

Date: January 17, 2018
To: Board of Retirement
From: James Wilbanks, Retirement Administrator
Subject: Administrator Report

Consolidated Case Update

On January 8, 2018 the California Court of Appeal issued a 73 page, complex decision in this case (Alameda County Deputy Sheriffs Association, et al, v. Alameda County Employees Retirement Association and Board of the Alameda County Employees' Retirement Association, et al) regarding the interpretation of PEPRA and the concept of vested rights (sometimes referred to as the "California Rule"). In its ruling, the court began by providing the following summary:

"This consolidated action arises out of the tension between two undeniably valid, and yet fundamentally opposed, public interests: the interest of the government in maintaining the flexibility to alter statutes to conform to current needs and the interest of public employees in a stable and predictable pension, earned through years of public service. On September 12, 2012, Governor Brown—faced with a statewide crisis involving the significant underfunding of public pension systems—signed into law the Public Employee Pension Reform Act of 2013 (PEPRA or the Pension Reform Act) in an attempt to curb what were seen as pervasive abuses in public pension systems throughout California, including those governed by the County Employees Retirement Law of 1937 (CERL), Gov. Code, § 31450 et seq. (§ 7522 et seq.; Stats. 2012, chs. 296 & 297; see *Marin Assn. of Public Employees v. Marin County Employees' Retirement Assn.* (2016) 2 Cal.App.5th 674, 680-683 (Marin), review granted Nov. 22, 2016, S237460.) Various public employees and public employee organizations in Alameda, Contra Costa, and Merced Counties (collectively, the Three Counties) subsequently challenged the constitutionality of PEPRA as it applied to certain CERL plan members who were hired prior to PEPRA's effective date (legacy members). We conclude that the trial court's detailed analysis of PEPRA's effects on the pensions of legacy members was incorrect in certain respects and also improperly failed to include a necessary vested rights analysis. We therefore affirm in part, reverse in part, and remand this matter for further proceedings in accordance with this opinion."

In short, while it appears that this case may be headed back to the trial court, there are two other cases pending before the California Supreme Court involving similar issues, and decisions in those cases are expected later this year or in 2019.

June 30, 2017 Annual Valuation Presentation to Board of Supervisors

Andy Yeung with Segal Consulting will present the June 30, 2017 Annual Valuation to the Board of Supervisors at 9:15 AM on January 23, 2017.



MCERA

Board of Retirement Meeting Agenda Continued

Actuarial Audit

Work on the actuarial audit has commenced. Cheiron is planning to present their audit results to the Board at the May 9, 2018 Board meeting.

SACRS Board of Directors 2018-2019 Elections

Please see the attached information from Ray McCray, Chair of the SACRS Nominating Committee.