



Date: April 17, 2019  
To: Board of Retirement  
From: James Wilbanks, Ph.D., Executive Director  
Subject: Administrative Report

## **Executive Director Evaluation**

As a reminder, it is time for the Board to begin the annual performance review of the Executive Director. The evaluation forms will be distributed to Trustees next month in order to complete the evaluation by the June Board meeting.

## **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.

## **SACRS Other Legislation**

**Thursday, April 11, 2019**

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

**Introduced:** 12/3/2018

**Fiscal:** Y

**Urgency:** N

**Status:** 3/27/2019 - In committee: Set, first hearing. Hearing canceled at the request of author.

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

**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 managers.**

**Introduced:** 1/9/2019

**Last Amended:** 3/25/2019

**Fiscal:** Y

**Urgency:** N

**Status:** 4/10/2019 - In committee: Set, first hearing. Referred to APPR. suspense file.

**Location:** 4/10/2019 - A . APPR. SUSPENSE FILE

**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, 2021, and annually thereafter, on the status of achieving appropriate objectives and initiatives, to be defined by the boards, regarding participation of emerging managers responsible for asset management within each system's portfolio of investments. The bill would require that the report be based on contracts that the system enters into on and after January 1, 2020, and be based on information from the prior fiscal year.

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

**Introduced:** 1/22/2019

**Fiscal:** Y

**Urgency:** N

**Status:** 4/3/2019 - In committee: Set, first hearing. Failed passage.

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

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

**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**     **(Rodriguez D) Public retirement.**  
**462**

**Introduced:** 2/11/2019

**Last Amended:** 3/26/2019

**Fiscal:** N

**Urgency:** N

**Status:** 4/9/2019 - Read second time. Ordered to third reading.

**Location:** 4/9/2019 - A . THIRD READING

**Summary:** Would make nonsubstantive changes to the provisions defining a county peace officer and prescribing the disability allowance for a state miscellaneous member upon industrial disability retirement.

**AB**     **(Voepel R) Public employees' retirement.**  
**472**

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

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

**Introduced:** 2/15/2019

**Last Amended:** 3/25/2019

**Fiscal:** Y

**Urgency:** N

**Status:** 3/26/2019 - Re-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 (Cervantes D) Public employees' retirement: disability retirement: reinstatement.**  
**672**

**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.

**AB (Stone, Mark D) Public employees' retirement: pension reform: excepted**  
**1198 employees: transit workers.**

**Introduced:** 2/21/2019

**Last Amended:** 3/21/2019

**Fiscal:** Y

**Urgency:** N

**Status:** 3/25/2019 - Re-referred to Com. on P.E. & R.

**Location:** 3/21/2019 - A . P.E. & R.

**Summary:** Would except transit workers hired before January 1, 2016, from PEPRA by removing the federal district court contingency language from the provision excepting certain transit workers from PEPRA, as specified.

**AB** (Committee on Judiciary) **Inspection of public records: use of requester's reproduction equipment.**  
**1819**

**Introduced:** 3/6/2019

**Last Amended:** 3/28/2019

**Fiscal:** Y

**Urgency:** N

**Status:** 4/10/2019 - From committee: Amend, and do pass as amended and re-refer to Com. on APPR. (Ayes 12. Noes 0.) (April 9).

**Location:** 4/9/2019 - A . APPR.

**Summary:** The California Public Records Act requires state and local agencies to make public records available upon receipt of a request that reasonably describes an identifiable record not otherwise exempt from disclosure, and upon payment of fees to cover costs. This bill would grant the requester the right to use the requester's equipment, without being charged any fees or costs, to photograph or otherwise copy or reproduce any physical record upon inspection and on the premises of the agency, unless the means of copy or reproduction would result in damage to the record, or unauthorized access to a computer system of the agency or secured network, as specified.

**SB 53** (**Wilk R**) **Open meetings.**

**Introduced:** 12/10/2018

**Last Amended:** 3/5/2019

**Fiscal:** Y



**Urgency:** Y

**Status:** 4/9/2019 - Read second time. Ordered to third reading.

**Location:** 4/9/2019 - S . THIRD READING

**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:** 4/8/2019 - April 8 hearing: Placed on APPR. suspense file.

**Location:** 4/8/2019 - S . APPR. SUSPENSE FILE

**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:** 4/8/2019 - April 8 hearing: Placed on APPR. suspense file.

**Location:** 4/8/2019 - S . APPR. SUSPENSE FILE

**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:** 3/27/2019 - March 27 set for first hearing. Failed passage in committee. (Ayes 1. Noes 3.) Reconsideration granted.

**Location:** 3/27/2019 - 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:** 4/4/2019 - Read third time. Urgency clause adopted. Passed. (Ayes 36. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

**Location:** 4/4/2019 - A . DESK

**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:** 4/4/2019 - Read third time. Urgency clause adopted. Passed. (Ayes 36. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

**Location:** 4/4/2019 - A . DESK

**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:** 4/4/2019 - Read third time. Passed. (Ayes 36. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

**Location:** 4/4/2019 - A . DESK

**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 715 (Galgiani D) University of California retirement plans: asset managers: contracts.**

**Introduced:** 2/22/2019

**Last Amended:** 3/28/2019

**Fiscal:** N

**Urgency:** N

**Status:** 4/10/2019 - Re-referred to Com. on ED.

**Location:** 4/10/2019 - S . ED.

**Summary:** Would prohibit the University of California from contracting for services with an asset manager for a defined contribution plan if that plan is a stand-alone optional plan that is not a complement to a defined benefit pension plan. The bill would apply this prohibition to a contract entered into on or after January 1, 2015.

**SB 749 (Durazo D) California Public Records Act: trade secrets: reverse public records actions.**

**Introduced:** 2/22/2019

**Last Amended:** 3/27/2019

**Fiscal:** Y

**Urgency:** N

**Status:** 4/5/2019 - Set for hearing April 23.

**Location:** 4/3/2019 - S . JUD.

**Summary:** Would provide that records relating to wages, benefits, working hours, and other employment terms and conditions of employees working for a private industry employer pursuant to a contract with a state or local agency shall not be deemed to be trade secrets under the California Public Records Act. The bill would also provide that 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 shall not be deemed trade secrets under the act.

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

**Introduced:** 3/7/2019

**Fiscal:** N

**Urgency:** N

**Status:** 4/4/2019 - Set for hearing April 24.

**Location:** 3/20/2019 - S . L., P.E. & R.

**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: 22*

*Total Tracking Forms: 22*