

## Judy Zeller - SACRS 2016 Legislative Proposals

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**From:** Jim Lites <jlites@calstrat.com>  
**To:** "abradford@acera.org" <abradford@acera.org>, "cdunn@ret.cccounty.us" <cd...  
**Date:** 9/23/2015 4:26 PM  
**Subject:** SACRS 2016 Legislative Proposals  
**CC:** Sulema Peterson <Sulema@sacrs.org>, "Trent Smith(Trent@edelsteingilbert...  
**Attachments:** Universal District Status.docx; LEGISLATIVE PLATFORM WORKSHEET\_SDCERA Proposal.pdf; 3a Legislative Proposals Worksheet Retiree Alternate.docx; Trustee Compensation Proposal.doc

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Good afternoon SACRS Members –

Last week, the SACRS Legislative Committee considered four 2016 proposals. Two are recommended to go forward as SACRS-sponsored proposals in 2016 and consideration at the SACRS Business Meeting on November 20<sup>th</sup>.

### Legislative Proposals Approved for Consideration for SACRS Sponsorship in 2016:

- 1) **District Status for 1937 Act County Employee Retirement Systems (SACRS Board of Directors).** This proposal would offer county Boards of Retirement options for pursuing District status. The option could follow the existing model utilized by OCERS in Govt Code Section 31468 or the VCERA approach enacted this year in AB 1291, which identifies specific positions that comprise the District. Specific language for this proposal would be developed by the Legislative Committee.
  
- 2) **Optional Employee Sworn Statements (SDCERA).** This proposal will allow 1937 Systems to accept electronic data in lieu of sworn statements from county employees. The proposal will not prevent systems from maintaining the requirement for, or continuing to utilize sworn statements.

### Legislative Proposals Deferred Pending Additional Information:

- 3) **Alternate Retiree Trustee Voting (Merced CERA).** This proposal will add voting responsibilities for Alternate Retirees in the event of certain trustee absences. This measure was deferred by the Legislative Committee until the October meeting while the SACRS consultants explore how various SACRS stakeholders may view the proposal. Legislative proposals related to alternate trustee voting have faced opposition in the past and the Committee wanted to further vet this specific proposal before presenting it to SACRS for consideration.
  
- 4) **BOR Trustee Per Diem (SACRS Board of Directors).** Based on direction from the SACRS Board of Directors to the Legislative Committee, this proposal was also deferred for the entirety of 2016 to explore with stakeholders how a proposal to increase trustee per diem payments would be received. The SACRS consultants will explore the question and convey the feedback to the Legislative Committee. PLEASE NOTE: The \$200 dollar figure in the attached proposal was for discussion purposes and not the specific recommendation of the SACRS BOD nor the Legislative Committee.

Thank you and please let us know if you have any questions at all.

Jim

Jim Lites  
California Strategies  
980 9<sup>th</sup> Street, Suite 2000  
Sacramento, CA 95814  
[\(916\) 266-4575](tel:9162664575) – o  
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## YEAR 2016 SACRS LEGISLATIVE PLATFORM WORKSHEET

PLEASE COMPLETE AND RETURN BY SEPTEMBER 4, 2015

Title of Issue: 1937 Act County District Status Authorization

Association: SACRS Board of Directors

Contact Person: Jim Lites

Phone #: 916 266-4575

Fax #: 916 266-4580

Email: [jlites@calstrat.com](mailto:jlites@calstrat.com)

Please answer the following questions as fully as possible:

1. Description of issue.

District authorization essentially allows a county retirement system to hire key executive personnel as employees of the retirement system, rather than employees of the county. Orange, San Bernardino and Contra Costa already operate under this section of the County Employees Retirement Law of 1937. The Ventura County Employees Retirement System sponsored AB 1291/Ch. 223, Statutes of 2015, which provides a modified version of district status for Ventura.

With the enactment of the Public Employee Pension Reform Act of 2012 (PEPRA), one of the responsibilities PEPRA mandates upon boards of retirement is the requirement to monitor and enforce the anti-spiking provisions of the measure. With senior retirement system personnel as employees of the retirement system rather than the county, 1937 systems will have greater independence to fulfill the PEPRA anti-spiking provisions. In addition, it will assist our local retirement system in attracting and retaining highly-talented human capital necessary to effectively manage a retirement system and an investment portfolio in today's investment marketplace.

2. Recommended solution.

Provide statutory authorization for the Board of Retirement for any 1937 act system to make an election to become an independent district.

3. Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers.

The intent is to amend Government Code Sections 31468 and 31522.5 to allow each 1937 Act county retirement system to elect to have district status. The specific language will be written based on the guidance of the SACRS Legislative Committee.

4. Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association?

This proposal would provide the remaining 1937 Act county retirement systems with the authority to become a district. The requested revisions will affect all CERL systems that have not yet sought legislation to obtain district status.

5. Do you anticipate that the proposed legislation would create any major problems, such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations?

The intent of this proposal is to provide county-optional authority.

6. Who will support or oppose this proposed change in the law?

SACRS would seek support from other 1937 Act stakeholders.

7. Who will be available from your association to testify before the Legislature?

Richard Stensrud, Chair, SACRS Legislative Committee.

E-mail or mail your legislative proposals to:

**Jim Lites**  
**California Strategies, LLC**  
**980 9<sup>th</sup> Street, Suite 2000**  
**Sacramento, CA 95814**  
**Phone: (916) 266-4575**  
**Email: [jlites@calstrat.com](mailto:jlites@calstrat.com)**



CALIFORNIA STRATEGIES, LLC

**MEMORANDUM**

**TO: SACRS ADMINISTRATORS and RETIREMENT BOARD CHAIR**

**FROM: RICHARD STENSRUD  
JIM LITES**

**DATE: JUNE 24, 2015**

**SUBJECT: SACRS YEAR 2016 LEGISLATIVE TIMELINES**

If you intend to propose legislation to be sponsored by SACRS, please return your request, EXPLAINED ON THE ATTACHED WORKSHEET, by September 4, 2015 to:

**Jim Lites  
California Strategies, LLC  
980 9<sup>th</sup> Street, Suite 2000  
Sacramento, CA 95814  
Phone: (916) 266-4575  
Email: [jlites@calstrat.com](mailto:jlites@calstrat.com)**

The SACRS Legislative Committee has adopted a calendar for soliciting legislative proposals from SACRS retirement associations for the year 2016:

June 24, 2015

E-mailing of Committee request that retirement associations submit proposals for inclusion in the SACRS 2016 Legislative Platform.

September 4, 2015

Deadline for requests to be received by California Strategies.

September 8, 2015

California Strategies will e-mail legislative requests to Legislative Committee members.

September 18, 2015

Date of Legislative Committee meeting at which association requests will be discussed.

October 5, 2015

Legislative Committee will submit proposals, (both those that the Legislative Committee recommends by inclusion in SACRS Legislative Platform, and other proposals received) to all retirement associations for consideration.

November 2015 (date TBD)

Those legislative proposals recommended by the Legislative Committee, as well as other proposals, will be discussed at the SACRS Fall Conference.

## YEAR 2016 SACRS LEGISLATIVE PLATFORM WORKSHEET

PLEASE COMPLETE AND RETURN BY SEPTEMBER 4, 2015

Title of Issue: Sworn Statement Requirement

Association: San Diego County Employees Retirement Association (SDCERA)

Contact Person: Johanna Shick, Chief Service Officer  
Elaine Reagan, Chief Legal Officer

Phone #: 619.515.6815  
619.515.6804

Fax #: 619.515.5071  
619.515.5067

Please answer the following questions as fully as possible:

1. Description of issue.

Government Code §31526 states “The regulations shall include provisions: (a) For the election of officers, their terms, meetings, and all other matters relating to the administrative procedure of the board. (b) For the filing of a sworn statement by every person who is or becomes a member, showing date of birth, nature and duration of employment with the county, compensation received, and such other information as is required by the board. (c) For forms of annuity certificates and for such other forms as are required.”

Some retirement systems receive date of birth, nature and duration of employment with the county and compensation automatically via electronic payroll feed from the County. At the time the statute became effective in 1947 electronic payroll feeds did not exist, making the collection of this information critical for enrolling members into the system.

When counties automatically enroll eligible employees into the retirement system, and collect and report to the retirement system the required information, the requirement of collecting a sworn statement from each eligible employee is duplicative and unnecessary. Further, requiring the collection of a sworn statement from each eligible employee creates compliance issues and inefficiencies. Because not all employees return their sworn statements, additional staff time and resources must be expended to obtain the form from employees in order to comply with Government Code §31526; however, the retirement system already has the necessary information from the employer via the payroll feed.

2. Recommended solution.

Add language that would allow counties to collect members’ date of birth, nature and duration of employment with the county, and compensation received from the employer in lieu of requiring the member to complete a sworn statement. This would enable those counties that have implemented procedures to automatically enroll eligible employees into the retirement system, and collect and report the required information to the retirement system automatically to streamline processes, thus making the administration of the benefit more efficient and bringing statute in alignment with modern-day technology.

3. Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers.

§31526: The regulations shall include provisions: (a) For the election of officers, their terms, meetings, and all other matters relating to the administrative procedure of the board. (b) For the filing of a sworn statement by every person who is or becomes a member, showing date of birth, nature and duration of employment with the county, compensation received, and such other information as is required by the board or, alternatively and in lieu of a sworn statement, for such information to be provided by the member's employer to the retirement association in a form to be determined by the retirement association. (c) For forms of annuity certificates and for such other forms as are required.

4. Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association?

The requested addition to Government Code §31526 affects all CERL systems, not only SDCERA.

5. Do you anticipate that the proposed legislation would create any major problems, such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations?

No

6. Who will support or oppose this proposed change in the law?

The proposed amendment is unlikely to raise opposition as it is designed to allow the status quo for those systems that prefer it. It does not prohibit systems from continuing to use sworn statements; it simply allows those systems gathering this information electronically to streamline their processes and more reliably collect the information.

7. Who will be available from your association to testify before the Legislature?

Johanna Shick, Chief Service Officer  
Elaine Reagan, Chief Legal Officer

E-mail or mail your legislative proposals to:

**Jim Lites**  
**California Strategies, LLC**  
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**YEAR 2016 SACRS LEGISLATIVE PLATFORM WORKSHEET**  
**PLEASE COMPLETE AND RETURN BY SEPTEMBER 4, 2015**  
**RETIREE ALTERNATE**

**8/13/2015**  
**#3(a)**

Title of Issue: Retiree Alternate  
Association: Merced CERA  
Contact Person: Steven Bland  
Phone #: 209.726.2724 Scott Johnston (209.617.2126)  
Fax #: 209.725.3637

Please answer the following questions as fully as possible:

1. Description of issue.

Currently, the authority for the two alternates (safety and retiree) to fill in for absent trustees is limited. There are times when certain trustees are absent yet the alternates are not authorized to vote. This is depicted in the attached Appendix #I.

2. Recommended solution.

Alternate voting for employee representatives is unchanged in the event of one absence. In the event of two or more absences, the Alternate Retiree Member shall vote. Please see the attached Appendix #II.

3. Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers.

Section 31520.5 of state code would require modification. Please see Appendix III

4. Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association?

All County Employee Retirement Associations (CERAs) will benefit from this legislation. The CERAs fund training for the retiree alternate. The alternates have experience, background, and context on subjects. This should be utilized.

5. Do you anticipate that the proposed legislation would create any major problems, such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations?

This should have no cost, and not offend. It is to increase efficiencies, and prevent a meeting being canceled for lack of a quorum.

6. Who will support or oppose this proposed change in the law?

The proposal was written to fill a vacuum without changing the existing hierarchy. Current authority is retained in full. The voting authority of the Safety & Retiree alternates would only come into play in the event of other trustee absences.

7. Who will be available from your association to testify before the Legislature?

Scott Johnston. The County lobbyist might testify.

E-mail or mail your legislative proposals to:

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**MEMORANDUM**

**TO: SACRS ADMINISTRATORS and RETIREMENT BOARD CHAIR**

**FROM: RICHARD STENSRUD  
JIM LITES**

**DATE: JUNE 24, 2015**

**SUBJECT: SACRS YEAR 2016 LEGISLATIVE TIMELINES**

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E-mailing of Committee request that retirement associations submit proposals for inclusion in the SACRS 2016 Legislative Platform.

September 4, 2015

Deadline for requests to be received by California Strategies.

September 8, 2015

California Strategies will e-mail legislative requests to Legislative Committee members.

September 18, 2015

Date of Legislative Committee meeting at which association requests will be discussed.

October 5, 2015

Legislative Committee will submit proposals, (both those that the Legislative Committee recommends by inclusion in SACRS Legislative Platform, and other proposals received) to all retirement associations for consideration.

November 2015 (date TBD)

Those legislative proposals recommended by the Legislative Committee, as well as other proposals, will be discussed at the SACRS Fall Conference.

## Appendix I Current Practice

Trustee	Who Votes in Their Absence
Treasurer	No one
Board of Supervisor Appointees (4)	No one
General Employees Representative	Safety Alternate
Safety	Safety Alternate
Retiree	Retiree Alternate only

## Appendix II Proposal

<b>Trustee</b>	<b>Who Votes in Their Absence</b>
Treasurer	No voting Alternate
Board of Supervisor Appointees (4)	No voting Alternate
General Employees Representative	Safety alternate. If two absences, then Retiree Alt.
Safety	Safety Alternate, then retiree alternate (if safety alternate is absent)
Retiree	Retiree Alternate, then safety alternate (if retiree alternate is absent)

## Appendix III Proposed language

31520.5 Counties with 9-member retirement boards; appointment of alternate retired member; term; rights and privileges

(b) The term of office of the alternate retired member shall run concurrently with the term of the eighth member. The alternate retired member shall vote as a member of the board only ~~in the event the eighth member is absent~~ If the second, third, seventh, or eighth member is absent from a board meeting for any cause and if the alternate seventh member is absent from said board meeting. In the event that both alternate seventh member and alternate retired member are present at a board meeting and if the second, third, or seventh member is absent, the alternate seventh member shall vote for the absent board member. In the event that both alternate seventh and alternate retired member are present at a board meeting and if two or more of the second, third, seventh, or eighth members are absent from a board meeting, both alternate seventh member and alternate retired member shall be able to vote for the absent board members. If there is a vacancy with respect to the eighth member, the alternate retired member shall fill that vacancy for the remainder of the eighth member's term of office.

## YEAR 2016 SACRS LEGISLATIVE PLATFORM WORKSHEET

PLEASE COMPLETE AND RETURN BY SEPTEMBER 4, 2015

Title of Issue: Board of Retirement Trustee Compensation

Association: SACRS Board of Directors

Contact Person: Jim Lites

Phone #: 916 266-4575

Email: jlites@calstrat.com

Please answer the following questions as fully as possible:

1. Description of issue.

Trustees of 1937 Act retirement systems invest significant time to fulfill the fiduciary duties with which they are charged. In many cases, trustees can spend several hours in preparation and review of materials for board and committee meetings. Some committees, such as Disability, can carry substantial workloads

2. Recommended solution.

Provide authority for each system to set per-meeting compensation at any amount up to \$200 per meeting.

3. Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers.

**Government Code Section 31521.**

The board of supervisors may provide that the fourth and fifth members, and in counties having a board consisting of nine members or nine members and an alternate retired member, the fourth, fifth, sixth, eighth, ninth, and alternate retired members, and in counties having a board of investments under Section 31520.2, the fifth, sixth, seventh, eighth, and ninth members of the board of investments, shall receive compensation at a rate of not more than *two hundred dollars (\$200)* ~~one hundred dollars (\$100)~~ for a meeting, or for a meeting of a committee authorized by the board, for not more than five meetings per month, together with actual and necessary expenses for all members of the board.

4. Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association?

The proposal would be county-optional and apply to all 1937 Act systems.

5. Do you anticipate that the proposed legislation would create any major problems, such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations?

None anticipated.

6. Who will support or oppose this proposed change in the law?

The proposal will require inquiries with 1937 Act stakeholders to determine and assess reaction and prospects for passage.

7. Who will be available from your association to testify before the Legislature?

The SACRS legislative advocates, Mike Robson and Trent Smith.

E-mail or mail your legislative proposals to:

**Jim Lites**  
**California Strategies, LLC**  
**980 9<sup>th</sup> Street, Suite 2000**  
**Sacramento, CA 95814**  
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