



Date: August 21, 2024
To: Board of Retirement
From: Doris L. Rentschler, Executive Director
Subject: Administrative Report

Direction regarding 2024 Board Performance Evaluation

The Board Performance Evaluation Policy, Guidelines II. A., states the Board Performance Evaluation shall be conducted annually, or at a frequency as directed by the Board. The last Board Performance Evaluation was completed in summer/fall of 2023. Does the Board wish to complete a Board Performance Evaluation this year?

Administrative and Operations Updates

LACERA v. COUNTY OF LOS ANGELES – COURT OF APPEAL DECISION

Counsel and I wanted to bring your attention to a very recent and significant court of appeal decision involving the Los Angeles County Employees Retirement Association. This is a published decision and applies to MCERA. Below is a brief summary.

The case involved the question of whether CERL retirement boards have the authority to create employment classifications and set salaries for its staff and whether the county board of supervisors must include them in their salary ordinances. In a very lengthy and detailed opinion, the court concluded that retirement boards do have the authority and boards of supervisors must comply. The court reasoned that Proposition 162, passed by the voters in 1992 and part of the California Constitution, specifically gives CERL retirement boards, “plenary (meaning complete and absolute) authority.”

As with many court decisions, the reach of this decision and potential complications regarding bargaining groups, MOUs and other issues may need to be worked out. It is unknown at this time whether LA County will ask the California Supreme Court to review the decision. Below is an excerpt from the case:

This appeal presents two questions: First, does the fiduciary board of a county public employee retirement system established under the CERL have the authority under the California Constitution and relevant statutes to create employment classifications and set salaries for employees of the retirement system? Second, does section 31522.1 impose a ministerial duty upon a county board of supervisors to include in the county’s employment classifications and salary ordinance the classifications and salaries adopted by the board of a county public employee retirement system for employees of that system? It will take some time and space to explain our answers to these questions. In the meantime, here’s the short version: Yes and yes.

AMICUS BRIEF UPDATE:

As authorized by the Board in the July meeting, MCERA counsel executed a joint contract with the Hansen Bridgett law firm to file an amicus brief in the *Ventura County Employees Retirement Assn. v. Criminal Justice Attorneys Assn. of Ventura County* case. Three other CERL systems, Sacramento, San Bernardino and Kern, are also parties to the agreement. In this case, the court of appeal ruled that VCERA properly amended its policies concerning the inclusion in compensation earnable of members' vacation leave accruals (also referred to as "the straddling" issue). The California Supreme Court agreed to hear this case and the amicus brief will ask that court to affirm the court of appeal decision.

CONSTRUCTION UPDATE:

Construction started August 12th and should be completed October 11th. During the construction, MCERA's office will be closed to the public. Members will have the option of scheduling appointments via zoom or at the County Administrative Center.

PENSIONGOLD UPDATE:

With the shutdown of the Novell iPrint application, MCERA is transitioning to a new print application for benefit checks. Initially, based on recommendation from County IT, LRS configured PDF Print. Due to unresolved issues using PDF print, County IT and LRS transitioned MCERA to Mobility Print. While Mobility Print is configured, the MICR alignment still needs to be reviewed and approved by the bank. Testing is underway with the hope that the new print application passes testing in time to print the August benefit payments. However, the timeframe is tight. If the print application has not passed testing by August 22nd, MCERA will activate PGSecure as backup to have checks printed and mailed by LRS.

SACRS Legislative Updates

Please see the attached Legislative Update.