

AMENDED IN SENATE MAY 27, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1291

Introduced by Assembly Member Williams

February 27, 2015

An act to amend Sections ~~31468 and 31522.5~~ of 31468, 31557.3, and 31580.2 of, and to add Section 31522.10 to, the Government Code, relating to retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1291, as amended, Williams. The County Employees Retirement Law of 1937.

Existing law, the County Employees Retirement Law of 1937, authorizes counties to establish retirement systems, as specified, in order to provide pension benefits to county, city, and district employees. Existing law defines a district for these purposes and includes specified county retirement systems within the definition.

This bill would include the retirement system established under these provisions in the County of Ventura within the definition of district.

The County Employees Retirement Law of 1937 also authorizes the board of retirement, in a county in which the board has appointed administrative, technical, and clerical staff personnel, to also appoint other administrators, managers, and legal counsel, as specified. These appointees are not classified as county employees and are therefor not subject to the civil service system, but are employees of the retirement system subject to the terms of employment determined by the board of retirement. ~~Existing law authorizes the board of retirement in San Bernadino County to adopt, by resolution, those provisions classifying specified personnel as employees of the retirement system.~~

This bill would ~~additionally~~ authorize the board of retirement of Ventura County to ~~adopt those provisions by resolution.~~ *appoint a retirement administrator, chief financial officer, chief operations officer, chief investment officer, and general counsel. The bill would require these appointees to be employees of the retirement system, and not of the county, and subject to terms and conditions of employment established by the board of retirement. The bill would provide that the compensation of these appointees is an expense of the administration of the retirement system. The bill would grant the board of retirement and the board of supervisors authority to enter into agreements necessary to implement its provisions and would except the retirement system from specified requirements relating to retirement administrators. The bill would provide that these provisions apply to the Ventura County retirement system only upon adoption of a specified resolution by the board of retirement. The bill would make conforming changes.*

Vote: majority. Appropriation: no. Fiscal committee: no.
 State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 31468 of the Government Code is
- 2 amended to read:
- 3 31468. (a) “District” means a district, formed under the laws
- 4 of the state, located wholly or partially within the county other
- 5 than a school district.
- 6 (b) “District” also includes any institution operated by two or
- 7 more counties, in one of which there has been adopted an ordinance
- 8 placing this chapter in operation.
- 9 (c) “District” also includes any organization or association
- 10 authorized by Chapter 26 of the Statutes of 1935, as amended by
- 11 Chapter 30 of the Statutes of 1941, or by Section 50024, which
- 12 organization or association is maintained and supported entirely
- 13 from funds derived from counties, and the board of any retirement
- 14 system is authorized to receive the officers and employees of that
- 15 organization or association into the retirement system managed
- 16 by the board.
- 17 (d) “District” also includes, but is not limited to, any sanitary
- 18 district formed under Part 1 (commencing with Section 6400) of
- 19 Division 6 of the Health and Safety Code.

1 (e) "District" also includes any city, public authority, public
2 agency, and any other political subdivision or public corporation
3 formed or created under the constitution or laws of this state and
4 located or having jurisdiction wholly or partially within the county.

5 (f) "District" also includes any nonprofit corporation or
6 association conducting an agricultural fair for the county pursuant
7 to a contract between the corporation or association and the board
8 of supervisors under the authority of Section 25905.

9 (g) "District" also includes the Regents of the University of
10 California, but with respect only to employees who were employees
11 of a county in a county hospital, who became university employees
12 pursuant to an agreement for transfer to the regents of a county
13 hospital or of the obligation to provide professional medical
14 services at a county hospital, and who under that agreement had
15 the right and did elect to continue membership in the county's
16 retirement system established under this chapter.

17 (h) "District" also includes the South Coast Air Quality
18 Management District, a new public agency created on February
19 1, 1977, pursuant to Chapter 5.5 (commencing with Section 40400)
20 of Part 3 of Division 26 of the Health and Safety Code.

21 (1) Employees of the South Coast Air Quality Management
22 District shall be deemed to be employees of a new public agency
23 occupying new positions on February 1, 1977. On that date, those
24 new positions are deemed not to have been covered by any
25 retirement system.

26 (2) No retirement system coverage may be effected for an
27 employee of the South Coast Air Quality Management District
28 who commenced employment with the district during the period
29 commencing on February 1, 1977, and ending on December 31,
30 1978, unless and until the employee shall have elected whether to
31 become a member of the retirement association established in
32 accordance with this chapter for employees of Los Angeles County
33 or the retirement association established in accordance with this
34 chapter for employees of San Bernardino County. The election
35 shall occur before January 1, 1980. Any employee who fails to
36 make the election provided for herein shall be deemed to have
37 elected to become a member of the retirement association
38 established in accordance with this chapter for the County of Los
39 Angeles.

1 (3) The South Coast Air Quality Management District shall
2 make application to the retirement associations established in
3 accordance with this chapter for employees of Los Angeles County
4 and San Bernardino County for coverage of employees of the South
5 Coast Air Quality Management District.

6 (4) An employee of the South Coast Air Quality Management
7 District who commenced employment with the district during the
8 period commencing on February 1, 1977, and ending on December
9 31, 1978, and who has not terminated employment before January
10 1, 1980, shall be covered by the retirement association elected by
11 the employee pursuant to paragraph (2). That coverage shall be
12 effected no later than the first day of the first month following the
13 date of the election provided for in paragraph (2).

14 (5) Each electing employee shall receive credit for all service
15 with the South Coast Air Quality Management District. However,
16 the elected retirement association may require, as a prerequisite
17 to granting that credit, the payment of an appropriate sum of money
18 or the transfer of funds from another retirement association in an
19 amount determined by an enrolled actuary and approved by the
20 elected retirement association's board. The amount to be paid shall
21 include all administrative and actuarial costs of making that
22 determination. The amount to be paid shall be shared by the South
23 Coast Air Quality Management District and the employee. The
24 share to be paid by the employee shall be determined by good faith
25 bargaining between the district and the recognized employee
26 organization, but in no event shall the employee be required to
27 contribute more than 25 percent of the total amount required to be
28 paid. The elected retirement association's board may not grant that
29 credit for that prior service unless the request for that credit is
30 made to, and the required payment deposited with, the elected
31 retirement association's board no earlier than January 1, 1980, and
32 no later than June 30, 1980. The foregoing shall have no effect on
33 any employee's rights to reciprocal benefits under Article 15
34 (commencing with Section 31830).

35 (6) An employee of the South Coast Air Quality Management
36 District who commenced employment with the district after
37 December 31, 1978, shall be covered by the retirement association
38 established in accordance with this chapter for employees of San
39 Bernardino County. That coverage shall be effected as of the first

1 day of the first month following the employee's commencement
2 date.

3 (7) Notwithstanding paragraphs (2) and (4) above, employees
4 of the South Coast Air Quality Management District who were
5 employed between February 1, 1977, and December 31, 1978, and
6 who terminate their employment between February 1, 1977, and
7 January 1, 1980, shall be deemed to be members of the retirement
8 association established in accordance with this chapter for the
9 employees of Los Angeles County commencing on the date of
10 their employment with the South Coast Air Quality Management
11 District.

12 (i) "District" also includes any nonprofit corporation that
13 operates one or more museums within a county of the 15th class,
14 as described by Sections 28020 and 28036 of the Government
15 Code, as amended by Chapter 1204 of the Statutes of 1971,
16 pursuant to a contract between the corporation and the board of
17 supervisors of the county, and that has entered into an agreement
18 with the board and the county setting forth the terms and conditions
19 of the corporation's inclusion in the county's retirement system.

20 (j) "District" also includes any economic development
21 association funded in whole or in part by a county of the 15th class,
22 as described by Sections 28020 and 28036 of the Government
23 Code, as amended by Chapter 1204 of the Statutes of 1971, and
24 that has entered into an agreement with the board of supervisors
25 and the county setting forth the terms and conditions of the
26 association's inclusion in the county's retirement system.

27 (k) "District" also includes any special commission established
28 in the Counties of Tulare and San Joaquin as described by Section
29 14087.31 of the Welfare and Institutions Code, pursuant to a
30 contract between the special commission and the county setting
31 forth the terms and conditions of the special commission's
32 inclusion in the county's retirement system with the approval of
33 the board of supervisors and the board of retirement.

34 (l) (1) "District" also includes the retirement system established
35 under this chapter in Orange County.

36 (2) "District" also includes the retirement system established
37 under this chapter in San Bernardino County at such time as the
38 board of retirement, by resolution, makes this section applicable
39 in that county.

1 (3) "District" also includes the retirement system established
2 under this chapter in Contra Costa County.

3 (4) "District" also includes the retirement system established
4 under this chapter in Ventura County.

5 (m) "District" also includes the Kern County Hospital Authority,
6 a public agency that is a local unit of government established
7 pursuant to Chapter 5.5 (commencing with Section 101852) of
8 Part 4 of Division 101 of the Health and Safety Code.

9 ~~SEC. 2. Section 31522.5 of the Government Code is amended~~
10 ~~to read:~~

11 ~~31522.5. (a) In a county in which the board of retirement has~~
12 ~~appointed personnel pursuant to Section 31522.1, the board of~~
13 ~~retirement may appoint an administrator, an assistant administrator,~~
14 ~~a chief investment officer, senior management employees next in~~
15 ~~line of authority to the chief investment officer, subordinate~~
16 ~~administrators, senior management employees next in line of~~
17 ~~authority to subordinate administrators, and legal counsel.~~

18 ~~(b) Notwithstanding any other provision of law, the personnel~~
19 ~~appointed pursuant to this section may not be county employees~~
20 ~~but shall be employees of the retirement system, subject to terms~~
21 ~~and conditions of employment established by the board of~~
22 ~~retirement. Except as specifically provided in this subdivision, all~~
23 ~~other personnel shall be county employees for purposes of the~~
24 ~~county's employee relations resolution, or equivalent local rules,~~
25 ~~and the terms and conditions of employment established by the~~
26 ~~board of supervisors for county employees, including those set~~
27 ~~forth in a memorandum of understanding.~~

28 ~~(c) Except as otherwise provided by Sections 31529.9 and~~
29 ~~31596.1, the compensation of personnel appointed pursuant to this~~
30 ~~section shall be an expense of administration of the retirement~~
31 ~~system, pursuant to Section 31580.2.~~

32 ~~(d) The board of retirement and board of supervisors may enter~~
33 ~~into any agreements as may be necessary and appropriate to carry~~
34 ~~out the provisions of this section.~~

35 ~~(e) Section 31522.2 is not applicable to any retirement system~~
36 ~~that elects to appoint personnel pursuant to this section.~~

37 ~~(f) This section shall apply only in Orange County.~~

38 ~~(g) This section shall apply to the retirement system established~~
39 ~~under this chapter in San Bernardino County if the board of~~

1 ~~retirement, by resolution, makes this section applicable in that~~
2 ~~county.~~

3 ~~(h) This section shall apply to the retirement system established~~
4 ~~under this chapter in Ventura County if the board of retirement,~~
5 ~~by resolution, makes this section applicable in that county.~~

6 *SEC. 2. Section 31522.10 is added to the Government Code,*
7 *to read:*

8 *31522.10. (a) In a county in which the board of retirement*
9 *has appointed personnel pursuant to Section 31522.1, the board*
10 *of retirement may appoint a retirement administrator, chief*
11 *financial officer, chief operations officer, chief investment officer,*
12 *and general counsel.*

13 *(b) Notwithstanding any other law, the personnel appointed*
14 *pursuant to this section shall not be county employees but shall*
15 *be employees of the retirement system, subject to terms and*
16 *conditions of employment established by the board of retirement.*
17 *Except as specifically provided in this subdivision, all other*
18 *personnel shall be county employees for purposes of the county's*
19 *employee relations resolution, or equivalent local rules, and the*
20 *terms and conditions of employment established by the board of*
21 *supervisors for county employees, including those set forth in a*
22 *memorandum of understanding.*

23 *(c) Except as otherwise provided by Sections 31529.9 and*
24 *31596.1, the compensation of personnel appointed pursuant to*
25 *this section shall be an expense of administration of the retirement*
26 *system, pursuant to Section 31580.2.*

27 *(d) The board of retirement and board of supervisors may enter*
28 *into any agreements as may be necessary and appropriate to carry*
29 *out the provisions of this section.*

30 *(e) Section 31522.2 is not applicable to a retirement system that*
31 *elects to appoint personnel pursuant to this section.*

32 *(f) This section shall apply only to the retirement system*
33 *established under this chapter in Ventura County at such time as*
34 *the board of retirement, by resolution, makes this section*
35 *applicable in that county.*

36 *SEC. 3. Section 31557.3 of the Government Code is amended*
37 *to read:*

38 *31557.3. On the date a district, as defined in subdivision (l) of*
39 *Section 31468, is included in the retirement system, any personnel*
40 *appointed pursuant to Sections 31522.5, 31522.9, 31522.10, and*

1 31529.9 who had previously been in county service shall continue
2 to be members of the system without interruption in service or loss
3 of credit. Thereafter, each person entering employment with the
4 district shall become a member of the system on the first day of
5 the calendar month following his or her entrance into service.

6 *SEC. 4. Section 31580.2 of the Government Code is amended*
7 *to read:*

8 31580.2. (a) In counties in which the board of retirement, or
9 the board of retirement and the board of investment, have appointed
10 personnel pursuant to Section 31522.1, 31522.5, 31522.7, ~~or~~
11 ~~31522.9, 31522.9, or 31522.10,~~ the respective board or boards
12 shall annually adopt a budget covering the entire expense of
13 administration of the retirement system which expense shall be
14 charged against the earnings of the retirement fund. The expense
15 incurred in any year may not exceed the greater of either of the
16 following:

17 (1) Twenty-one hundredths of 1 percent of the accrued actuarial
18 liability of the retirement system.

19 (2) Two million dollars (\$2,000,000), as adjusted annually by
20 the amount of the annual cost-of-living adjustment computed in
21 accordance with Article 16.5 (commencing with Section 31870).

22 (b) Expenditures for computer software, computer hardware,
23 and computer technology consulting services in support of these
24 computer products shall not be considered a cost of administration
25 of the retirement system for purposes of this section.