

Date: May 15, 2019
To: Board of Retirement
From: James Wilbanks, Ph.D., Executive Director
Subject: Administrative Report

Executive Director Evaluation

It is time once again for the Board to begin the annual performance review of the Executive Director. The evaluation forms and a copy of the Executive Director's self-evaluation have been distributed to Trustees. Please send your evaluations to the Board Chair by June 1, 2019. The Board will convene in closed session at the June meeting to review the evaluation with the Executive Director.

Legislative Update

Attached is the Legislative Report from the State Association of County Retirement Systems (SACRS).

SACRS Other Legislation

Monday, May 6, 2019

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

Introduced: 12/3/2018

Fiscal: Y

Urgency: N

Status: 4/26/2019 - Failed Deadline pursuant to Rule 61(a)(2). (Last location was P.E. & R. on 1/17/2019)(May be acted upon Jan 2020)

Location: 4/26/2019 - A . 2 YEAR

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

Introduced: 1/22/2019

Fiscal: Y

Urgency: N

Status: 4/26/2019 - Failed Deadline pursuant to Rule 61(a)(2). (Last location was P.E. & R. on 2/7/2019)(May be acted upon Jan 2020)

Location: 4/26/2019 - A . 2 YEAR

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: 4/26/2019 - Failed Deadline pursuant to Rule 61(a)(2). (Last location was P.E. & R. on 2/7/2019)(May be acted upon Jan 2020)

Location: 4/26/2019 - A . 2 YEAR

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: 4/29/2019 - Read third time. Passed. Ordered to the Senate. In Senate. Read first time. To Com. on RLS. for assignment.

Location: 4/29/2019 - S . DESK

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.

Introduced: 2/11/2019

Last Amended: 3/26/2019

Fiscal: N

Urgency: N

Status: 5/1/2019 - Referred to Com. on RLS.

Location: 4/23/2019 - S . RLS.

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 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

Last Amended: 3/25/2019

Fiscal: Y

Urgency: N

Status: 5/2/2019 - Read second time. Ordered to Consent Calendar.

Location: 5/2/2019 - A . CONSENT CALENDAR

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

Introduced: 2/15/2019

Fiscal: Y

Urgency: N

Status: 5/2/2019 - Read second time. Ordered to Consent Calendar.

Location: 5/2/2019 - A . CONSENT CALENDAR

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 979 (Reyes D) Judges' Retirement System II: deferred retirement.

Introduced: 2/21/2019

Fiscal: Y

Urgency: N

Status: 4/26/2019 - Failed Deadline pursuant to Rule 61(a)(2). (Last location was P.E. & R. on 3/4/2019)(May be acted upon Jan 2020)

Location: 4/26/2019 - A . 2 YEAR

Summary: Would authorize a judge who is a member of the Judges' Retirement System II to retire upon attaining both 63 years of age and 15 or more years of service, or when a judge who has accrued at least 5 years of service and who has not received specified discipline is defeated for reelection. The bill 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 15 or more years of service to leave the judge's monetary credits on deposit with the system, to

retire, and upon reaching retirement age, as specified, to receive a retirement allowance, as specified.

AB 992 (Mullin D) Open meetings: local agencies: social media.

Introduced: 2/21/2019

Last Amended: 4/22/2019

Fiscal: N

Urgency: N

Status: 5/1/2019 - In committee: Set, first hearing. Failed passage. Reconsideration granted.

Location: 3/7/2019 - A . L. GOV.

Summary: 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 the members of a legislative body, outside a meeting authorized by the act, from using a series of communications of any kind to discuss, deliberate, 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.

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

Introduced: 2/21/2019

Last Amended: 3/21/2019

Fiscal: Y

Urgency: N

Status: 4/26/2019 - Failed Deadline pursuant to Rule 61(a)(2). (Last location was P.E. & R. on 3/21/2019)(May be acted upon Jan 2020)

Location: 4/26/2019 - A . 2 YEAR

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 1212 (Levine D) Public employees’ retirement: pension fund management: in-state infrastructure.

Introduced: 2/21/2019

Fiscal: Y

Urgency: N

Status: 5/1/2019 - In committee: Set, first hearing. Referred to APPR. suspense file.

Location: 5/1/2019 - A . APPR. SUSPENSE FILE

Summary: Would require a state agency that is responsible for infrastructure projects to produce a list of priority infrastructure projects for funding consideration by the retirement boards, as specified, and to provide it to them. The bill would require a state agency also to provide further project information to a board upon request.

AB 1320 (Nazarian D) Public employee retirement systems: prohibited investments: Turkey.

Introduced: 2/22/2019

Last Amended: 4/4/2019

Fiscal: Y

Urgency: N

Status: 4/24/2019 - In committee: Set, first hearing. Referred to APPR. suspense file.

Location: 4/24/2019 - A . APPR. SUSPENSE FILE

Summary: Current law prohibits the boards of administration of the Public Employees' Retirement System and the State Teachers' Retirement System from making investments in certain countries and in thermal coal companies, as specified, subject to the boards' plenary authority and fiduciary responsibility for investment of moneys and administration of the systems. This bill, upon the passage of a federal law that imposes sanctions on the government of Turkey for failure to officially acknowledge its responsibility for the Armenian Genocide, would prohibit the boards of administration of the Public Employees' Retirement System and the State Teachers' Retirement System from making additional or new investments, or renewing existing investments, of public employee retirement funds in an investment vehicle in the government of Turkey that is issued by the government of Turkey or that is owned, controlled, or managed by the government of Turkey.

AB 1452 (O'Donnell D) State teachers' retirement.

Introduced: 2/22/2019

Last Amended: 3/26/2019

Fiscal: Y

Urgency: N

Status: 5/2/2019 - Read second time. Ordered to Consent Calendar.

Location: 5/2/2019 - A . CONSENT CALENDAR

Summary: Current law requires a person who is hired by a STRS employer to perform creditable service on a full-time basis to become a member of the Defined Benefit Program on the first day of employment, except as specified. Current law prohibits aggregating creditable service in more than one position for the purpose of determining mandatory membership as a full-time employee in this context. This bill would prohibit aggregating creditable service in more than one position for the purpose of determining mandatory membership on a part-time basis for 50% or more of the time the employer requires for a full-time position, as specified.

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

Introduced: 3/6/2019

Last Amended: 4/11/2019

Fiscal: Y

Urgency: N

Status: 4/25/2019 - Read second time. Ordered to third reading.

Location: 4/25/2019 - A . THIRD READING

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 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: 4/22/2019 - Read third time. Urgency clause adopted. Passed. (Ayes 38. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

Location: 4/22/2019 - A . DESK

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: 5/2/2019 - Referred to Com. on L. GOV.

Location: 5/2/2019 - A . L. GOV.

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: 5/2/2019 - Referred to Com. on L. GOV.

Location: 5/2/2019 - A . L. GOV.

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: 5/2/2019 - Referred to Com. on L. GOV.

Location: 5/2/2019 - A . L. GOV.

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 430 (Wieckowski D) Public employees' retirement benefits: judges.

Introduced: 2/21/2019

Fiscal: Y

Urgency: N

Status: 4/22/2019 - April 22 hearing: Placed on APPR. suspense file.

Location: 4/22/2019 - S . APPR. SUSPENSE FILE

Summary: This bill would specifically exclude from the definition of "new member" a judge, as defined in specified existing law, elected to office before January 1, 2013.

SB 518 (Wieckowski D) Public records: disclosure: court costs and attorney's fees.

Introduced: 2/21/2019

Fiscal: N

Urgency: N

Status: 4/26/2019 - Set for hearing May 6.

Location: 4/24/2019 - S . APPR.

Summary: The California Public Records Act, when it appears to a superior court that certain public records are being improperly withheld from a member of the public, requires the court to order the officer or person charged with withholding the records to disclose the public record or show cause why that officer or person should not do so. The act requires the court to award court costs and reasonable attorney's fees to the plaintiff if the plaintiff prevails in litigation filed pursuant to these provisions, and requires the court to award court costs and reasonable attorney's fees to the public agency if the court finds that the plaintiff's case is clearly frivolous. This bill, for purposes of the award of court costs and reasonable attorney's fees pursuant to the above provisions, would specifically notwithstanding a provision of existing law that prescribes the withholding or augmentation of costs if an offer is made before judgment or award in a trial or arbitration.

SB 615 (Hueso D) Public records: disclosure.

Introduced: 2/22/2019

Fiscal: Y

Urgency: N

Status: 4/26/2019 - Failed Deadline pursuant to Rule 61(a)(2). (Last location was JUD. on 3/14/2019)(May be acted upon Jan 2020)

Location: 4/26/2019 - S . 2 YEAR

Summary: The California Public Records Act, when it appears to a superior court that certain public records are being improperly withheld from a member of the public, requires the court to order the officer or person charged with withholding the records to disclose the public record or show cause why they should not do so. The act requires the court to award court costs and reasonable attorney's fees to the requester if the requester prevails in litigation filed pursuant to these provisions, and requires the court to award court costs and reasonable attorney's fees to the public agency if the court finds that the requestor's case is clearly frivolous. This bill would require a person to meet and confer in good faith with the agency in an attempt to informally resolve each issue before instituting any proceeding for injunctive or declarative relief or writ of mandate.

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: 4/24/2019 - April 24 set for first hearing. Failed passage in committee. (Ayes 2. Noes 4.) Reconsideration granted.

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.

Introduced: 2/22/2019

Last Amended: 4/29/2019

Fiscal: Y

Urgency: N

Status: 4/29/2019 - Read second time and amended. Re-referred to Com. on APPR.

Location: 4/29/2019 - S . APPR.

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 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 769 (Moorlach R) Public employees' retirement.

Introduced: 2/22/2019

Fiscal: N

Urgency: N

Status: 3/14/2019 - Referred to Com. on RLS.

Location: 2/22/2019 - S . RLS.

Summary: The Public Employees' Retirement Law (PERL) establishes the Public Employees' Retirement System (PERS), which provides pension and other benefits to its members. Under PERL, membership in PERS is compulsory for specified public employees. Current law provides that those compulsory membership provisions do not apply to certain persons who are expressly excluded from PERS. This bill would make a nonsubstantive change to that provision.

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

Introduced: 3/7/2019

Fiscal: N

Urgency: N

Status: 5/2/2019 - Read third time. Passed. (Ayes 38. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

Location: 5/2/2019 - A . DESK

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: 31

Total Tracking

Forms: 31