

Date: March 20, 2019
To: Board of Retirement
From: James Wilbanks, Ph.D., Executive Director
Subject: Administrative Report

Financial/Investment Officer Recruitment

We are in the middle of the search for a new Financial/Investment Officer. We received eight applicants who the Mendocino County Human Resources Department determined met the position minimum qualifications. We have conducted interviews with six of the eight, with the other two candidates declining to interview and continue in the process. The list of six has been narrowed and we are gathering additional information and expect to make an offer soon. As soon as an offer has been accepted, I will advise the Board via email as soon as practical.

Form 700 Filing Reminder

Please remember the deadline to submit your annual Form 700 to Judy is April 1, 2019. If you have questions about your filing, please contact either me or Judy. Incoming and outgoing Trustees are required to submit a Form 700 to MCERA within 30 days of the transition date.

CEM Benchmarking Presentation

Attached to this report is a presentation from CEM, a pension benchmarking company, from the CALAPRS General Assembly. I wanted to share with the Board as there were several key takeaways from the presentation that I thought were important.

Legislative Update

Attached is the Legislative Report from the State Association of County Retirement Systems (SACRS). SACRS has no request bills this year. As the Legislative Session proceeds, I will provide updates to this list.

Public Pension Legislation

Full Report 3/13/2019

AB 33 (Bonta D) State public retirement systems: divestiture from private prison companies.

Introduced: 12/3/2018

Fiscal: Y

Urgency: N

Status: 1/17/2019 - Referred to Com. on P.E. & R.

Location: 1/17/2019 - A . P.E.,R. & S.S.

Summary: Would prohibit the boards of the Public Employees' Retirement System and the State Teachers' Retirement System from making new investments or renewing existing investments of public employee retirement funds in a private prison company, as defined. This bill would require the boards to liquidate investments in private prison companies on or before July 1, 2020, and would require the boards, in making a determination to liquidate investments, to constructively engage with private prison companies to establish whether the companies are transitioning their business models to another industry.

AB 181 (Rodriguez D) Asset management: emerging and transition managers.

Introduced: 1/9/2019

Fiscal: Y

Urgency: N

Status: 1/24/2019 - Referred to Com. on P.E. & R.

Location: 1/24/2019 - A . P.E. & R.

Summary: Would require the Board of Administration of the Public Employees' Retirement System and the Teachers' Retirement Board to each provide a report to the Legislature, commencing March 1, 2020, and annually thereafter, until January 1, 2024, on the status of achieving appropriate objectives and initiatives regarding participation of emerging managers responsible for asset management within each system's portfolio of investments. With respect to the duties of the PERS board, the bill also would require the board's report to the Legislature to address the status of achieving appropriate objectives and initiatives regarding participation of transition managers responsible for asset management within its portfolio of investments.

AB 249 (Choi R) Public employers: employee organizations.

Introduced: 1/22/2019

Fiscal: Y

Urgency: N

Status: 2/7/2019 - Referred to Com. on P.E. & R.

Location: 2/7/2019 - A . P.E. & R.

Summary: Would prohibit a public employer from deterring or discouraging a public employee or an applicant to be a public employee from opting out of becoming or remaining a member of an employee organization. The bill would prohibit a public employer from taking adverse action against a public employee or applicant to be a public employee who opts out of becoming or remaining a member of an employee organization and would specify that adverse action includes reducing a public employee's current level of pay or benefits.

AB 287 (Voepel R) Public employees' retirement: annual audits.

Introduced: 1/28/2019

Fiscal: Y

Urgency: N

Status: 2/7/2019 - Referred to Com. on P.E. & R.

Location: 2/7/2019 - A . P.E. & R.

Summary: Current law requires each state and local public pension or retirement system, on and after the 90th day following the completion of the annual audit of the system, to provide a concise annual report on the investments and earnings of the system, as specified, to any member who makes a request and pays a fee, if required, for the costs incurred in preparation and dissemination of that report. This bill would also require each state and local pension or retirement system to post a concise annual audit of the information described above on that system's internet website no later than the 90th day following the audit's completion.

AB 346 (Cooper D) Workers' compensation: leaves of absence.

Introduced: 2/4/2019

Fiscal: N

Urgency: N

Status: 2/11/2019 - Referred to Com. on INS.

Location: 2/11/2019 - A . INS.

Summary: Would add police officers employed by a school district, county office of education, or community college district to the list of public employees entitled to a leave of absence without loss of salary, in lieu of temporary disability payments, while disabled by injury or illness arising out of and in the course of employment.

AB 462 (Rodriguez D) Public retirement: service credit: sick leave.

Introduced: 2/11/2019

Fiscal: Y

Urgency: N

Status: 2/21/2019 - Referred to Com. on P.E. & R.

Location: 2/21/2019 - A . P.E. & R.

Summary: Would provide that all sick leave acquired by a school member from all employers subject to PERL within 4 months of separation may be credited as service credit when specified conditions are met.

AB 472 (Voepel R) Public employees' retirement.

Introduced: 2/11/2019

Fiscal: N

Urgency: N

Status: 2/12/2019 - From printer. May be heard in committee March 14.

Location: 2/11/2019 - A . PRINT

Summary: Current law, the California Public Employees' Pension Reform Act of 2013, establishes various limits on retirement benefits generally applicable to a public employee retirement system, as defined. The act prescribes, among other things, limits on service after retirement without reinstatement into the applicable retirement system. This bill would make nonsubstantive changes to that provision.

AB 510 (Cooley D) Local government records: destruction of records.

Introduced: 2/13/2019

Fiscal: N

Urgency: N

Status: 2/21/2019 - Referred to Com. on L. GOV.

Location: 2/21/2019 - A . L. GOV.

Summary: Current law authorizes the head of a department of a county or city, or the head of a special district to destroy recordings of telephone and radio communications maintained by that county, city, or special district after 100 days if that person receives approval from the legislative body and the written consent of the agency attorney. This bill would exempt the head of a department of a county or city, or the head of a special district from these recording retention requirements if the county, city, or special district adopts a records retention policy governing recordings of routine video monitoring and recordings of telephone and radio communications.

AB 644 (Committee on Public Employment and Retirement) State teachers' retirement: compensation.

Introduced: 2/15/2019

Fiscal: Y

Urgency: N

Status: 2/25/2019 - Referred to Com. on P.E. & R.

Location: 2/25/2019 - A . P.E. & R.

Summary: Would revise the definition of compensation earnable for the purposes of STRS to be the sum of the average annualized pay rate, as defined, paid in a school year divided by the service credited for that school year and the remuneration paid in addition to salary or wages. The bill would make various conforming changes in accordance with the revised definition of compensation earnable.

AB 664 (Cooper D) County employees' retirement: permanent incapacity.

Introduced: 2/15/2019

Fiscal: N

Urgency: N

Status: 2/28/2019 - Referred to Com. on P.E. & R.

Location: 2/28/2019 - A . P.E. & R.

Summary: Would require, for purposes of determining permanent incapacity of certain members employed as peace officers, that those members be evaluated by the retirement system to determine if they can perform all of the usual and customary duties of a peace officer, as specified. The bill would apply to members who file applications for disability on or after the effective date of the act, except for cases on appeal at that time. The bill also would make nonsubstantive changes to that provision.

AB 672 (Cervantes D) Public employees' retirement: disability retirement: reinstatement.

Introduced: 2/15/2019

Fiscal: Y

Urgency: N

Status: 2/28/2019 - Referred to Com. on P.E. & R.

Location: 2/28/2019 - A . P.E. & R.

Summary: PERL authorizes a person retired for disability to be employed by any employer without reinstatement in the system if specified conditions are met. This bill would prohibit a person who has retired for disability from being employed by any employer without reinstatement from retirement if the position is the position from which the person retired or if the position includes duties or activities that the person was previously restricted from performing at the time of retirement, unless an exception applies. The bill would require, if a person retired for disability is employed by an employer without reinstatement, an employer to provide to the board the nature of the employment and the duties and activities the person will perform.

SB 53 (Wilk R) Open meetings.

Introduced: 12/10/2018

Last Amended: 3/5/2019

Fiscal: Y

Urgency: Y

Status: 3/12/2019 - From committee: Do pass and re-refer to Com. on APPR. (Ayes 14. Noes 0.) (March 12). Re-referred to Com. on APPR.

Location: 3/12/2019 - S . APPR.

Summary: Would specify that the definition of “state body” includes an advisory board, advisory commission, advisory committee, advisory subcommittee, or similar multimember advisory body of a state body that consists of 3 or more individuals, as prescribed, except a board, commission, committee, or similar multimember body on which a member of a body serves in their official capacity as a representative of that state body and that is supported, in whole or in part, by funds provided by the state body, whether the multimember body is organized and operated by the state body or by a private corporation.

SB 184 (Moorlach R) Judges’ Retirement System II: deferred retirement.

Introduced: 1/30/2019

Fiscal: Y

Urgency: N

Status: 2/6/2019 - Referred to Com. on L., P.E. & R.

Location: 2/6/2019 - S . L., P.E. & R.

Summary: Would authorize a judge who is not otherwise eligible to retire and who has either attained 60 years of age with a minimum of 5 years of service or accrued 20 or more years of service to leave his or her monetary credits on deposit with the system, to retire, and upon reaching retirement age, as specified, to receive a retirement allowance, as provided. The bill would prescribe procedures to apply if the judge fails to elect within 30 days of separation and would authorize the board to charge an administrative fee, as specified, to a judge who elects to apply these provisions.

SB 266 (Leyva D) Public Employees' Retirement System: disallowed compensation: benefit adjustments.

Introduced: 2/12/2019

Fiscal: Y

Urgency: N

Status: 2/21/2019 - Referred to Com. on L., P.E. & R.

Location: 2/21/2019 - S . L., P.E. & R.

Summary: Would establish new procedures under PERL for cases in which PERS determines that the benefits of a member or annuitant are, or would be, based on compensation that conflicts with PEPRA and other specified laws and thus impermissible under PERL. The bill would also apply these procedures retroactively to determinations made on or after January 1, 2017, if an appeal has been filed and the employee member, survivor, or beneficiary has not exhausted their administrative or legal remedies.

SB 341 (Morrell R) Public employment and retirement.

Introduced: 2/19/2019

Fiscal: Y

Urgency: N

Status: 2/28/2019 - Referred to Com. on L., P.E. & R.

Location: 2/28/2019 - S . L., P.E. & R.

Summary: Would require the Board of Administration of the Public Employees' Retirement System to report a calculation of liabilities based on a discount rate equal to the yield on a 10-year United States Treasury note in the year prior to the report. The bill would require the Teachers' Retirement Board to provide a description of the discount rate the board uses for reporting liabilities, a calculation of liabilities based on a discount rate that is 2% below the long-term rate of return assumed by the board, and a calculation of liabilities based on a

discount rate equal to the yield on a 10-year United States Treasury note in the year prior to the report.

SB 379 (Committee on Governance and Finance) Validations.

Introduced: 2/20/2019

Fiscal: N

Urgency: Y

Status: 2/28/2019 - Referred to Com. on GOV. & F.

Location: 2/28/2019 - S . GOV. & F.

Summary: This bill would enact the First Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

SB 380 (Committee on Governance and Finance) Validations.

Introduced: 2/20/2019

Fiscal: N

Urgency: Y

Status: 2/28/2019 - Referred to Com. on GOV. & F.

Location: 2/28/2019 - S . GOV. & F.

Summary: This bill would enact the Second Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

SB 381 (Committee on Governance and Finance) Validations.

Introduced: 2/20/2019

Fiscal: N

Urgency: N

Status: 2/28/2019 - Referred to Com. on GOV. & F.

Location: 2/28/2019 - S . GOV. & F.

Summary: This bill would enact the Third Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

SB 783 (Committee on Labor, Public Employment and Retirement) County Employees Retirement Law of 1937.

Introduced: 3/7/2019

Fiscal: N

Urgency: N

Status: 3/8/2019 - From printer. May be acted upon on or after April 7.

Location: 3/7/2019 - S . RLS.

Summary: The County Employees Retirement Law of 1937 (CERL) authorizes counties to establish retirement systems pursuant to its provisions for the purpose of providing pension and death benefits to county and district employees. This bill would correct several erroneous and obsolete cross-references within CERL.

Total Measures: 19

Total Tracking Forms: 19