
21800 · Investment Expenses	\$ 46,998.00	\$ 42,334.00	\$ 4,664.00	11.02%
21802 · Actuarial Services	-	-	-	0.0%
21812 · Data Processing	-	199.03	(199.03)	-100.0%
21834 · Legal Services	-	11,240.33	(11,240.33)	-100.0%
21840 · Custodial Banking Services	-	28.79	(28.79)	-100.0%
22350 · Software and Technology	138,208.70	31,024.51	107,184.19	345.48%
Total 62025 · Non-Administrative Expenses	<u>\$ 185,206.70</u>	<u>\$ 84,826.66</u>	<u>\$ 100,380.04</u>	118.34%

Merced County Employees' Retirement Association
Capital Asset Expenditures Report (Preliminary)
For the Month Ended July 31, 2020

Capital Assets Expenditures	Adopted	Current Budget	Expended 07/2020	Expended YTD	Bal Remaining	% Exp YTD
86261 - Copier/Printer Lease Buyout	7,500.00	7,500.00	6,537.11	6,537.11	962.89	87%
7/6/2020 Spriggs - Konica Minolta Bizhub Lease Buyout			6,537.11			
Total 86261 - Copier/Printer Lease Buyout			<u>6,537.11</u>			
No Acct# - HVAC Repair and Maintenance	50,000.00	50,000.00	-	-	50,000.00	0%
Total No Acct# - HVAC Repair and Maintenance			<u>-</u>			
Total Capital Assets Expenditures	<u>57,500.00</u>	<u>57,500.00</u>	<u>6,537.11</u>	<u>6,537.11</u>	<u>50,962.89</u>	<u>11%</u>

Merced County Employees' Retirement Association
Administrative Expenditures Report (Preliminary)
For the Month Ended July 31, 2020

Administrative Budget		Adopted	Current Budget	Expended 07/2020	Expended YTD	Bal Remaining	% Exp YTD
10110 - Salaries & Wages		1,305,000.00	1,305,000.00	54,809.14	54,809.14	1,250,190.86	4%
07/10/2020	Office Payroll PP 14 - FY 20-21 Portion			12,481.56			
07/24/2020	Office Payroll PP 15			42,327.59			
Total 10110 - Salaries & Wages				54,809.15			
20600 - Communications		4,500.00	4,500.00	-	-	4,500.00	0%
Total 20600 - Communications				-			
20900 - Household Expense		12,500.00	12,500.00	811.99	811.99	11,688.01	6%
07/20/2020	Geil - 2020-07 Janitorial			725.00			
07/22/2020	ADT - 2020-07 Security Svcs			86.99			
Total 20900 - Household Expense				811.99			
21000 - Insurance - Other		85,000.00	85,000.00	80,339.00	80,339.00	4,661.00	95%
07/01/2020	The Hartford - 2020-2021 Business Owners Policy			2,752.00			
07/21/2020	Alliant Insurance - 2020-07 Thru 2021-06 Fiduciary Liability Insurance Policy			74,077.00			
07/21/2020	CSAC - FY 20-21 Master Crime Policy			3,510.00			
Total 21000 - Insurance - Other				80,339.00			
21301 - Maintenance Structure Improvement		20,900.00	20,900.00	-	-	20,900.00	0%
Total 21301 - Maintenance Structure Improvement				-			
21500 - Membership		7,500.00	7,500.00	4,000.00	4,000.00	3,500.00	53%
07/13/2020	SACRS - 2020-2021 Membership Dues			4,000.00			
Total 21500 - Membership				4,000.00			
21700 - Office Expense - General		18,000.00	18,000.00	-	-	18,000.00	0%
Total 21700 - Office Expense - General				-			

Merced County Employees' Retirement Association
 Administrative Expenditures Report (Preliminary)
 For the Month Ended July 31, 2020

Administrative Budget	Adopted	Current Budget	Expended 07/2020	Expended YTD	Bal Remaining	% Exp YTD
21710 - Office Expense - Postage	15,750.00	15,750.00	-	-	15,750.00	0%
Total 21710 - Office Expense - Postage			-			
21805 - Audits	60,000.00	60,000.00	-	-	60,000.00	0%
Total 21805 - Audits			-			
21808 - Board Membership	18,000.00	18,000.00	-	-	18,000.00	0%
Total 21808 - Board Membership			-			
21811 - Court Reporters	2,000.00	2,000.00	-	-	2,000.00	0%
Total 21811 - Court Reporters			-			
21816 - Medical Services	80,000.00	80,000.00	-	-	80,000.00	0%
Total 21816 - Medical Services			-			
21872 - Investigations	1,000.00	1,000.00	-	-	1,000.00	0%
Total 21872 - Investigations			-			
21900 - Publications & Legal Notices	4,500.00	4,500.00	3,321.25	3,321.25	1,178.75	74%
07/16/2020 GASB - 2020-2021 Subscription			292.00			
07/21/2020 Merced Sun-Star - 2020-2021 Subscription			281.45			
07/23/2020 Dow Jones - 2020-2021 Subscription			2,747.80			
Total 21900 - Publications & Legal Notices			3,321.25			
22300 - Spec Dept Exp - Other	500.00	500.00	-	-	500.00	0%
Total 22300 - Spec Dept Exp - Other			-			

Merced County Employees' Retirement Association
Administrative Expenditures Report (Preliminary)
For the Month Ended July 31, 2020

Administrative Budget	Adopted	Current Budget	Expended 07/2020	Expended YTD	Bal Remaining	% Exp YTD
22310 · Election Expense	10,000.00	10,000.00	-	-	10,000.00	0%
Total 22310 · Election Expense			-			
22327 · Spec Dept Exp - Cost Allocation	43,005.00	43,005.00	-	-	43,005.00	0%
Total 22327 · Spec Dept Exp - Cost Allocation			-			
22500 · Transportation & Travel	400.00	400.00	-	-	400.00	0%
Total 22500 · Transportation & Travel			-			
22505 · Trans & Travel - Staff Development	7,500.00	7,500.00	-	-	7,500.00	0%
Total 22505 · Trans & Travel - Staff Development			-			
22515 · Trans & Travel - In State	50,000.00	50,000.00	-	-	50,000.00	0%
Total 22515 · Trans & Travel - In State			-			
22516 · Trans & Travel - Out of State	10,000.00	10,000.00	-	-	10,000.00	0%
Total 22516 · Trans & Travel - Out of State			-			
22600 · Utilities	15,000.00	15,000.00	-	-	15,000.00	0%
Total 22600 · Utilities			-			
Depreciation Expense	23,000.00	23,000.00	-	-	23,000.00	
Total Administrative Budget	<u>1,794,055.00</u>	<u>1,794,055.00</u>	<u>143,281.39</u>	<u>143,281.38</u>	<u>1,650,773.62</u>	8%



*Fiduciary Counsel
Comments on MercedCERA's
Implementation of Alameda
Decision*

Presented by: Ashley K. Dunning, Partner
Co-Chair, Public Pensions & Investments
Practice Group

Presented to the Board of Retirement of
Merced County Employees' Retirement
Association

August 13, 2020

California Law – The State Constitution and the *Alameda Decision*

- Article XVI, Section 17 vests the Board with “plenary” authority over the administration of MercedCERA, subject to its fiduciary duties.
- On July 30, 2020, the California Supreme Court filed its decision *Alameda County Deputy Sheriff’s Assoc. et al., v. Alameda County Employees’ Retirement Assn., et al.* (2020) __ P.3d.__ (WL 4360051) (S247095) (“*Alameda*”).
- In *Alameda*, the Court described the fiduciary and administrative role of public retirement boards to implement statutes governing them as those statutes are written.

California Law- The County Employees Retirement Law of 1937 ("CERL")

- Government Code section 31461 of CERL, as amended by Assembly Bill 197 (2012-2013) and the Public Employees' Pension Reform Act of 2013 ("PEPRA"), required new exclusions from "compensation earnable" that the *Alameda* Court determined were, in large part, changes in the law.
- The *Alameda* Court further determined that the new exclusions were both constitutional (thus, not a violation of legacy members' vested rights) and must be applied, even if pre-existing settlement agreements or other Board actions provided that such pay items would be included in compensation earnable, and even if active members had paid retirement contributions on those pay items.

Prior MercedCERA Board Actions on Compensation Earnable

- As set forth in the [proposed] Resolution presented to the Board, the Board excluded a number of pay codes as the result of PEPRA, was prevented by Stay Orders from enforcing that action from January 1, 2013-July 12, 2014, and then excluded them again after the Stay Orders expired.

Prior MercedCERA Board Actions on Compensation Earnable

- As also set forth in the [proposed] Resolution, when the lower court of appeal determined in *Alameda Sheriffs* that MercedCERA had no legal authority to exclude Termination Pay (up to 160 hours of leave) in compensation earnable because of its post-*Ventura* settlement agreement, MercedCERA followed that directive as set forth in the Board's Resolutions 2018-1 and 2018-3 ("*Alameda Sheriffs*-based Resolutions").
- MercedCERA did not continue to include any of the other litigated pay items (i.e., "On Call pay items") that PEPRAs required by excluded in compensation earnable of its members.

The *Alameda* Decision

- *Alameda* was filed on July 30, 2020 and, pursuant to applicable California Supreme Court rules, is to be final on August 30, 2020.
- *Alameda* rejected contractual (MercedCERA's settlement agreement) and estoppel-based concerns that were the basis for the MercedCERA Board's *Alameda Sheriffs-based Resolutions*.
- *Alameda* also rejected the vested rights arguments that were the basis for the Stay Orders.

The *Alameda* Decision

- Significantly, the *Alameda* Court's conclusions were based on its analysis of the narrow questions relating to the legality of PEPPRA amendments to the compensation earnable statute.
- Because those amendments were consistent with the “theory and successful operation” of a public pension system, and because requiring a “comparable new advantage” to members who were disadvantaged by the change in law would undermine the constitutionally permitted purpose of the change, the changes were upheld as a matter of both law and equity.

MercedCERA Implementation of *Alameda*

- Now that *Alameda* has been decided by the highest court in California, MercedCERA is bound by its mandates.
- Four key questions arise, as follows.

Question No. 1: To Whom Does *Alameda* Apply?

- The *Alameda* Court stated:

“County retirement boards . . . have the ordinary authority of an administrative body to resolve, in the first instance, ambiguities in the interpretation and application of these statutes, but nothing in the text of sections 31460 and 31461 hints that the discretion extends further.”

(Emphasis added.)

Question No. 1: To Whom Does *Alameda* Apply? (cont.)

- The *Alameda* Court also stated:

“We assume for purposes of this analysis that the settlement agreements embodied permissible interpretations of CERL at the time they were executed. The issue here is whether the retirement boards could have agreed to *continue* to implement those interpretations despite a statutory amendment that rendered the interpretations contrary to CERL. For the reasons discussed above, such a provision would have been beyond their authority. County employees can have no express contractual right to the continued adherence to interpretations of CERL that are now, as a result of PEPRA, contrary to the statute.” (Emphasis added.)

Question No. 1: To Whom Does *Alameda* Apply? (cont.)

- *Alameda* thus determines that PEPRA's amendments to section 31461 apply effective January 1, 2013, as written.
- There is no basis to perpetuate the erroneous construction of CERL as the Supreme Court concluded in *Alameda*, even as to currently retired members. See generally, *Retirement Cases* (2003) 110 Cal.App.4th 426 ("*Retirement Cases*"); *City of San Diego v. San Diego City Employees' Retirement System* (2010) 186 Cal.App.4th 69 ("*City v. SDCERS*").
- *Alameda*'s reference to "County employees" includes all members employed on and after PEPRA's effective date of January 1, 2013, by all participating employers of MercedCERA.

Question No. 1: To Whom Does *Alameda* Apply? (cont.)

- Thus, as to MercedCERA, *Alameda*'s determination of PEPRA-based exclusions ("PEPRA Exclusions") applies to MercedCERA legacy members who retired, and will retire, on and after January 1, 2013, because that was the statute-based law applicable to those individuals when they retired.
- As a result, *Alameda* has determined that the Retirees Subject to Stay Orders have been receiving retirement allowances that PEPRA does not permit be included

Question No. 1: To Whom Does *Alameda* Apply? (cont.)

- *Alameda* also made legal determinations regarding the meaning of section 31461 as it existed before PEPRA, and the Court disapproved of “*Guelfi* footnote 6” for suggesting that CERL Boards have the discretion to include items in compensation earnable beyond the statutory limits. We refer to these pay items as the “*Alameda* Exclusions”.
- We are unaware of MercedCERA including in compensation earnable any *Alameda* Exclusions (e.g., employer payment of member premiums), as distinguished from PEPRA Exclusions.

Question No. 2: As to What Period of Time Are Retirement Benefits to Be Corrected Under *Alameda*?

- Retirement benefits that MercedCERA pays retirees from August 2020 (when *Alameda* is final) forward are to implement PEPPRA's amendments to section 31461.
- If MercedCERA cannot implement *Alameda* that quickly for administrative reasons, overpaid amounts paid to retirees from the August 2020 payroll forward should be corrected.

Question No. 2: As to What Period of Time Are Retirement Benefits to Be Corrected Under *Alameda*?

- As set forth the proposed Resolution, all corrections for pay period from August 30, 2020 forward, are to exclude all Termination Pay and On-Call pay types.
- We further conclude, however, that under California law, recoupment of additional amounts from retirees is not required. *City of Oakland v. Oakland Police and Fire Retirement System* (2014) 224 Cal.App.4th 210; *Blaser v. State Teachers' Retirement System* (2019) 37 Cal.App.5th 349.
- Tax counsel to address federal tax qualification topic regarding permissible error correction.

Question No. 3: What About Member Contributions?

- As stated in *Alameda* footnote no. 18, it did not “address,” or thus decide, whether the return of any member contributions made on pay items that are excluded by section 31461, as amended, are warranted.
- As to member contributions taken on such pay codes before January 1, 2013, contributions were not only permitted, they were required by CERL. The PEPRA amendments to CERL do not provide for a refund of such contributions. *Cf.* Gov. Code sec. 7522.74 (felony forfeiture statute provides for certain refunds of contributions).

Question No. 3: What About Member Contributions? (cont.)

- As to member contributions taken on such pay codes after August 2020, they should be refunded to active members.
- As to member contributions taken on pay codes after January 1, 2013 that paid for retirement benefits that included pay items that PEPRA excluded, if those benefits are not recouped from currently retired members, they will typically fully offset the members contributions made on them.

Question No. 3: What About Member Contributions? (cont.)

- Open topic: Member contributions taken on items of pay between January 1, 2013 and August 2020 that, per *Alameda*, PEPRA required be excluded (i.e., the PEPRA Exclusions).
- Options for MercedCERA include:
 - Wait for determination by superior court(s) on remand in *Alameda*.
 - Refund contributions taken on excluded pay items from January 1, 2013 forward.
 - Not refund contributions because CERL does not require an exact match between contributions taken in a given pay period and pay items that ultimately are included in a member's compensation earnable and final compensation.

Question No. 4: What Pay Items Must Be Excluded from Compensation Earnable Now?

- *Alameda* described somewhat greater restraints on CERL Boards than previously was understood with respect to inclusions in compensation earnable that statutes did not permit (e.g., the “*Guelfi* footnote 6” issue and *Alameda* Exclusions).
- Per the Supreme Court’s discussion of section 31461, as amended, PEPRRA also closes certain “loopholes” such as straddling of fiscal years for leave cashouts (a PEPRRA Exclusion) and inclusion of “in-kind” benefits in compensation earnable (and *Alameda* Exclusion).

Question No. 4:

What Pay Items Must Be Excluded from Compensation Earnable Now?

- Mandatory exclusions are in subdivisions (b)(2), (3) and (4).
- Exclusions in subdivision (b)(1)(A), (B) and (C) are more discretionary in that the Board “may” exclude such items, such as conversions to cash of in-kind benefits, one-time or ad hoc payment of benefits, and pre-termination golden handshakes.
- Discretionary, as opposed to mandatory, PEPRA Exclusions should not be applied for the first time to current retirees now as a result of *Alameda*, unless a board took such action in response to PEPRA previously and applied that action to future retirees.

Question No. 4: What Pay Items Must Be Excluded from Compensation Earnable Now? (cont.)

- MercedCERA is to determine each pay code that is not to be included in compensation earnable under the PEPRA amendments and exclude those pay codes for purposes of both contribution collection and benefit payments.
- MercedCERA's proposed Resolution Implementing *Alameda* and related proposed actions on active member contributions constitutes the first step in the Board's implementation of *Alameda*.

Questions?

Thank you

**BOARD OF RETIREMENT
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
RESOLUTION NO. 2020-1**

**IMPLEMENTATION OF CALIFORNIA SUPREME COURT'S
ALAMEDA DECISION**

WHEREAS, on February 8, 2018, this Board of Retirement (“Board”) of Merced County Employees’ Retirement Association (“MercedCERA”) adopted Resolution No. 2018-1, implementing the First District Court of Appeal’s decision *Alameda County Deputy Sheriff’s Assn. v. Alameda County Employees’ Retirement Assn.* (2018) 19 Cal.App.5th 61, 82–83 (*Alameda Sheriffs*) as it applied to Vacation Payoffs (“Resolution No. 2018-1”), as described therein;

WHEREAS, on March 22, 2018, the Board adopted Resolution No. 2018-03, clarifying one aspect of its implementation of *Alameda Sheriffs* in Resolution No. 2018-1;

WHEREAS, on July 30, 2020, the California Supreme Court filed its decision *Alameda County Deputy Sheriff’s Assoc. et al., v. Alameda County Employees’ Retirement Assn., et al.* (2020) __ P.3d.__ (WL 4360051) (S247095) (“*Alameda*” or the “*Alameda Decision*”), and as provided in California Supreme Court Rule 8.532, it is expected to be final on August 30, 2020. Resolution No. 2018-01 and Resolution No. 2018-03 are referred to hereinafter collectively as the “*Alameda Sheriffs*-based Resolutions.”

WHEREAS, the *Alameda Decision* overturns certain legal and equitable determinations of the First DCA in *Alameda Sheriffs* and concludes that all amendments to the definition of Compensation Earnable in Government Code section 31461, enacted as a result of the Public Employees’ Pension Reform Act of 2013 and related statutory changes to the County Employees Retirement Law of 1937 (“CERL”) (collectively, “PEPRA”), effective January 1, 2013 are constitutional, and that CERL retirement boards may not be contractually bound or estopped by settlement agreements, board resolutions, or other similar actions, from implementing those amendments. The *Alameda Decision* further determines that CERL retirement boards may not include items in compensation earnable on and after January 1, 2013 that section 31461, as amended, requires them to exclude. Accordingly, the *Alameda Sheriffs*-based Resolutions do not comport with the law as now stated by the California Supreme Court in the *Alameda Decision*.

WHEREAS, as recited in Resolution No. 2018-1, this Board acted to implement PEPRA’s exclusion from compensation earnable as of January 1, 2013, but MercedCERA was prevented by Stay Orders issued by Merced County Superior Court and then Contra Costa County Superior Court from implementing PEPRA’s new exclusions from compensation earnable from January 1, 2013 through July 12, 2014 (“Stay Order Period”).

RESOLUTION NO. 2020-1

WHEREAS, as the result of the *Alameda Sheriffs*-based Resolutions, MercedCERA took actions as stated therein with respect to the up to 160 hour Vacation Payoff and related contributions (“Termination Pay”).

WHEREAS, MercedCERA continued to exclude all on-call, standby, and similar payments “outside of normal working hours” contemplated in CERL section 31461, subd. (b)(3) (collectively “On Call pay items”), though it did not correct the retirement allowances of members who retired between January 1, 2013 and July 12, 2014 to exclude On Call pay items from compensation earnable and for a period of time continued to collect contributions from active members on certain On Call pay items until in or about October 2017.

WHEREAS, the Board hereby determines that the *Alameda* Decision and other applicable law require it to make corrections to the benefits it pays and contributions it collects, as resolved below.

WHEREAS, this Resolution is intended to comply with the requirements of the Internal Revenue Code of 1986, as amended or replaced from time to time and the regulations issued thereunder (the “Code”) as applicable.

NOW THEREFORE, BE IT RESOLVED, that effective as of August 13, 2020, the following actions are authorized by the Board and required of MercedCERA:

- 1) Comply with *Alameda*’s directives regarding mandatorily excluded Termination Pay and apply that directive to all retiree payroll for individuals who are legacy members who retired on or after January 1, 2013 (including those who will retire on or after the date of this Resolution), effective with the August 2020 retiree payroll.
- 2) Comply with *Alameda*’s directives regarding mandatorily excluded On Call pay items and apply that directive to all retiree payroll for individuals who are legacy members who retired on or after January 1, 2013 (including those who will retire on or after the date of this Resolution), effective with the August 2020 retiree payroll.
- 3) Determine all active member contributions that were erroneously taken on On Call pay items and Termination Pay items on and after January 1, 2013 (i.e., PEPPRA Exclusions), and offset those overpaid contributions against any amounts overpaid to retirees as a result of the inclusion in retirement allowances of the PEPPRA Exclusions. Refund the net of all overpaid active member contributions on the PEPPRA Exclusions made from January 1, 2013, in a manner that complies with applicable federal tax compliance rules and California law. Provide a Notice of Correction Action to each impacted MercedCERA active, deferred and retired member providing the details of such corrective action and providing an opportunity to appeal through MercedCERA’s normal administrative appeal process.
- 4) Communicate to MercedCERA participating employers that member contributions are no longer to be taken on pay codes that are excluded as a result of the *Alameda* Decision, effective August 30, 2020 (pay period 17 of 2020).

RESOLUTION NO. 2020-1

5) Inform the MercedCERA membership of these decisions through appropriate means.

This Resolution supersedes and rescinds the *Alameda Sheriffs*-based Resolutions and any other previous resolutions for employer pay codes of compensation earnable that are inconsistent with it.

ADOPTED: August 13, 2020

Aye:

Nay:

Abstain:

Absent:

Ryan Paskin, Chair
Board of Retirement, Merced County
Employees' Retirement Association

ATTEST:

Kristen Santos, Plan Administrator

Merced County Employees' Retirement Association (MercedCERA) RETIREMENT BOARD AGENDA ITEM

DATE: August 13, 2020

TO: MercedCERA Board of Retirement

FROM: Kristie Santos, Plan Administrator

SUBJECT: Modification of Pay Codes for Merced County and Superior Courts of Merced County.

ITEM NUMBER: 2

ITEM TYPE: Action

STAFF RECOMMENDATION:

1. Adoption of pay codes 3303 (On Call MCMC RN Surg/OR/Rec), 3304 (On Call MCMC RN Other Areas), 3305 (On Call MCMC Non RN Lic/Cert), 3308 (On Call Home Health RN) and 3350 (Vacation Payoff) from previously pensionable pay codes to non-pensionable pay codes for Merced County.
2. Adoption of pay code VPO (Vacation Payoff) from previously pensionable pay code to non-pensionable pay code for Superior Courts of Merced County.

DISCUSSION:

On Thursday, July 30, 2020, the California Supreme Court unanimously ruled in the case of Alameda County Deputy Sheriff's Association v. Alameda County Employee's Retirement Association ("Alameda Case"). The court's decision affects county pension systems governed by the County Employees' Retirement Law of 1937 and subsequently the Public Employees' Pension Reform Act (PEPRA) of 2013, which includes the Merced County Employees' Retirement Association (MercedCERA). In summary, MercedCERA cannot include the up to 160 hours of unused vacation time, also known as "terminal pay", "on call pay" or "stand by pay", in the calculation of a member's retirement benefit.

The previously pensionable pay codes of Merced County; 3303 (On Call MCMC RN Surg/OR/Rec), 3304 (On Call MCMC RN Other Areas), 3305 (On Call MCMC Non RN Lic/Cert), 3308 (On Call Home Health RN) and 3350 (Vacation Payoff) must be identified as non-pensionable pay codes. Similarly, the previously pensionable pay code of the Superior Court of Merced; VPO (Vacation Payoff), must be modified to be non-pensionable pay code.

Staff recommends the following:

1. Adoption of pay codes 3303 (On Call MCMC RN Surg/OR/Rec), 3304 (On Call MCMC RN Other Areas), 3305 (On Call MCMC Non RN Lic/Cert), 3308 (On Call Home Health RN) and 3350 (Vacation Payoff) from pensionable pay codes to non-pensionable pay codes for Merced County.
2. Adoption of pay code VPO (Vacation Payoff) from pensionable to non-pensionable pay code for Superior Courts of Merced County.

MercedCERA Pay Codes

Updated: August 13, 2020

Pay Codes [5]	Description	Legacy (Tiers 1 - 3)	PEPRA (Tier 4)
		Included (Pensionable)	
001	Scheduled Regular Hours	N	N
002/RG	Reg Hrs Worked	Y	Y
020/VAC/1AV	Vacation	Y	Y
021/SLE/1AS	Sick Leave Employee	Y	Y
022/SLF	Sick Leave Family	Y	Y
023/HOL	Holiday Schedule	Y	Y
024/PH	Holiday Personal	Y	Y
025/CTO/1AC	Comp Time off Regular	Y	Y
026	Furlough Bank	Y	Y
027/MTO/1AM	Management Leave	Y	Y
028/ADM	Administrative Leave	Y	Y
029/JUR	Jury Duty	Y	Y
030/BER	Bereavement Leave	Y	Y
031	Furlough Day	Y	Y
032/MIL	Military Leave	Y	Y
033	Sheriff Administrative Leave	Y	Y
034/CAO	CAO Administrative Leave	Y	Y
035	Education Leave	Y	Y
036	Unit Holiday CTO	Y	Y
037	Witness Duty	Y	Y
038	MCMC Orientation	Y	Y
039	MCMC Training Time	Y	Y
040	Paid Non-Worked Mgt Hours	N	N
041/CLD	Catastrophic Leave Donated	N	N
042/CLU	Catastrophic Leave Used	Y	Y
043	Management Leave - Ineligible	N	N
044	Involuntary Furlough (Court)	Y	Y
045	Holiday Comp Time Off	Y	Y
046/AIP	Attendance Incentive Program (Court)	Y	Y
059	Election Day Leave	Y	Y
060	LV-Emergency Paid Sick-Employee	Y	Y
061	LV-Emergency Paid Sick-Child/Dependant	Y	Y
062	LV-Emergency Family and Medical	Y	Y
063	CEO Admin-Lv DSWCTO	Y	Y
099	B/R Retirement	Y	Y
101/WC	Workers Comp	Y	Y
102/SDI	State Disability Insurance	N	N
103/FCL	Family Care Leave	N	N
104/LAM	Approved LOA Medical	N	N
105/LAP	Approved LOA Personal	N	N
106/LAU	Unauthorized LOA	N	N
107/SUS	Suspension	N	N
108/MLD	Management LTD	N	N
109/MSD	Management STD	N	N
110/MLA	Approved Military LOA	N	N
111	LOA Military - Seniority	N	N
112/MSL	Voluntary Furlough (Court)	N	N
198	Converted Hours Adjustments	Y	Y
199/WCN	Workers Comp - No Cont Deducted	N	N
201/CTE	Time & One Half Rate O/T CTE	N	N
202/OT	Time & One Half Rate O/T PMT	N	N
203/CBC	Callback CTE	N	N
204/CBO	Callback Payment	N	N
205/HCE	Holiday CTE	N	N
206/SOC	Straight Time OT CTE	N	N
207/SOT	Straight Time OT PMT	N	N
208	Sheriff Outside Police Protect	N	N
209	Sheriff Qtr Shift Change CTE	N	N
210	Sheriff Qtr Shift Change PMT	N	N
211	Sheriff Mandatory Training CTE	N	N
212	Sheriff Mandatory Training PMT	N	N
213	Traffic Night Court O/T	N	N
214	MCMC OR Double Time CTE	N	N
215	MCMC OR Double Time PMT	N	N
216	MCMC Registry Pay	N	N
217/CPO	CTE Payoff After 7 Pay Periods	N[4]	N
218	Special Dist Time & One Half	N	N
219	Special Dist Straight Time OT	N	N
220/PPT	Prior Pay Period Overtime	N	N
221	Budget Reduction Hours CTE	N	N
222	MCMC O/C Callback CTE	N	N
223	MCMC O/C Callback PMT	N	N
224	Physician O/T	N	N
225	MCMC Unit 6	N	N
226	Sheriff K-9 Time 1/2 of PMT	N	N
227	Social Worker Phone/Doc PMT	N	N
228	Call Back Payment-Rounds	N	N
229	Special Day Remembrance CTE	N	N
230	Call Back Court CTE	N	N
231	Call Back Court Payment	N	N
301	On Call Standard Rate	N[4]	N
302	On Call Subpoena	N[4]	N
303	On Call MCMC RN Surg/OR/Rec	N	N
304	On Call MCMC RN Other Areas	N	N
305	On Call MCMC Non RN Lic/Cert	N	N
306	On Call Physician Weekdays	N[4]	N
307	On Call Physician Weekends	N[4]	N
308	On Call Home Health RN	N	N

309/BIL	Bilingual Pay	Y	Y
310	Evening Shift Differential	Y	Y
311	Night Shift Differential	Y	Y
312	Appraisers Differential	Y	Y
313	Auditors Differential	Y	Y
314	MCMC ICU/TCU/CCU Differential	Y	N
315	MCMC Charge Nurse Differential	Y	N
316	MCMC Relief Cook Differential	Y	N
317	MCMC Medical Records Dir Diff	Y	N
318	Mental Health BRITE Differential	Y	Y
319	Mental Health Supervisor Differential	Y	Y
320	Mental Health Mentor Differential	Y	Y
321	Group Counselor Lead Differential	Y	Y
322	DPW Licensed Engineer Differential	Y	Y
323	DPW Spraying Differential	Y	Y
324	DPW S/W Lead Worker Differential	Y	Y
325	Tool Replacement Allowance	Y	N
327	HSA Fair Hearing Duty Differential	Y	Y
329	HSA Underfill SW III Differential	Y	Y
330	HSA Los Banos Supervisor Differential	Y	Y
331	HSA Social Worker Mentor Differential	Y	Y
332	Risk Management Director Differential	Y	Y
333	Uniform Allowance	Y	N
334	Medical Transcriptionist Differential	Y	Y
335	Sheriff Investigator Pay	Y	Y
336	S.W.A.T. Pay	Y	Y
337	Sheriff Deputy Field Training Officer Pay	Y	Y
338	Sheriff Sergeant FTO Pay	Y	Y
339	Sheriff Jail Training Officer Pay	Y	Y
340	Intermediate POST Certificate	Y	Y
341	Advanced POST Certificate	Y	Y
342/TPR	Temporary Promotion	Y	N
343	Confidential Pay	Y	Y
344	Dept. Head Expense Allowance	Y	N
345	Dept. Head Car Allowance	Y	N
346/NHR	No Extra Help Work Hours	N	N
347	Intermediate POST Certificate	Y	Y
348	Transferred to B/U	N	N
349	One-Way Vehicle Commute	N	N
350/VPO	Vacation Payoff	N	N
351/SSR	S/L Payoff Service Retirement	N[1]	N
352/SDR	S/L Payoff Disable Ret/Death	N[1]	N
353	MCMC Physician Unit of Service	Y	Y
354/SBS	Sick Leave Sell-back (25 th Pay Period)	Y	N
355	New Hire Error	N	N
356	Budget Unit Transfer Error	N	N
357/NOP	New Hire Hours Not On Payroll	N	N
358/TNP	Terminate Hours Not On Payroll	N	N
359/CPT	CTE Termination Pay	N[4]	N
360	Car Allowance Adjustment	Y	Y
361	Expense Allowance Adjustment	Y	Y
362	Uniform Allowance Adjustment	Y	Y
363	Tool Allowance Adjustment	Y	Y
364	Special District Pay	N	N
365	HSA CWS Recruitment and Retention Diff	Y	Y
366	HSA CWS Recruitment and Retention Diff (2)	Y	Y
367/RSI	Retroactive Merit Increase	Y	Y
368	Retroactive Temporary Promotion	Y	N
369	Retroactive Permanent Promotion	Y	Y
370	Retroactive Demotion	Y	Y
371	Retroactive Suspension	Y	Y
372	Retroactive Reclassification	Y	Y
373	Retroactive Overpay Adjustment	Y	Y
374	Retroactive Underpay Adjustment	Y	Y
375	Recruitment and Retention	Y	N
376	Extra Help Phy Therapy Differential 10%	Y	Y
377	Residents Pay Other Departments	Y	Y
378	MH Temporary Duty Differential	Y	N
379	DPW Tree Trimming Differential	Y	Y
380	Health Dept. Jail Differential	Y	Y
381	Acting Treasurer Differential	Y	Y
382	Court Room Differential	Y	Y
383	Asst CAO Metal Health Int HR	Y	Y
384	Health Dept. Jail Incentive	Y	Y
385	Advanced POST Certificate	Y	Y
386	Correctional Sergeant FTO Differential	Y	Y
387	Special Enforcement Reaction Team	Y	Y
388	W&M Insp Computer Differential	Y	Y
389	Special Duty Prosecution Pay	Y	Y
390	Retro Pay with Retirement	Y	Y
391	Retro Pay Without Retirement	N	N
392	DPW Bldg Inspector/Plan Check Differential	Y	Y
393/AVS	Vacation Sell-back (Mgmt 25 th Pay Period)	Y[3]	N
394	LCSW, MFT or MFCC Differential	Y	Y
395	Court Interpreter Coordinator Differential	Y	Y
396	Coroner Differential	Y	Y
397	Castle Differential	Y	Y
398	Litter Control Worker Differential	Y	Y
399	Extra Help M/H LCSW or MFCC Lic Diff	Y	Y
400	Temp Promotion Unrep Management	Y	N
401	Sheriff 8 Hr Evening Shift Differential	Y	Y
402	Customer Care Unit Differential	Y	Y
403	HSA C-IV Project Differential	Y	Y

404	Loyalty Bonus	Y	N
405	Successor Pay 5%	Y	Y
406	HSA Satellite Facility Differential	Y	Y
407	CPA Differential	Y	Y
408	On Call Physician Holiday Pay	N[4]	N
409	MH Fellowship Differential	Y	Y
410	Public Defender Three Strikes Differential	Y	Y
411	Dept Head Comm Allowance	Y	N
412	Cty Counsel Family Violence Prevention Pay	Y	Y
413/JCA	Judicial Cell Phone Allowance	Y	N
414	Full Day Differential	N	N
415	Correctional Sergeant Bonus	N	N
416	Juvenile Institutions Officer Prep Time	Y	Y
417	Dispatch Trainer Differential	Y	Y
419	Corrections Certificate Pay	Y	Y
420	Attorney Specialization	Y	Y
421	Officer in Charge Differential	Y	Y
422/JAD	Judicial Assistant Conf Diff	Y	Y
423/LSP	Court Lump Sum Payout	N	N
424	Fire Dept Driver/Operator Diff	N/A	N/A
425	Court One-Time Bonus	N	N
426/RTC	CRR Certification	Y	Y
427/RTN	Non CRR Certification	Y	Y
428	Court Exp/Comm Allowance	Y	Y
429	DPW Lead Worker Differential	Y	Y
430	Meal Reimbursement	N	N
431/CRT	Courtroom Training Differential	Y	Y
432	On Call 24 Hours Period	N	N
433	Call Back Staff Psych	N	N
434	Educational Reimbursement	N	N
435	On Call 24 Hr Pr Dr Ilano	N	N
436	Call Back Dr. Ilano	N	N
437	Court Testimony	N	N
438	Psych Therapy and Admin of Meds	Y	Y
439	Court Child Custody Coordinator	Y	Y
440/CCA	Court CEO Cell Phone Allowance	Y	N
441/11H/12H/13H	Court 4 Hour Interpreter Shift	N	N
442/11F/12F/13F	Court 8 Hour Interpreter Shift	N	N
443	Temp Transitional Pay Differential	Y	N
444/PHP	Courts - Personal Holiday Payout	N	N
445/VSJ	Voluntary Separation Incentive	N	N
450/VPN	Vacation Payoff In Excess Of Eligible Amount	N	N
453 PPLMPPEN	Prior Pay Period Lump-Sum Payout-Pensionable	Y	Y
454 PPLMPNON	Prior Pay Period Lump-Sum Payout- Non-Pensionable	N	N
501	Board of Supervisors Chair Differential	Y	N
901/EHR	Extra-Help Regular Hours	N	N
902/EHO	Extra-Help Overtime Hours	N	N
903/EHS	Extra-Help Special Pays	N	N
921/EXS	County Extra Help Sick Leave Employee	N	N
CRF	Court Reporter - Full Day	Y	Y
CRH	Court Reporter - Half Day	Y	Y
DCS	Courts - FSA Dependent Care Spending	N	N
ECA	Court Cell Phone Allowance	Y	N
EFL	Emergency Expanded FMLA	Y	Y
EHT	Court Extra Help Temporary Assignment	N	N
EPA	Emergency Pay Administrative Leave	Y	Y
ERC	Emergency Half Comp Time	N	N
ERO	Emergency Half Time OT	N	N
ESF	Emergency Paid Sick Leave Full Pay	Y	Y
ESP	Emergency Sick Leave Partial Pay	Y	Y
EXS	Court Extra Help Sick Leave Employee	N	N
HCS	Courts - FSA Health Care Spending	N	N
HIL	Court Holiday Payout for Interpreter	N	N
LPF	Interpreter Language Pair - Full Day	Y	N
LPH	Interpreter Language Pair - Half Day	Y	N
LSP	Lump Sum Payout	N	N
OBL	OT Bilingual	N	N
ORC	OT RT Cert	N	N
ORN	OT RT Non Cert	N	N
OTP	Overtime Temp. Promotion - Superior Courts	N	N
TAP	Courts - Temporary Assignment Pay	Y	Y
VER	Interpreter Virtual Remote - Full Day	Y	N
VRH	Interpreter Virtual Remote- Half Day	Y	N
No Code (¶ 8(K)(1-3) of Salary Reso.)	Bar Association Dues	N	N
No Code(¶8(J) of Salary Reso.)	Corrections Certificate - REFER TO 419	Y	Y

[1] This item may be includable to the limited extent that such pay was earned and payable during the member final compensation period, but was not taken during that period.

[2] The differentials provided for in Pay Codes 365 and 366 apply to the same duties, but vary according to the date the employee began receiving it, with those started before January 10, 1994 receiving 1.5 ranges and others receiving 1.0 range.

[3] The pensionable portion of the vacation sell back for any member may not exceed the limit that applies to any group or class or most comparable class if only one member of a class.

[4] **Supreme Court ruling 7/30/2020 excludes codes as pensionable.** Prior to ruling, exclusion of these paycodes was stayed until July 12, 2014. Effective July 12, 2014 items were not compensation earnable. January 8, 2018 court decision made some of these compensation earnable for Tier 1 through 3 members (specifically vacation payout earnings), except for those reciprocal members (Tier 2R and 3R) starting with MCERA system on February 8, 2018, or after.

[5] Numeric Wage codes represent pay codes for County, Cemetery, & Solid Waste. Alpha Wage Codes represent pay codes for Courts.

Merced County Employees' Retirement Association (MercedCERA) RETIREMENT BOARD AGENDA ITEM

DATE: August 13, 2020

TO: MercedCERA Board of Retirement

FROM: Kristie Santos, Plan Administrator

SUBJECT: Adoption of New Employee Contribution Rates.

ITEM NUMBER: 3

ITEM TYPE: Action

STAFF RECOMMENDATION:

1. Adopt new employee contribution rates for general and safety members in Tiers 1-3 due to the Alameda Decision.

DISCUSSION:

On February 27, 2020, the MercedCERA Board approved the annual actuarial valuation as of June 30, 2019 presented by Cheiron. A component of the actuarial valuation includes the contribution rates to be paid by both employees and employers for the upcoming fiscal year. At the time of the approval, included in the employee contribution rates was the cost to the retirement system for employees to use up to 160 hours of unused vacation time, also known as "terminal pay", in the calculation of their monthly retirement benefit.

Due to the California Supreme Court ruling in the case of Alameda County Deputy Sheriff's Association v. Alameda County Employee's Retirement Association ("Alameda Case"), MercedCERA cannot include these unused vacation hours in the benefit calculation. Therefore, the contribution rates for general and safety members in Tiers one (1), two (2) and three (3) must be recalculated. This will cause a slight decrease in the member's contribution costs. The employer contribution rates do not require recalculation, as these rates self-adjust in the coming valuation year when a new actuarial valuation is completed. Tiers 2R, 3R and 4 were not eligible to use the "terminal pay" in their retirement calculation and thus do not require a new contribution rate adjustment.

Staff recommends the following:

1. Adopt new employee contribution rates for general and safety members in Tiers 1-3 due to the Alameda Decision.

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
General Non-PEPRA Member Contribution Rates¹
Effective as of August 13, 2020

Entry Age	Basic		Tier 1 COLA		Total		Tier 2 & 2R (Courts)		Tier 3 & 3R	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
16	5.15%	7.72%	1.41%	2.12%	6.56%	9.84%	4.97%	7.45%	3.56%	5.34%
17	5.15%	7.72%	1.41%	2.12%	6.56%	9.84%	4.97%	7.45%	3.56%	5.34%
18	5.15%	7.72%	1.41%	2.12%	6.56%	9.84%	4.97%	7.45%	3.56%	5.34%
19	5.15%	7.72%	1.41%	2.12%	6.56%	9.84%	4.97%	7.45%	3.56%	5.34%
20	5.15%	7.72%	1.41%	2.12%	6.56%	9.84%	4.97%	7.45%	3.56%	5.34%
21	5.26%	7.88%	1.45%	2.18%	6.71%	10.06%	5.07%	7.60%	3.63%	5.44%
22	5.36%	8.04%	1.50%	2.25%	6.86%	10.29%	5.16%	7.75%	3.70%	5.55%
23	5.46%	8.20%	1.55%	2.32%	7.01%	10.52%	5.28%	7.91%	3.77%	5.66%
24	5.58%	8.36%	1.59%	2.40%	7.17%	10.76%	5.38%	8.06%	3.85%	5.77%
25	5.69%	8.54%	1.65%	2.47%	7.34%	11.01%	5.48%	8.23%	3.93%	5.89%
26	5.81%	8.71%	1.70%	2.54%	7.51%	11.25%	5.60%	8.39%	4.00%	6.01%
27	5.92%	8.89%	1.74%	2.61%	7.66%	11.50%	5.71%	8.57%	4.08%	6.13%
28	6.05%	9.07%	1.78%	2.67%	7.83%	11.74%	5.83%	8.74%	4.17%	6.25%
29	6.17%	9.26%	1.82%	2.74%	7.99%	12.00%	5.96%	8.93%	4.25%	6.38%
30	6.31%	9.45%	1.87%	2.81%	8.18%	12.26%	6.08%	9.11%	4.33%	6.50%
31	6.44%	9.66%	1.91%	2.87%	8.35%	12.53%	6.20%	9.31%	4.42%	6.63%
32	6.57%	9.86%	1.96%	2.94%	8.53%	12.80%	6.34%	9.50%	4.52%	6.77%
33	6.72%	10.08%	2.01%	3.01%	8.73%	13.09%	6.47%	9.71%	4.61%	6.91%
34	6.87%	10.31%	2.06%	3.09%	8.93%	13.40%	6.61%	9.92%	4.70%	7.06%
35	7.03%	10.53%	2.11%	3.16%	9.14%	13.69%	6.75%	10.12%	4.80%	7.20%
36	7.17%	10.75%	2.17%	3.25%	9.34%	14.00%	6.88%	10.32%	4.91%	7.35%
37	7.31%	10.96%	2.22%	3.33%	9.53%	14.29%	7.00%	10.51%	5.01%	7.52%
38	7.45%	11.17%	2.28%	3.43%	9.73%	14.60%	7.13%	10.70%	5.12%	7.68%
39	7.58%	11.38%	2.33%	3.51%	9.91%	14.89%	7.25%	10.87%	5.23%	7.84%
40	7.71%	11.57%	2.40%	3.60%	10.11%	15.17%	7.36%	11.05%	5.34%	8.00%
41	7.85%	11.77%	2.43%	3.64%	10.28%	15.41%	7.47%	11.20%	5.44%	8.16%
42	7.97%	11.95%	2.46%	3.68%	10.43%	15.63%	7.56%	11.35%	5.54%	8.31%
43	8.07%	12.12%	2.48%	3.71%	10.55%	15.83%	7.65%	11.48%	5.64%	8.46%
44	8.18%	12.26%	2.49%	3.73%	10.67%	15.99%	7.72%	11.59%	5.73%	8.60%
45	8.26%	12.39%	2.50%	3.74%	10.76%	16.13%	7.79%	11.68%	5.82%	8.73%
46	8.34%	12.52%	2.50%	3.75%	10.84%	16.27%	7.85%	11.77%	5.90%	8.86%
47	8.41%	12.62%	2.51%	3.76%	10.92%	16.38%	7.88%	11.82%	5.98%	8.97%
48	8.47%	12.69%	2.50%	3.75%	10.97%	16.44%	7.89%	11.83%	6.05%	9.07%
49	8.49%	12.72%	2.48%	3.72%	10.97%	16.44%	7.87%	11.80%	6.11%	9.16%
50	8.48%	12.71%	2.44%	3.66%	10.92%	16.37%	7.83%	11.74%	6.16%	9.24%
51	8.44%	12.66%	2.40%	3.59%	10.84%	16.25%	7.76%	11.63%	6.20%	9.30%
52	8.38%	12.57%	2.36%	3.53%	10.74%	16.10%	7.66%	11.50%	6.22%	9.34%
53	8.29%	12.44%	2.30%	3.46%	10.59%	15.90%	7.92%	11.88%	6.23%	9.35%
54	8.18%	12.27%	2.25%	3.38%	10.43%	15.65%	8.18%	12.27%	6.22%	9.33%
55	8.11%	12.16%	2.21%	3.31%	10.32%	15.47%	8.11%	12.16%	6.18%	9.28%
56	8.03%	12.04%	2.13%	3.19%	10.16%	15.23%	8.03%	12.04%	6.13%	9.20%
57	7.94%	11.91%	2.06%	3.09%	10.00%	15.00%	7.94%	11.91%	6.06%	9.09%
58	7.86%	11.79%	1.99%	2.98%	9.85%	14.77%	7.86%	11.79%	6.26%	9.39%
59+	7.77%	11.64%	1.94%	2.91%	9.71%	14.55%	7.77%	11.64%	6.47%	9.70%

¹ No Load in Final Average Compensation.

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Safety Non-PEPRA Member Contribution Rates¹
Effective as of August 13, 2020

Entry Age	Basic		Tier 1 COLA		Total		Tier 2, 3 & 3R Basic	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
20	5.49%	8.24%	2.17%	3.26%	7.66%	11.50%	5.30%	7.95%
21	5.60%	8.39%	2.23%	3.34%	7.83%	11.73%	5.40%	8.10%
22	5.71%	8.56%	2.29%	3.44%	8.00%	12.00%	5.50%	8.25%
23	5.81%	8.72%	2.36%	3.54%	8.17%	12.26%	5.61%	8.40%
24	5.92%	8.89%	2.42%	3.63%	8.34%	12.52%	5.71%	8.57%
25	6.04%	9.05%	2.48%	3.72%	8.52%	12.77%	5.82%	8.73%
26	6.15%	9.23%	2.54%	3.82%	8.69%	13.05%	5.94%	8.90%
27	6.26%	9.40%	2.60%	3.90%	8.86%	13.30%	6.04%	9.06%
28	6.39%	9.59%	2.65%	3.98%	9.04%	13.57%	6.16%	9.24%
29	6.51%	9.77%	2.68%	4.03%	9.19%	13.80%	6.28%	9.42%
30	6.64%	9.97%	2.71%	4.05%	9.35%	14.02%	6.41%	9.61%
31	6.78%	10.16%	2.76%	4.13%	9.54%	14.29%	6.53%	9.79%
32	6.91%	10.37%	2.80%	4.20%	9.71%	14.57%	6.66%	9.99%
33	7.05%	10.57%	2.84%	4.26%	9.89%	14.83%	6.80%	10.19%
34	7.20%	10.80%	2.89%	4.34%	10.09%	15.14%	6.94%	10.41%
35	7.35%	11.03%	2.97%	4.45%	10.32%	15.48%	7.09%	10.63%
36	7.52%	11.27%	3.04%	4.57%	10.56%	15.84%	7.24%	10.86%
37	7.68%	11.52%	3.13%	4.69%	10.81%	16.21%	7.41%	11.11%
38	7.87%	11.80%	3.22%	4.82%	11.09%	16.62%	7.57%	11.36%
39	8.06%	12.10%	3.30%	4.95%	11.36%	17.05%	7.72%	11.58%
40	8.24%	12.36%	3.38%	5.08%	11.62%	17.44%	7.86%	11.79%
41	8.39%	12.59%	3.40%	5.10%	11.79%	17.69%	7.97%	11.95%
42	8.53%	12.80%	3.46%	5.18%	11.99%	17.98%	8.05%	12.09%
43	8.64%	12.96%	3.51%	5.27%	12.15%	18.23%	8.12%	12.17%
44	8.73%	13.10%	3.58%	5.37%	12.31%	18.47%	8.13%	12.19%
45	8.77%	13.17%	3.61%	5.42%	12.38%	18.59%	8.10%	12.14%
46	8.76%	13.15%	3.64%	5.46%	12.40%	18.61%	8.01%	12.01%
47	8.69%	13.04%	3.68%	5.52%	12.37%	18.56%	7.87%	11.81%
48	8.57%	12.86%	3.74%	5.62%	12.31%	18.48%	8.14%	12.20%
49+	8.40%	12.60%	3.84%	5.76%	12.24%	18.36%	8.40%	12.60%

¹ No Load in Final Average Compensation.

VIVIAN GRAY

300 N. LAKE AVENUE, SUITE 820 ~PASADENA, CA 91101 ~ VGRAY@LACERA.COM

February 14, 2020

VIA EMAIL

SACRS Nominating Committee
Mr. Ray McCray, Chair

Dear Mr. McCray and Members of the Nominating Committee:

I would like to express my interest in becoming SACRS' President for 2020/2021.

I have been honored to serve SACRS and its members as Vice President and Chair of the Program Committee for the past two years. Previously I chaired the Bylaws Committee and remain an active member.

Through the years, I have worked diligently with various committees, the SACRS Board of Directors, Administrative staff and membership to continue to develop the SACRS organization as a well-recognized organization among defined benefit plans in California and the nation.

It is my belief that by continuing its strong leadership, SACRS can continue to become the premier entity in the direct education of trustees. SACRS is a viable organization within the retirement system community. As president, together we can continue to secure our presence not only in our CERL 37 Act Systems, but as a world class organization.

Your consideration of me for president would be an honor.

I have attached the SACRS Nomination Form containing my brief bio.

Sincerely,

Vivian Gray

Vivian Gray

cc: Sulema Peterson, SACRS



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2020-2021**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2020.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: VIVIAN GRAY
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: 300 N. Lake Ave., Ste. 820 Pasadena, CA 91101 Email Address: viviangray@aol.com , vgray@lacera.com Phone: 213.440.0142
Name of Retirement System Candidate Currently Serves On	System Name: Los Angeles County Employees Retirement Assoc. (LACERA)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="radio"/> Other - Vice Chair
Applying for SACRS Board of Directors Position (select only one)	<input checked="" type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	2018 Chair, LACERA Board of Retirement 2017 Chair, SACRS Bylaws Committee 2019 Vice Chair, SACRS President Elected general member trustee since 2012 35 years of service to Los Angeles County 10 years in Law Enforcement 25 years as an attorney for Los Angeles County 6 years in private law practice Education/Pension Trustee Certificates - Bachelors of Arts: UCLA - JD: UWLA - New York Law School - Public Pension Trustee Fiduciary Program - Stanford Law School (CALAPRS) - Principles of Pension Management - Harvard Law School Program - Trustee Work Life - UC Berkeley (SACRS) - Modern Investment Theory & Practice for Retirement Systems - IFEBP - Trustee Master's Program - NCPERS - Public Pension Funding Forum - Wharton Business School - Portfolio Concepts and Management (Pending) - National Assoc. of Corporate Directors (NACD) Board Leadership Fellow



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2020-2021**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2020.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: Roger Hilton
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	2223 East Wellington Ave. Suite 100 Santa Ana, CA 92701 rhilton@ocers.org , roger@aocds.org 714-325-9295
Name of Retirement System Candidate Currently Serves On	System Name: Orange County Employees Retirement System (OCERS)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input checked="" type="checkbox"/> Chair <input type="checkbox"/> Alternate <input type="checkbox"/> General Elected <input type="checkbox"/> Retiree <input type="checkbox"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="checkbox"/> President <input checked="" type="checkbox"/> Vice President <input type="checkbox"/> Treasurer <input type="checkbox"/> Secretary <input type="checkbox"/> Regular Member
Brief Bio	<input type="checkbox"/> Currently serving as SACRS Regular Board Member 2018-2020 <input type="checkbox"/> OCERS: Chair of the board; elected 2012 - present. <input type="checkbox"/> Association of Orange County Deputy Sheriffs (AOCDS) Board of Directors: Currently serving as Political Action Chairman, Secretary, and Trustee for medical trust, 2011 - present. <input type="checkbox"/> California Fraternal Order of Police Executive Board: Currently serving as Sergeant-at-Arms, 2019 - present <input type="checkbox"/> Association of Deputy Marshals Board of Directors, 1992-2000, Served as President 1996-2000, Treasurer 1993-1996. Public Pension Trustee certificates: -Modern Investment Theory & Practice – UC Berkeley; -Portfolio concepts and Management -Wharton School of Business; -Certificate in Public Plan Policy I and II; -Principles of Pension Management - Stanford University; -Advanced Principles of Pension Management - UCLA; -Labor and Worklife Program, Harvard Law School

February 04, 2020

2223 East Wellington Ave. Suite 100
Santa Ana, CA 92701

Ray McCray, SACRS Nominating Committee Chair

Dear Mr. McCray:

Please accept this letter as my intent to run for the Board of Directors for the position of Vice-President. I would request that my name be included in the 2020-2021 SACRS Nomination Slate at the upcoming elections in May 2020.

I believe my years of experience leading employee labor organizations, OCERS Board of Retirement and SACRS have uniquely prepared me for this challenge. I have 31 years of experience in law enforcement, 27 years serving in the leadership of employee labor organizations, 7 ½ years on the OCERS Board of Retirement, and two years on the SACRS Board. My experience is further outlined in the Nomination Submission form attached to this letter.

Since elected to OCERS, I have made it a point to attend the SACRS conferences. Through these conferences, I have learned a great deal about pensions and have found many friends and mentors. I believe that SACRS is the most effective and important conference '37 Act trustees should attend, because of its relevant content and top-notch presenters. My primary goal is to keep SACRS as the premier public pension organization. I plan to utilize my extensive leadership experience by reaching out to and communicating with our members so they fully understand the many benefits of SACRS. My focus will be on continuing successful conferences and keeping SACRS a professional organization.

It would be an honor to continue to serve on the SACRS Board of Directors and I appreciate the consideration.

Sincerely,

Roger Hilton

OCERS Board of Directors

February 14, 2020

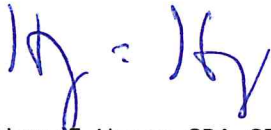
To Ray McCray , SACRS Nominating Committee Chair,

I would like to continue serving on the SACRS Board of Directors and am submitting my letter of intent to run for the position of Treasurer.

I believe I am well qualified for the position based upon my educational and work experience. I am a 24-year employee of Santa Barbara County and the current Vice-Chair of the Santa Barbara County Employees Retirement System. I have served as the ex-officio member of SBCERS for over nine years. I was also an alternate member to the board for eight years as the Assistant Treasurer-Tax Collector-Public Administrator.

Should you have any questions, please don't hesitate to call me directly.

Thank you for your consideration.



Harry E. Hagen, CPA, CPFA, CPFO, CFIP, CGIP, ACPFIM
Treasurer-Tax Collector-Public Administrator-Public Guardian
County of Santa Barbara
(805) 568-2490
hhagen@co.santa-barbara.ca.us



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2020-2021**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2020.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: Harry E. Hagen
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: P.O. Box 579 Santa Barbara, CA 93102 Email Address: hhagen@co.santa-barbara.ca.us Phone: 805-568-2490
Name of Retirement System Candidate Currently Serves On	System Name: SBCERS (Santa Barbara)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="radio"/> Other Ex-Officio Member, Vice-Chair
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input checked="" type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	See Attachment

Harry E. Hagen
Bio for SACRS Nomination Submission Form

I am the current Santa Barbara County Treasurer-Tax Collector-Public Administrator. I was first elected in 2010 and am currently serving in my third four-year term.

I am responsible for overseeing and investing a \$1.6 billion investment pool for local schools, general County government, and special districts. I manage the collection of taxes and general collections, administer Public Administrator estates and Public Guardian conservatorships, and oversee Veterans' Services programs. My duties also include serving as Chair of the County Debt Advisory Committee, implementing and managing the County's municipal financing program, and administering the County's deferred compensation program.

I hold a Bachelor's degree in Business Economics from UCSB, am a 28-year California Certified Public Accountant, and have completed the Certificate in Public Treasury Management from USC. Additionally, I have earned the designations of CPFO from the Government Finance Officers Association, CPFA and ACPFIM from the Association of Public Treasurers, CGIP from the Government Investment Officers Association, and CFIP from the Fixed Income Academy.



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2020-2021**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2020.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: Kathryn Cavness
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: 6500 Ridgewood Road, Willits CA 95490 Email Address: K24u2figure@gmail.com Phone: Home (707) 459-2215 Cell (707) 354-8105
Name of Retirement System Candidate Currently Serves On	System Name: Mendocino County Employee Retirement Association (MCERA)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc.)	<input checked="" type="checkbox"/> MCERA Chair, General Elected <input type="checkbox"/> Alternate <input type="checkbox"/> General Elected <input type="checkbox"/> Retiree <input type="checkbox"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="checkbox"/> President <input type="checkbox"/> Vice President <input type="checkbox"/> Treasurer <input checked="" type="checkbox"/> Secretary <input type="checkbox"/> Regular Member
Brief Bio	<p>My education and professional experience provides qualifications ideally suited for taking on the responsibilities of Secretary of the SACRS Board of Directors:</p> <ul style="list-style-type: none"> • Three years as Secretary for SACRS Board of Directors • Chair on the MCERA Board and MCERA Auditing Committee Member • County of Mendocino District Attorney’s Office Administrative Services Manager • Executive Education Investment Program, Hass School of Business, UC Berkeley • Principles of Pension Management for Trustees, Graziadio Business School, Pepperdine University • Advanced Principles of Pension Management for Trustees, UCLA • MBA/Accounting Emphasis • Administrative Services Manager Mendocino County District Attorney’s Office

Kathryn Cavness
6500 Ridgewood Road
Willits, CA 95490
(707) 459-2215
k24u2figure@gmail.com

January 28, 2020

Ray McCray, Chair
SACRS Nominating Committee
1415 L St., Suite 1000,
Sacramento, CA 95814

Dear Nominating Committee:

Please consider my request to run for Secretary of the State Association of County Retirement Systems (SACRS) Board of Directors in the upcoming May 2020 election. If elected, this will be my fourth term to serve as SACRS Secretary. I am also currently the Chair, as an Elected Trustee, of the Mendocino County Employee Retirement Association (MCERA) and member of the MCERA Audit Committee.

My interest in seeking the position of Secretary on the SACRS Board of Directors is to continue representing the interests of all 1937 Act County Trustees and to reach out to Trustees to attain greater participation in SACRS activities; my commitment to 1937 Act Trustees and Members is to carry out the goals and objectives of the SACRS strategic plan. If elected, my focus will be on improving our Trustee participation at the Spring and Fall Conferences, the UC Berkeley Educational Programs, and increasing membership on SACRS' Committees, including the Legislative, Program, Education and Bylaws Committees.

I wish to persist in my efforts to attain greater parity for the smaller, rural, central and northern 1937 Act systems; I am Chair of MCERA, the smallest, northernmost, rural SACRS retirement system. I have had the pleasure of visiting a few of the retirement systems in Northern California and I look forward to engaging in more of these relationship building activities to discover what individual retirement systems are seeking from SACRS.

My educational background and professional experience has provided me with a strong administrative/financial background ideally suited for taking on the responsibilities of Secretary of the SACRS Board of Directors:

- Three years as Secretary for SACRS Board of Directors
- Chair on the MCERA Board and MCERA Auditing Committee Member
- County of Mendocino District Attorney's Office Administrative Services Manager
- Executive Education Investment Program, Hass School of Business, UC Berkeley
- Principles of Pension Management for Trustees, Graziadio Business School, Pepperdine University
- Advanced Principles of Pension Management for Trustees, UCLA
- MBA/Accounting Emphasis
- Administrative Services Manager Mendocino County District Attorney's Office

Sincerely,

Kathryn Cavness



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2020-2021**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2020.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	David J. MacDonald, MD
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	255 Ramsgate Way Vallejo, CA 94591 dmacdcccera@gmail.com 510-409-4458 (mobile)
Name of Retirement System Candidate Currently Serves On	System Name: CCCERA
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<ul style="list-style-type: none"> <input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected X <input type="radio"/> Retiree <input type="radio"/> Other – serving as Secretary, Board of Retirement
Applying for SACRS Board of Directors Position (select only one)	<ul style="list-style-type: none"> <input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member X
Brief Bio	<ul style="list-style-type: none"> * Secretary, CCCERA Board of Retirement * Elected general member trustee of CCCERA since 2016 * President, Physicians' and Dentists' of Contra Costa (PDOCC), since 2010 (Union for health care providers working at Contra Costa County). * 15 years serving on the PDOCC Executive Board (including several years as Vice President) prior to being elected President. * 29 years of service to Contra Costa County as a physician working in the Department of Health Services. * Education/Pension Trustee Certificates: <ul style="list-style-type: none"> - Bachelors of Science – UC Irvine - Doctor of Medicine – UC Irvine - UC Berkeley (SACRS) – Modern Investment Theory & Practice for Retirement Systems - Wharton Business School – Portfolio Concepts & Management - IFEBP – CAPPP program - CALAPRS Trustee Education – Principles of Pension Governance

David J MacDonald, MD

255 Ramsgate Way
Vallejo, CA 94591
dmacdcccera@gmail.com
510-409-4458 (mobile)

February 7, 2020

SACRS Nominating Committee
Mr. Ray McRay, Chair

Dear Mr. McRay,

I would like to express my interest in serving as a Regular Member of the SACRS' Board for the 2020/2021 year.

I was elected to the CCCERA Retirement Board in 2016 and currently serve as Board Secretary. It has been an honor to serve on the CCCERA Board. I appreciate the level of responsibility entrusted to me in looking after our members' retirement plan. I understand the incredible value of a defined benefit plan for my coworkers and our retirees.

I have a long history of dedicated service to my coworkers and union members and I carry this spirit into my role as an elected trustee. My work on CCCERA has exposed me to SACRS, receiving further education and inspiration from the SACRS organization via its conferences and programs. SACRS has enhanced my abilities to serve as an effective CCCERA trustee.

I now seek an opportunity to serve in the SACRS organization, as I have on the CCCERA Board. Being on the SACRS Board would dovetail with my charge as CCCERA trustee and allow me to further promote, protect and build upon pension programs under CERL for county public employees statewide.

Thank you for your time and consideration.

Sincerely and Respectfully,

David J MacDonald, MD

David J MacDonald, MD



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2020-2021**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2020.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Vere Williams
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	8379 Icicle Drive, Pinon Hills CA 92372 verevlw@aol.com 760 486-6311
Name of Retirement System Candidate Currently Serves On	San Bernardino County Employees’ Retirement Association (SB cera)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<u>General Elected</u>
Applying for SACRS Board of Directors Position (select only one)	<u>Regular Member</u>
Brief Bio	<p>I was elected to SB cera’s Board in January 2015 and has served on the Administrative, Audit and Investment Committees. My community involvement includes serving on the governing Boards of the Teamsters Local 1932, California State Conference of the NAACP, Working Assembly of Governmental Employees (WAGE) and other organizations. I am a past president of the San Bernardino County Association of African-American Employees and currently serves as treasurer for the Hispanic Employees Alliance. I have earned an MBA in Information Management/Accounting and has completed certification on Retirement System Management courses at UCLA, Pepperdine and Wharton. I have been an enrolled Agent for over 20 years along with over 25 years working in the finance department at Arrowhead Regional Medical Center. I have been trained in conflict resolution and have completed various workshops and seminars on organization dynamics and interplay. I am currently a member of the SACRS Audit Committee.</p> <p>A guiding quote – “I always wondered why somebody didn’t do something about that, then I realized I was somebody.” – Lily Tomlin</p>

February 28, 2020

VIA Email

Ray McCray, Chair

SACRS Nominating Committee

Dear Mr. McCray,

Please accept this letter as my letter of intent to be a candidate for the position of Regular Member in SACRS Board of Directors Elections 2020-2021

I am a Trustee with the San Bernardino County Employees' Retirement Association (SBcera). Elected to the SBcera's Board in January 2015, I attended my first SACRS conference that year. I found the sessions to be very informative and educational with the presenters being experts or thought leaders in their field. Since then, I have attended several conferences sponsored by other organizations that are single topic focused and I have also completed certification programs at Wharton, Pepperdine and UCLA. In comparison, SACRS conferences provide a comprehensive insight into the "nuts and bolts" of the functioning of the retirement systems with an emphasis on current application of the topics. SACRS provides attendees an opportunity to understand different perspectives thereby encouraging clearer lines of communication and to hear about what works and what may be problematic. The networking and information sharing opportunities with colleagues at SACRS is immensely valuable.

SACRS recent expansion of the Board to include additional members was a very good strategic move that has helped to expand the experience pool and knowledge base. If elected as a Regular Member, I would work to ensure that SACRS remain the preeminent educational organization for the CERL 37 Act Systems by maintaining the high caliber of our conferences (both as formal seminars and networking opportunities.) Additionally, I would seek to encourage even greater participation from the trustees and staff of the 37 Act Systems. I strongly believe in getting involved as demonstrated by my volunteering to lead a CALAPRS Roundtable after attending only a few sessions. Over the years, I have served on the governing Boards of the Teamsters Local 1932, the Working Assembly of Governmental Employees and other organizations. Currently, I am a member of the SACRS Audit committee.

I would like very much to contribute, based on my education and experience, to SACRS - a superlative organization: *"Providing insight. Fostering oversight."*

I thank you in advance for your kind consideration and support. It would be a high honor for me to be elected to serve as a Regular Member on the SACRS Board for the 2020-2021 term.

Please find attached the completed SACRS nomination form.

Respectfully,

Vere Williams

Vere Williams, MBA

SBcera Board of Directors – General Member

cc: Sulema Peterson, SACRS



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2020-2021**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2020.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: John Kelly
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: Email Address: investorscaddie@gmail.com Phone: 916-342-9279
Name of Retirement System Candidate Currently Serves On	System Name: SCERS Sacramento County Employee’s Retirement System
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<ul style="list-style-type: none"> <input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other - Appointed Trustee, Vice President
Applying for SACRS Board of Directors Position (select only one)	<ul style="list-style-type: none"> <input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio	Bio: - 22+years SCERS Board; VP - 40+ years Independent Registered Investment Advisor - 12 years Ca. State employee under Reagan and Brown - 3 years on SACRS Board previous - 22 years First Tee of Greater Sacramento; President - 2016 induction into the Sacramento Region Golf Hall of Fame - Produced three publications regarding investment management and retirement planning as ‘The Investor’s Caddie’

From: [John Kelly](#)
To: [Sulema Peterson](#)
Cc: [Ray McCray](#)
Subject: Letter of Intent: SACRS Board
Date: Thursday, February 6, 2020 1:04:19 PM

Nomination Committee,

Please refer to the attached SACRS application information.

It is my intent to re-join the SACRS Board after four years of absence. At that time I was serving on the board over three years leaving as Vice President upon my wife's passing.

I have been inactive for the last four years.

I have however continued to serve as Trustee, Vice President for the Sacramento County Employee Retirement System for 22 years.

I have an ongoing interest in helping public employees successfully grow and maintain their benefits.

In addition, as a state employee for 12 years I understand the challenges associated with this activity.

I hope to assist with the education and networking challenges trustees face.

I have produced three different publications associated with investment management challenges for retirees.

Please consider my nomination/election to the SACRS Board.

My best,

John B. Kelly, CFP, MPA
'Values Based Financial Advisor'
The Investors Caddie, Inc.
investorscaddie@gmail.com
916-342-9279

From: [John Kelly](#)
To: [Ray McCray](#); [Sulema Peterson](#)
Subject: SACRS Support Information
Date: Thursday, February 6, 2020 1:23:32 PM

Name of Retirement System Candidate Currently Serves On: SCERS Sacramento County Employee's Retirement System

List Current Position: Appointed Trustee; Vice President

Applying for: Regular Member

Bio: - 22+years SCERS Board; VP

- 40+ years Independent Registered Investment Advisor
- 12 years Ca. State employee under Reagan and Brown
- 3 years on SACRS Board previous
- 22 years First Tee of Greater Sacramento; President
- 2016 induction into the Sacramento Region Golf Hall of Fame
- Produced three publications regarding investment management and retirement planning as 'The Investor's Caddie'

John B. Kelly, CFP, MPA
'Values Based Financial Advisor'
The Investors Caddie, Inc.
investorscaddie@gmail.com
916-342-9279

Sent from iPhone
John B. Kelly, CFP, MPA
'Values Based Financial Advisor'
The Investors Caddie, Inc.
investorscaddie@gmail.com
916-342-9279



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2020-2021**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2020.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: EDWARD ROBINSON
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: 11710 WALDERI ST, BAKERSFIELD, CA 93311 Email Address: ROBINSONE@KERNCOUNTY.COM Phone: (C) 757-320-8659 (O) 661-868-0928
Name of Retirement System Candidate Currently Serves On	System Name: KERN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> (3 RD)General Elected
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> Regular Member
Brief Bio	Edward Robinson is a candidate to serve on the SACRS retirement Board in this May's election. He graduated from Hampton University in 2016 with a B.S. in Criminal Justice/Criminology obtained with honors. Who is Edward: - Social Worker II at Kern County Aging & Adult Services - KCERA 3 RD general Trustee -Army Infantry Veteran Who participated in Operation Iraqi freedom. -Past Council Appointed board member. - Union supporter and member. Why you should vote for Edward: -Has more than 12 years of experience in public service.



	<p>-If elected, Edward would be the voice for all county employees and union members on the Retirement Board.</p> <p>Vote for</p> <ul style="list-style-type: none">✓ Experience✓ Retirement Security✓ a Committed, Career Service Employee✓ a Strong Voice for Employees & Retirees
--	---

From: [Edward Robinson](#)
To: raym1@sbcglobal.net; [Sulema Peterson](#)
Cc: [Sulema Peterson](#)
Subject: CANDIDATE LETTER OF INTENT & NOMINATION FORM.
Date: Friday, February 28, 2020 11:32:13 AM
Attachments: [Outlook-ezc4tl0v.png](#)
[SACRS 2020-2021 Election Notice.pdf](#)

Good Morning,

I am writing this letter to share with you my interest in running for the SACRS Board of Directors position of Regular member in this coming May 2020 election. Having played a progressively more involved role in my current position as 3rd General Trustee to the Kern County Employee's Retirement Association, I am confident in taking the next step to expand my leadership skills and involvement with our great organization. In addition to the leadership skills I have gained through serving on my current board, the experience I received while serving as an Infantryman to the United States Army from 2004 to 2012 during Operation Iraqi Freedom have been invaluable. I learned how to keep my ears open, ask questions, chase what I want to know, and stay organized. Most importantly I learned to make it my business to play a part in identifying equitable solutions on behalf of membership, in order to advocate and foster confidence in our system by remaining accessible and transparent. Though there was a severe learning curve, I've learned how to chase solutions to challenges head on and to be willing to step into roles that I had not yet grown into. Among these are the reasons why I feel like I am an excellent candidate for the 2020-2021 SACRS Board of Directors as a Regular Member.

Please let me know of anything I can do to assist in this process. Thank you.

Respectfully,

Edward Robinson
Social Services Worker
In-Home Supportive Services
Phone: (661)868-0928
Fax: (661)868-0921
robinsone@kerncounty.com

"I know of no more encouraging fact than the unquestionable ability of man to elevate his life by conscious endeavor."

~Henry David Thoreau~



This electronic message may contain information that is confidential and/or legally privileged. It is intended only for the use of the individual(s) and entity named as the recipients in the message. If you are not an intended recipient of the message, please notify the sender immediately and delete the material from any computer. Do not deliver, distribute, or copy this message, and do not disclose its contents or take action in reliance on the information it contains.

Merced County Employees' Retirement Association (MercedCERA) RETIREMENT BOARD AGENDA ITEM

DATE: August 13, 2020

TO: MercedCERA Board of Retirement

FROM: Kristie Santos

SUBJECT: Board Elections for Seats 3, 8 and 8A

ITEM NUMBER: 6

ITEM TYPE: Information Only

DISCUSSION:

The MercedCERA Board approved elections for Seats 3, 8 and 8A to be held by the Registrar of Voters in 2019.

As a public reminder the election timeline is below.

Notices	
July 31, 2020	Notice of Election Distributed
Candidate Filing	
August 19, 2020 – September 9, 2020	Candidate filing period
September 10, 2020	Random Alphabet Drawing at 9:00 am
General Information	
September 15, 2020	Distribution of Election Ballots
October 6, 2020	Last day to return Election Ballots to Election's Department
Canvass	
October 7, 2020	Official Canvass (Counting of Ballots)

Legislative Review of Proposed Legislation for 1937 Act Systems

2019-2020 Session

July 28, 2020

State Legislation

AB 992, Mullin. Relating to local government.

Re: Amends section 54952.2 of the Government Code.

Status: Referred to Com on GOV. & F. Hearing date July 29, 2020.

The Ralph M. Brown Act generally requires that the meetings of legislative bodies of local agencies be conducted openly. That act defines “meeting” for purposes of the act and Prohibits a majority of members of a legislative body, outside a meeting authorized by the act, from using a series of communications of any kind to discuss, or take action on any item of business that is within the subject matter jurisdiction of the legislative body.

This bill would provide that the prohibition described above does not apply to the participation, as defined, in an internet-based social media platform, as defined, by a majority of the members of a legislative body, provided that a majority of the members do not discuss among themselves, as defined, business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. This bill would make legislative findings to that effect.

AB 1945, Salas. Emergency services: first responders.

Re: Adds section 8562 to the Government Code.

Status: In Senate. Amended and re-referred to Com. on L., P.E. & R. on June 29, 2020.

Under existing law, the *California Emergency Services Act*, the Governor is authorized to proclaim a state of emergency, as defined, under specified circumstances. The California Emergency Services Act also authorizes the governing body of a city, county, city and county, or an official designated by ordinance adopted by that governing body, to proclaim a local emergency, as defined.

This bill would, for purposes of the *California Emergency Services Act*, define “first responder” as an employee of the state or a local public agency who provides emergency response services, including a peace officer, firefighter, paramedic, emergency medical technician, public safety dispatcher, or public safety telecommunicator. The bill would provide that the definition of first responder described above does not confer a right to, or entitlement upon, an employee or prospective employee to obtain a retirement benefit formula for an employment classification that is not included in, or is expressly excluded from, that formula, as specified. The bill would prohibit an employer from offering, or indicating an ability to offer to an employee or prospective employee a retirement benefit formula for an employment classification that is not included in, or is expressly excluded from, that formula because of the definition of “first responder.”

AB 2226, Voepel and Brough. Personal income taxes: exclusion: retirement pay.

Re: Ads and repeal section 17132.9 of the Revenue and Taxation Code.

Status: In Com. on REV. & Tax. Hearing postponed by Committee on March 16, 2020.

The Personal Income Tax Law imposes a tax on individual taxpayers measured by the taxpayer’s taxable income for the taxable year, but excludes certain items of income from the computation of tax, including an exclusion for combat-related special compensation.

This bill, for taxable years beginning on or after January 1, 2021, and before January 1, 2031, would exclude from gross income specified amounts of retirement pay received by a taxpayer from the federal government for service performed in the uniformed services, as defined, during the taxable year.

SB 749, Durazo. California Public Records Act.

Re: Adds section 6254.34 to the Government Code.

Status: In Assembly, ordered to inactive file on request of Assembly Member Calderon.

The California Public Records Act requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. Existing law provides that nothing in the act requires the disclosure of corporate proprietary information including trade secrets, among other things.

This bill would provide specified records of private industry employer that are prepared, owned, used, or retained by a public agency are not trade secrets and are public records, including certain records relating to employment terms and conditions of employees working for a private industry employer pursuant to a contract with a public agency,

records of compliance with local, state, or federal domestic content requirements, and records of a private industry employer's compliance with job creation, job quality, or job retention obligations contained in a contract or agreement with a state or local agency.

SB 783, Committee on Labor. County Employees' Retirement Law of 1937.

Re: Amends section 31465, 31627.1, 31627.2, and 31631.5 of the Government Code.

Status: In Assembly. Referred to Com. on P.E. & R. on May 16, 2019.

This is a SACRS sponsored bill that would correct several erroneous or obsolete cross-references within the CERL.

SB 931, Wieckowski. Local government meetings: agenda and documents.

Re: Amends section 54954.1 of the Government Code.

Status: Amended March 2, 2020. Re-referred to Com. on GOV. & F.

The California Existing law, the Ralph M. Brown Act, requires meetings of the legislative body of a local agency to be open and public and also requires regular and special meetings of the legislative body to be held within the boundaries of the territory over which the local agency exercises jurisdiction, with specified exceptions. Existing law authorizes a person to request that a copy of an agenda, or a copy of all the documents constituting the agenda packet, of any meeting of a legislative body be mailed to that person.

This bill would require, if the local agency has an internet website, a legislative body or its designee to email a copy of, or website link to, the agenda or a copy of all the documents constituting the agenda packet if the person requests that the items be delivered by email. The bill would require, where the local agency determines it is technologically infeasible to send a copy of all documents constituting the agenda packet or a website link containing the documents by electronic mail or by other electronic means, the legislative body or its designee to send by electronic mail a copy of the agenda or a website link to the agenda and mail a copy of all other documents constituting the agenda packet in accordance with the mailing requirements. By requiring local agencies to comply with these provisions, this bill would impose a state-mandated local program.

CALIFORNIA LEGISLATIVE CALENDAR:

2020:

- Jan. 1 Statutes take effect
Jan. 6 Legislature reconvenes
Jan. 10 Budget must be submitted by Governor
Jan. 24 Last day to submit bill requests to the Office of Legislative Counsel
Feb. 21 Last day for bills to be introduced
Apr. 2 Spring Recess begins upon adjournment Apr. 1
Legislature reconvenes from Spring Recess
Apr. 24 Last day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house
May 1 Last day for policy committees to hear and report to the Floor non-fiscal bills introduced in their house
May 8 Last day for policy committees to meet prior to June 1
May 15 Last day for fiscal committees to hear and report to the Floor bills introduced in their house. Last day for fiscal committees to meet prior to June 3
May 26 – May 29 Floor session only. No committee may meet for any purpose except for Rules Committee and Conference Committees
May 29 Last day for each house to pass bills introduced in that house
Jun. 15 Budget Bill must be passed by midnight
Jun. 26 Last day for policy committees to hear and report fiscal bills to fiscal committees
Jul. 2 Last day for policy committees to meet and report bills Summer Recess begins on adjournment, provided Budget Bill has been passed
Aug. 3 Legislature reconvenes from Summer Recess
Aug. 14 Last day for fiscal committees to meet and report bills
Aug. 17- 31 Floor session only. No committee may meet for any purpose except Rules Committee, and Conference Committees
Aug. 21 Last day to amend bills on the Floor
Aug. 31 Last day for each house to pass bills Final Recess begins on adjournment
Sep. 30 Last day for Governor to sign or veto bills passed by the Legislature before Sept. 1 and in the Governor's possession on or after Sept. 1 noon

2021:

- Jan. 1 Statutes take effect



August 6, 2020

TO: State Association of County Retirement Systems

FROM: Mike Robson, Trent Smith, and Bridget McGowan, Edelstein Gilbert Robson & Smith, LLC

RE: **Legislative Update – August 2020**

When the Assembly and Senate adjourned for their summer recess on June 19 and July 2, respectively, both houses planned to return on July 13. However, shortly after adjournment it became public that at least two legislators and several staff had been infected with COVID-19. Consequently, both houses delayed their return to the Capitol to July 27.

With just over four weeks remaining before the end of session on August 31, tensions are running high between the Senate and Assembly. While the Senate curtailed its work considerably earlier in the year, sending only roughly 200 bills to the Assembly, the Assembly sent more than 500 bills to the Senate before adjourning for recess.

To manage its workload, Senate Committee Chairs have pushed Assemblymembers to drop legislation and in some cases chose not to set bills for hearing over the objection of their Assembly authors. In response, several Assembly Committees have delayed their hearings to reconsider which Senate bills they will advance. This type of inter-house posturing and hostage taking is common at the end of session. However, the compressed timeline in 2020 seems to be exacerbating it. It is possible that many bills fall by the wayside as a consequence of these disagreements.

Special Session

One option that would allow many bills to be heard after August 31 is a special session of the Legislature. If the proclamation calling for a special session was written broadly enough, many bills that died in 2020 could be reintroduced as special session bills.

While there are many rumors about a special session, and legislative leadership has not ruled it out, it is ultimately up to the Governor to call the special session. While legislators eager to pursue their bills may want a special session, it is hard to see why the Governor would want to give them one. In the Legislature's absence after August 31, the Governor will be empowered to once again govern by executive order with little to no need to negotiate or compromise with the Legislature.

Economic Stimulus Plan

Earlier this year, Senator Hertzberg, Assemblymember Ting, and a number of other legislators announced that they were working on an economic stimulus plan for California. Last week, the working group of legislators supporting this proposal put out a press release and outline describing an economic stimulus package at a high level. While light on details, the proposal would accelerate several revenue streams by securitizing them. It would also rely on a tax voucher to accelerate income tax payments. All told, the working group hopes to raise \$100 billion in stimulus funding to support better unemployment benefits and infrastructure investments.

This is a massive undertaking in a state that will be grappling with multi-billion budget deficits for years. While the measure is supported by eight Senators and 14 Assemblymembers, it is by no means a guaranteed success. Only four weeks remain to negotiate on this deal. While the revenue proposals are original, it is hard to see how they could raise \$100 billion with any certainty. Finally, when asked about the proposal during a press conference, the Governor was clear that he had not had a chance to review it, meaning that he has not endorsed the proposal yet.

While we will monitor developments related to the stimulus plan, we believe it is likely that very little progress is made on this issue in 2020.

SACRS Sponsored Bill – AB 2101 (Committee on Public Employment and Retirement)

As previously reported, the provisions of the SACRS sponsored bill, SB 783 (Committee on Labor, Public Employment and Retirement), were amended into AB 2101. On August 5, the bill passed on the consent calendar in the Senate Labor, Public Employment and Retirement Committee. Being on the consent calendar means the bill passed unanimously on the date of the hearing. The bill will be heard next in the Senate Appropriations Committee later this month.

We will keep you apprised of further developments.