



SACRS
Legislative Committee Agenda
Friday, March 19, 2010, 9 A.M.
Office of the
Sacramento County Employees Retirement System
US Bank Building
980 Ninth Street, 18th Floor
Sacramento, CA 95814
Conference Call Phone Number: (916) 874-3537, Code: 601015
SCERS Phone (916) 874-9119

1. Minutes of February 25, 2010 Meeting
2. 2009 SACRS Legislation
 - **AB 609 (Conway)**
Administrative Expenditure Cap
 - **AB 1354 (Fong)**
Heroes Earnings Assistance and Relief Tax (HEART) Act of 2008
Compliance with Final IRS Regulation on Section 415 Limits
 - **SB 1479 (Committee on PER)**
Tulare County ERA # 1: Qualifications for Reciprocal Membership
3. Other '37 Act Legislation
4. Other Retirement Legislation
5. Anti-Spiking Legislation
6. Orange County Lawsuit Update
7. Other
8. Adjournment

Minutes

February 25, 2010 Meeting

Draft Minutes
SACRS Legislative Committee Meeting
February 25, 2010, 9 A.M.
Office of the
Sacramento County Employees Retirement System
US Bank Building
980 Ninth Street, 18th Floor
Sacramento, CA 95814

Members In Attendance

Richard Stensrud, Chair
Jerry Allen
Art Goulet
Bill Pollacek
Gregg Rademacher
Annette St. Urbain
Andy Yeung

Others In Attendance

Lina Bernal
Cynthia Lau
Jim Lites
Bob Palmer
Sulema Peterson
Trent Smith
Rick White

Via Conference Call

Yves Chery
Bob Gaumer
Lance Kjeldgaard
Tracy Towner
Julie Wyne

1. Minutes of January 15, 2010 Meeting

Upon motion and second, the committee approved the minutes of the January 15, 2010 meeting as amended.

2. Anti-Spiking Legislation

Members discussed AB 1987, the anti-spiking bill containing language crafted by the anti-spiking legislation working group and introduced by Assembly Member Ed Hernandez.

Mr. Palmer has a follow up meeting today with the working group to gather feedback on additional proposed language relating to single position classes, audits, lump compensation and the possibility of a cap (base pay plus 15%), as well as other suggestions.

At Mr. Palmer's request, the committee offered recommendations for the follow up meeting, including: board of retirement determination of what is earnable compensation above base salary; incorporation of independent district and administrative expenditure cap as part of the discussion; consideration of "severable" language if there are court challenges to the bill.

3. 2009 SACRS Legislation

AB 609 (Conway) – Administrative Expenditure Cap

Mr. Smith advised holding off on any action on AB 609 until the language for AB 1987 is final.

AB 1354 (Fong) – HEART Act of 2008 and Compliance With Final IRS Regulation on Section 415 Limits

Bob Blum has proposed language for inclusion into AB 1354.

4. Proposed 2010 SACRS-sponsored Legislation

The Tulare County reciprocity bill will be amended into a Senate bill shortly.

5. Other '37 Act Legislation

Assembly Member Anna Caballero (D-Salinas) considered legislation that proposed the elimination of reciprocity. However, after feedback from some stakeholders – including SACRS – the bill was not formally introduced.

AB 1739 (Lieu) – County employees' retirement: disability: military leave: Sponsored by the Los Angeles County Sheriffs. Requires that a member of the L.A. County Sheriff's Department who is on military leave as a result of a military service related injury, may retire for nonservice-connected disability regardless of age or years of service. The bill includes additional conditions.

AB 1902 (Portantino) – County employees' retirement: Los Angeles County: LACERA-sponsored bill relating noncontributory Plan E bill members.

AB 2149 (Furutani) – County retirement: Spot bill sponsored by the California Professional Firefighters. Mr. Lites will inquire with the firefighters' advocate about this bill.

AB 2436 (Buchanan) – County employees' retirement: Spot bill sponsored by Assembly Member Buchanan.

AB 2452 (Silva) – County employees' retirement systems: boards of retirement: Spot bill.

6. Other Retirement Legislation

AB 1696 (B. Berryhill) – Death benefits: payment duration: A district bill that extends death benefits until 19 years of age if the child still attends high school.

AB 1743 (Hernandez) – Political Reform Act of 1974: placement agents: Prohibits a person from acting as a placement agent in connection with any potential retirement system investment, unless that person is a registered lobbyist. LACERA has already incorporated many of the provisions of this bill.

AB 1821 (Ma) – PERS: preretirement death benefits: PERS-sponsored spot bill relating to the survivors benefit program.

AB 1856 (Fong) – Public employees' retirement: PERS-sponsored spot bill to be amended to ensure that those who elect to buy ARC time may be able to cancel.

AB 1862 (Eng) – Teachers Retirement Board: members: Sponsored by the California Federation of Teachers. Provides that a board member that is a retired member of the Defined Benefit Program or a retired participant of the Cash Balance Benefit Program be elected by members of those programs.

AB 1913 (Davis) – Retirement: pension fund: Spot bill that would establish quantifiable goals for state pension fund utilization of emerging investment managers.

AB 2135 (De La Torre) – Public officers or employees: conflicts of interest: Spot bill relating to conflict of interest provisions for local officials.

AB 2142 (Gilmore) – STRS: service credit. Spot bill relating to MediCare benefits for retired teachers.

AB 2247 (Niello) – Workers' compensation: disability indemnity: Spot bill relating to workers' compensation.

AB 2250 (Harkey) – Public employees' retirement: safety members: Sponsored by the Orange County Vector Control District. Still in spot form.

AB 2253 (Coto) – Workers' compensation: cancer presumption: Sponsored by the California Professional Firefighters. Extends presumption for cancer up to 15 years into retirement.

AB 2260 (Comm .on PERSS) – State teachers' retirement: administration: benefits: Technical amendments to STRS law.

AB 2337 (Ammiano) – Public retirement system: investments: predatory investment practices: Follows Sudan and Iran divestiture bills from previous sessions by focusing on real estate funds with predatory practices related to tenants.

AB 2341 (Huber) – PERS: Board of Administration: Ensures that appointees to the PERS Board have not declared personal bankruptcy.

AB 2510 (Fletcher) – PERS: compensation: Spot bill, part of the Republic Caucus jobs package.

ABX8 32 (Nestande) – State Budget: key liabilities: Assembly Member Nestande also introduced same bill, AB 1645, during the regular legislative session. Requires a report submitted to the Legislature setting forth a list of the state's key liabilities related to infrastructure, retirement and budget.

SB 919 (Hollingsworth) – Public retirement: social security and SB 989 (Hollingsworth): Spot bills relating to the Republican Caucus jobs package.

SB 921(Ashburn) and SB 922 (Ashburn) – PEHMCA bills for Shasta and Placer Counties.

SB 1007 (Hancock) – Political Reform Act of 1974: retirement system boards: Revises the definitions of "elective office" and "elective state office" to include membership on the PERS and STRS retirement boards. The bill includes additional provisions.

SB 1209 (Romero) – Public employees' retirement: postretirement death benefits: Sponsored by California Federation of Teachers; increases death benefit from \$2,000 to \$6,163 upon the death of a retired school member. \$6,163 is possibly a pre-tax amount to get to \$5,000.

SB 1271 (Romero) – Public retirement plans: conflicts of interest: Sponsored by AFSCME, applies conflict of interest provision to all public retirement systems. Committee members may want to consider submitting a list of existing '37 Act provisions related to conflicts of interest to see if it addresses the author's concerns.

SB 1425 (Simitian) – Public retirement: final compensation: computation: retirees: SB 1425 is the Senate version of AB 1987, the anti-spiking bill.

7. Orange County Lawsuit Update

Ms. Wyne briefly updated the committee on the pension benefits lawsuit in Orange County.

8. Other

No other items were discussed.

9. Adjournment

With no additional business before the committee, the meeting was adjourned at 12:16 P.M.

SACRS-sponsored Legislation

AMENDED IN SENATE JULY 1, 2009
AMENDED IN ASSEMBLY JUNE 2, 2009
AMENDED IN ASSEMBLY APRIL 30, 2009
AMENDED IN ASSEMBLY APRIL 13, 2009
CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 609

Introduced by Assembly Member Conway

February 25, 2009

An act to amend Sections 31580.2 and 31580.3 of the Government Code, relating to county employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 609, as amended, Conway. County employees retirement: administrative costs.

The County Employees Retirement Law of 1937 requires a board of retirement, or a board of retirement and the board of investment, with appointed members to annually adopt a budget covering the entire expense of administration of the retirement system and prohibits the expense incurred in any year from exceeding $\frac{1}{100}$ of 1% of the total assets of the retirement system.

This bill would ~~increase that percentage to $\frac{1}{100}$ of 1%~~ *instead prohibit expenses incurred in any year from exceeding $\frac{1}{100}$ of 1% of the approved actuarial liability of the retirement system.* The bill would also make a conforming change regarding maximum expense in any year the expenditures include certain computer expenses.

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 31580.2 of the Government Code is
2 amended to read:

3 31580.2. In counties in which the board of retirement, or the
4 board of retirement and the board of investment, have appointed
5 personnel pursuant to Section 31522.1 or 31522.5, or both, the
6 respective board or boards shall annually adopt a budget covering
7 the entire expense of administration of the retirement system which
8 expense shall be charged against the earnings of the retirement
9 fund. Except as described in Section 31580.3, the expense incurred
10 in any year may not exceed ~~nineteen~~ *eighteen* hundredths of 1
11 percent of the ~~total assets~~ *approved actuarial liability* of the
12 retirement system.

13 SEC. 2. Section 31580.3 of the Government Code is amended
14 to read:

15 31580.3. (a) If during any year the expense of administration
16 of the retirement system includes expenditures for software,
17 hardware, and computer technology consulting services in support
18 of that software or hardware, the expense incurred may not exceed
19 the greater of the following:

20 (1) The sum of ~~nineteen~~ *eighteen* hundredths of 1 percent of the
21 ~~total assets~~ *approved actuarial liability* of the retirement system
22 plus one million dollars (\$1,000,000).

23 (2) ~~Twenty-four~~ *Twenty-three* hundredths of 1 percent of the
24 ~~total assets~~ *approved actuarial liability* of the retirement system.

25 (b) This section shall remain in effect only until January 1, 2013,
26 and as of that date is repealed, unless a later enacted statute, that
27 is enacted before January 1, 2013, deletes or extends that date.

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ASSEMBLY BILL

No. 1354

Introduced by Assembly Member Fong

February 27, 2009

An act to amend Section 31538 of the Government Code, relating to county employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1354, as introduced, Fong. County employees' retirement: cost-of-living adjustments.

The County Employees' Retirement Law of 1937 (CERL) provides that the management of a retirement system created pursuant to its provisions is vested in a board of retirement. CERL requires that the board of retirement adjust the payment of benefits payable pursuant to the law's provisions, including cost-of-living adjustments, as necessary, in order to maximize the benefits available to members who are subject to specified limits of the Internal Revenue Code.

This bill would prohibit the amount payable to a CERL retirement system member in a limitation year from exceeding the Internal Revenue Code limit as of the annuity starting date and as the limit may be increased in future years, as specified. The bill would specify that cost-of-living adjustments made to Internal Revenue Code limits continue to apply after a member's severance from employment or annuity starting date.

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 31538 of the Government Code is
2 amended to read:

3 31538. (a) The board shall adjust the payment of benefits
4 payable pursuant to this part, as necessary, in order to maximize
5 the benefits available to members who are subject to the limits of
6 Section 415 of the Internal Revenue Code. Those adjustments shall
7 include, but are not limited to, cost-of-living adjustments,
8 cost-of-living banks, temporary annuities, survivor continuance
9 benefits, or any combinations thereof.

10 (b) *The amount payable to a member in any limitation year,*
11 *including cost-of-living adjustments, shall not exceed the limit*
12 *established under Section 415(b) of the Internal Revenue Code at*
13 *the annuity starting date, and as may be increased in subsequent*
14 *years pursuant to Section 415(d) of the Internal Revenue Code*
15 *and applicable regulations.*

16 (c) *The cost-of-living adjustments made pursuant to Section*
17 *415(d) of the Internal Revenue Code to the limit established under*
18 *Section 415(b) of the Internal Revenue Code continue to apply*
19 *after a member's severance from employment or annuity starting*
20 *date.*

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Introduced by Committee on Public Employment and Retirement
(Senators Correa (Chair), Ashburn, Corbett, Cox, Ducheny, and
Liu)

March 2, 2010

An act to amend Sections 31527 and 31582 of, and to add Section 31618.5 to, the Government Code, relating to public employment.

LEGISLATIVE COUNSEL'S DIGEST

SB 1479, as introduced, Committee on Public Employment and Retirement. Public employment: retirement benefits: administration.

(1) The County Employees Retirement Law of 1937 (CERL) establishes retirement boards for the administration of benefits authorized under that law and authorizes the board to include specified provisions, by regulation, with respect to the administration of benefits, including the determination of when a person entering county employ becomes a member of the association. Under existing law, the board may provide that a person entering county employ, on a day other than the first calendar day, becomes a member of the association on a day that occurs no later than 6 weeks after the day that person enters county employ.

This bill would authorize the establishment of the day that a person, who enters county employ on a day other than the first day of the calendar month, becomes a member of the association on a day that occurs no later than 12 weeks after the day that person enters county employ. This bill would also provide for the establishment of the day upon which a member terminates service credited by the association as a day that occurs no earlier than 12 weeks prior to the member's termination from service.

(2) Under the CERL, employer contributions on behalf of members are based on the total compensation earnable by each member. Existing law authorizes a county auditor to make advance payments of all or part of the county's estimated annual contributions to the retirement fund, as provided.

This bill would also authorize specified districts to make advance payments of all or part of the district's estimated annual contributions to the retirement fund, as provided.

(3) The CERL authorizes the establishment of a Supplemental Retiree Benefits Reserve to cover costs for specified retiree benefits.

This bill would authorize a specified county employee association to transfer funds, on an annual basis, from its administrative budget to fund the administrative costs of the programs reimbursed by the Supplemental Retiree Benefits Reserve in a manner that is in compliance with procedures established by the Internal Revenue Service.

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 31527 of the Government Code is
2 amended to read:

3 31527. In its regulations, the board may include the following
4 provisions:

5 (a) From what warrants deductions of members' contributions
6 shall be made.

7 (b) For a period of time longer than one year during which a
8 member may redeposit in ~~the~~ the retirement fund an amount equal
9 to all of the accumulated normal contributions which he *or she*
10 has withdrawn, plus regular interest thereon from the date of return
11 to service.

12 (c) For a period of time longer than one year during which a
13 member brought within the field of membership may pay into the
14 retirement fund the amount equal to the contributions he *or she*
15 would have made plus interest, if he *or she* had been a member
16 from the date of its organization, or from the date of his entrance
17 into county service, whichever is later.

18 (d) For a withdrawal charge against a member who withdraws
19 his *or her* accumulated contributions. The withdrawal charge shall

1 not exceed the interest credited to the member subsequent to the
2 effective date of the regulation.

3 (e) For the exemption or exclusion from membership as a peace
4 officer member or as a safety member or from membership
5 altogether, in the discretion of the board, of persons whose tenure
6 is temporary, seasonal, intermittent, or for part time only, or
7 persons whose rate of compensation is less than eighty dollars
8 (\$80) a month, or persons whose compensation is fixed at a rate
9 by the day or hour.

10 (f) For the periodic physical examination, at county expense of
11 safety members.

12 (g) The amount of additional deductions from the salaries or
13 wages of members pursuant to Article 15.5 or 16. Such a provision
14 may be adopted in anticipation of, and prior to Article 15.5 or 16
15 becoming operative in the particular county.

16 (h) The day upon which each person entering the county employ
17 becomes a member of the association if it is to be other than the
18 first day of the calendar month after his *or her* entrance into the
19 service, provided that ~~said~~ day shall be no later than ~~six~~ 12 weeks
20 after his *or her* entrance into the service, *or the day upon which*
21 *the member terminates service credited by the association,*
22 *provided that the day shall be no earlier than 12 weeks prior to*
23 *the member's termination from service.*

24 SEC. 2. Section 31582 of the Government Code is amended
25 to read:

26 31582. (a) The county auditor shall certify to the board at the
27 end of each month or at the end of each pay period the
28 compensation earnable, as defined in Section 31461, paid to all
29 safety members of the retirement association covered by Article
30 7.5 (commencing with Section 31662) and the compensation
31 earnable, as defined in Section 31461, paid to all other members
32 of the retirement association, and the auditor shall thereupon
33 transfer from the appropriation to the retirement fund the
34 percentage of this amount determined pursuant to Sections 31453,
35 31453.5 and 31454. Until that determination, the amount of the
36 transfer shall be 23.77 percent of the compensation earnable, as
37 defined in Section 31461, paid to all safety members covered by
38 Article 7.5 (commencing with Section 31662) and 8.85 percent of
39 the compensation earnable, as defined in Section 31461, paid to
40 all other members.

1 (b) The board of supervisors may authorize the county auditor
2 to make an advance payment of all or part of the county's estimated
3 annual contribution to the retirement fund, provided that the
4 payment is made within 30 days after the commencement of the
5 county's fiscal year. If the advance is only a partial payment of
6 the county's estimated annual contribution, transfers from the
7 appropriation to the retirement fund shall be made at the end of
8 each month or at the end of each pay period until the total amount
9 estimated for the year is contributed. This amount shall be adjusted
10 at the end of the fiscal year to reflect the actual contribution
11 required for that year.

12 (c) (1) *A district subject to Section 31585 may also authorize*
13 *an advance payment of all or part of the district's estimated annual*
14 *contribution to the retirement fund, provided that the payment is*
15 *made within 30 days after the commencement of the district's fiscal*
16 *year. If the advance is only a partial payment of the district's*
17 *estimated annual contribution, payments to the retirement fund*
18 *shall be made at the end of each month or at the end of each pay*
19 *period until the total amount estimated for the year is contributed.*
20 *This amount shall be adjusted at the end of the fiscal year to reflect*
21 *the actual contribution required for that year.*

22 (2) *This subdivision shall only apply to a district that is part of*
23 *a retirement system in a county of the seventh class, as described*
24 *in Section 28020.*

25 SEC. 3. Section 31618.5 is added to the Government Code, to
26 read:

27 31618.5. (a) The board shall annually transfer, from the
28 administrative budget established pursuant to Article 5
29 (commencing with Section 31580), an amount sufficient to fund
30 the administrative costs of the programs reimbursed by the
31 Supplemental Benefits Reserve.

32 (b) This section shall only apply to a county of the fourth class
33 as described in Section 28020.

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Other 1937 Act Legislation

AB 1658 (Comm on (Lieu) – County employees' retirement: service credit: safety members
Status: Asm PERSS
Last Amended: 3/1/10

AB 1667 (Swanson) – Public employment: County of Alameda
Status: Asm PERSS
Last Amended: 3/2/10

AB 1902 (Portantino) – County employees' retirement systems: Los Angeles County
Status: Asm PERSS
Last Amended: 3/9/10

ASSEMBLY BILL

No. 1658

Introduced by Assembly Member Lieu

January 19, 2010

An act to amend Section 31639.7 of the Government Code, relating to public retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1658, as amended, Lieu. County employees' retirement: service credit: safety members.

The County Employees Retirement Law of 1937 authorizes a member of that system who becomes a safety member by operation of a specified law to receive service credit, as a safety member, for duties performed, prior to the change in law, which, under current law constitutes service as a safety member. Existing law requires a member that elects to receive the service credit to pay an amount equal to the contributions the member would have made for that service, plus interest.

This bill would authorize specified members in the County of Los Angeles that become safety members by operation of a specified consolidation of departments within that county to receive service credit, as a safety member, for duties performed as an officer prior to the consolidation. This bill would require a member that elects to receive the service credit to pay an amount equal to the contributions, *together with the regular interest* the member would have made for that service, *either* by a lump sum payment or by installment payments.

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 31639.7 of the Government Code is
2 amended to read:

3 31639.7. (a) If a member not previously within the field of
4 membership as a safety member is brought within such field of
5 safety membership by amendment to this chapter, he *or she* may
6 receive credit as a safety member for all or any part of the time
7 during which his *or her* duties would have made him *or her* eligible
8 to become a safety member if ~~such~~ *the* amendment had then been
9 in effect by filing with the board at the time he *or she* elects to
10 become a safety member his *or her* election to pay into the
11 retirement fund an amount equal to the difference between the
12 contributions actually made during the time for which he *or she*
13 claims credit and the contributions he *or she* would have made
14 during ~~such~~ *that* time, including all additional contributions, if
15 any, required by Article 7.5 of this chapter, had he *or she* been a
16 safety member, together with regular interest on the amount
17 required to be deposited.

18 (b) If a member not previously within the field of membership
19 as a Los Angeles County Deputy Sheriff is brought into that field
20 of membership by a consolidation of the Los Angeles County
21 Office of Public Safety with the Los Angeles County Sheriff's
22 Department, that member may receive additional credit as a safety
23 member for all or any part of the time that member served as an
24 officer with the Los Angeles County Office of Public Safety if that
25 member makes an election to fund an amount equal to the
26 difference ~~between the contributions the member actually made~~
27 ~~during the time for which the member claims the credit and the~~
28 ~~contributions that the member would have made during that same~~
29 ~~period of time.~~ *between the member and employer contributions*
30 *actually made as a general member and the member and employer*
31 *contributions made for the time in which he or she claims credit,*
32 *together with regular interest on the amount required to be*
33 *deposited.* The member may elect to fund the contributions by
34 either a lump sum payment or by installment payments. No other
35 restrictions shall be placed on a member's election to receive
36 additional credit as authorized by this subdivision.

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AMENDED IN ASSEMBLY MARCH 2, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 1667

Introduced by Assembly Member Swanson

January 20, 2010

~~An act to amend Section 12945.2 of the Government Code, relating to family and medical leave. An act to add Section 31485.16 to the Government Code, relating to public employment.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1667, as amended, Swanson. ~~Family and medical leave. Public employment: County of Alameda.~~

The County Employees Retirement Law of 1937 authorizes, until January 1, 2011, the board of supervisors of the Counties of Solano and Santa Barbara to, by resolution, ordinance, contract, or contract amendment, provide different retirement benefits for some safety member bargaining units within the safety member classification of a county retirement system, as specified.

This bill would authorize the Board of Supervisors of the County of Alameda, by resolution adopted by majority vote as part of any negotiated memorandum of understanding with a bargaining unit that represents safety employees, to require a safety employee of that bargaining unit or unrepresented safety employee hired after approval of the resolution, to elect in writing a permanent choice between 2 specified pension calculations, as specified. The bill would also authorize the board to adopt a resolution by majority vote to provide a different formula or calculation of retirement benefits for new members of other safety bargaining units or other unrepresented safety employees hired after approval of the resolution, as specified, or to provide a

different formula or calculation of safety retirement benefits for new safety members in one bargaining unit than that which is provided for new safety members of other bargaining units or new unrepresented safety members.

The bill would also specify that the board shall not require that a bargaining unit be divided solely for the purpose of providing different retirement benefits. The bill would authorize the board to separately negotiate retirement benefits with a bargaining unit if the members of that bargaining unit so elect.

~~Existing law, the Moore-Brown-Roberti Family Rights Act, makes it an unlawful employment practice for an employer to refuse to grant a request by an eligible employee to take up to 12 workweeks of unpaid protected leave during any 12-month period (1) to bond with a child who was born to, adopted by, or placed for foster care with, the employee, (2) to care for the employee's parent, spouse, or child who has a serious health condition, or (3) because the employee is suffering from a serious health condition rendering him or her unable to perform the functions of the job.~~

~~This bill would increase the circumstances under which an employee is entitled to protected leave pursuant to the Family Rights Act by permitting an employee to take leave to care for a sibling with a serious health condition.~~

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

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

- 1 SECTION 1. Section 31485.16 is added to the Government
- 2 Code, to read:
- 3 31485.16. (a) Notwithstanding any other provision of this
- 4 chapter, in a county of the fourth class, as defined in Sections
- 5 28020 and 28025, as amended by Chapter 1204 of the Statutes of
- 6 1971, the board of supervisors may, by resolution adopted by
- 7 majority vote, as part of any negotiated memorandum of
- 8 understanding with a bargaining unit that represents safety
- 9 employees, require a safety employee of that bargaining unit or
- 10 unrepresented safety employee hired after approval of the
- 11 resolution, to elect in writing, either the pension calculation stated
- 12 in Section 31639.5 or the pension calculation stated in Section
- 13 31664.2. The election shall be made within 45 calendar days of

1 *beginning employment with the county. If a new safety employee*
2 *does not elect the pension calculation stated in Section 31664.2*
3 *within 45 days of beginning employment, the new safety employee*
4 *shall be deemed to have elected the pension calculation stated in*
5 *Section 31639.5. Once made, a safety employee under this section*
6 *shall not be permitted to rescind his or her election.*

7 *(b) The resolution described in subdivision (a) may provide a*
8 *different formula or calculation of retirement benefits for new*
9 *members of other safety bargaining units or other unrepresented*
10 *safety employees hired after approval of the resolution, by making*
11 *any section of this chapter applicable to those different safety*
12 *bargaining units or unrepresented employees, within the safety*
13 *member classification, pursuant to a negotiated memorandum of*
14 *understanding as described in Section 3505.1.*

15 *(c) The resolution described in subdivision (a) may provide a*
16 *different formula or calculation of safety retirement benefits for*
17 *new safety members in one bargaining unit than that which is*
18 *provided for new safety members of other bargaining units or new*
19 *unrepresented safety members.*

20 *(d) A resolution adopted pursuant to this section or previously*
21 *adopted resolutions of the board may require members to pay all*
22 *or part of the contributions by a member or employer, or both,*
23 *that would have been required if the section or sections specified*
24 *within this chapter were or have been adopted by resolution. The*
25 *payment by a member shall become part of the accumulated*
26 *contributions of the member. For those members who are*
27 *represented by a bargaining unit, the payment requirement shall*
28 *be approved in a memorandum of understanding executed by the*
29 *board of supervisors and the employee representatives.*

30 *(e) The board of supervisors, in a resolution described in*
31 *subdivision (a), shall not require that a bargaining unit be divided*
32 *solely for the purpose of providing different retirement benefits.*
33 *However, if the members of a bargaining unit within the same or*
34 *similar membership classification so elect, retirement benefits may*
35 *be separately negotiated with that bargaining unit.*

36 *(f) Notwithstanding any other provision of law, the effective*
37 *date of a resolution specified in subdivision (a) may be different*
38 *than the date of the resolution.*

39 ~~SECTION 1. Section 12945.2 of the Government Code is~~
40 ~~amended to read:~~

AMENDED IN ASSEMBLY MARCH 9, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 1902

Introduced by Assembly Member Portantino

February 16, 2010

An act to amend Sections 31488, 31490, and 31494.5 of, and to add Section 31495.6 to, the Government Code, relating to county employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1902, as amended, Portantino. County employees' retirement: Los Angeles County.

Existing law establishes retirement plans, known as Retirement Plan D and Retirement Plan E, that are applicable in the retirement system in Los Angeles County and prescribe procedures for members to transfer between those plans. Under existing law, a member who transfers from Retirement Plan E to Retirement Plan D, as specified, may retire for service-connected or nonservice-connected disability and receive disability benefits under Retirement Plan D only if he or she has either (1) completed 2 continuous years of active service after his or her most recent transfer date, or (2) earned 5 years of retirement service credit under Retirement Plan D after his or her most recent transfer date. Existing law also provides that a member who becomes disabled and retires before meeting ~~and does not meet~~ either of these conditions (1) may apply for and receive only a deferred or service retirement allowance, and (2) for the purposes of calculating his or her retirement benefits under this section, shall be credited with service under Retirement Plan E, as specified, during any period he or she is totally disabled and is receiving, or eligible to receive, disability benefits, either

during or after any elimination or qualifying period, under a disability plan provided by the employer.

This bill would instead provide that a member who transfers from Retirement Plan E to Retirement Plan D, as specified, and who becomes disabled and has not completed the 2 continuous years of active service or earned 5 years of retirement service credit under Retirement Plan D after his or her most recent transfer date (1) may apply for and receive only a deferred or service retirement allowance, or (2) may elect to transfer prospectively back to Retirement Plan E, and for the purposes of calculating his or her retirement benefits under this section, shall in lieu of credit under Retirement Plan D be credited with service under Retirement Plan E, as specified, during any period he or she is totally disabled and is receiving, or eligible to receive, disability benefits, either during or after any elimination or qualifying period, under a disability plan provided by the employer up to the earlier of the date he or she retires or no longer qualifies for disability benefits.

Existing law defines the age at time of entrance into the retirement system for a person who enters within 90 days, except as specified, of last rendering service as a member of the Public Employees' Retirement System, another retirement system established under the County Employees Retirement Law of 1937, the State Teachers' Retirement System, or a retirement system of any other public agency of the state that has established reciprocity with the Public Employees' Retirement System subject to specified conditions, and who retains his membership in such other system or systems, as the age at entry into the first such other system. Existing law also defines the member's age at the time of entrance into the retirement system for a person who, after entering, redeposits the contributions he or she withdrew from the Public Employees' Retirement System, and who otherwise meets all requirements for reciprocity under this article by reason of his or her membership in the Public Employees' Retirement System, as his or her age at entry into the Public Employees' Retirement System, commencing with the pay period immediately following receipt of confirmation from the Public Employees' Retirement System that all withdrawn contributions have been redeposited.

This bill would authorize a nonretired member to use current, forfeited, and vested membership periods, as specified, when meeting the reciprocity requirements for purposes of determining age of entry.

Existing law prohibits a member of Retirement Plan E from being credited with service for any period of time, in excess of 22 consecutive

workdays, in which the member is absent from work without pay, except as specified.

This bill would instead prohibit a member from being credited with service for any payroll period, in which no compensation is received by the member, except as specified.

Existing law requires a member to have completed 10 years of service to be vested under Retirement Plan E. Under existing law, for the purposes of calculating those 10 years of service, an unpaid leave of absence of not to exceed one year, or a leave of absence for which an employee receives any benefit that has been approved by the employer, is not considered an interruption of service, except that the period of time of unpaid leave in excess of 22 consecutive workdays is not considered as service in calculating other specified benefits.

This bill would instead provide that a payroll period in which no compensation is received by a member shall not be considered as service in calculating those other benefits.

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

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

1 SECTION 1. Section 31488 of the Government Code is
2 amended to read:

3 31488. Unless the context otherwise requires, the definitions
4 contained in this section, govern the construction of this article.

5 (a) As used in subdivisions (f) and (g) of Section 31491,
6 subdivisions (b) and (c) of Section 31492, and Section 31495,
7 "board" means the board of investments. In all other cases, "board"
8 means the board of retirement.

9 (b) "Employer" means the county or district or agency whose
10 employees are members of the retirement system of the county.

11 (c) "Federal system" means the Old Age and Survivors
12 Insurance provisions of the Social Security Act.

13 (d) "Final compensation" means the average annual
14 compensation earnable by a general member during any three
15 years, whether or not consecutive, elected by the member at or
16 before the time an application for retirement is filed or, if no
17 election is made, during the three years in which the member or
18 former member last earned compensation preceding retirement. If
19 a member or former member has less than three years of service,

1 final compensation shall be determined by dividing total
2 compensation by the number of months of service credited to the
3 member or former member and multiplying by 12. In no event
4 shall final compensation include any disability benefits received
5 by the member or former member under a disability plan provided
6 by the employer.

7 (e) "Member" or "general member" means an employee hired
8 on a monthly permanent basis of at least three-quarter time, as
9 defined by the employer, except an employee eligible for safety
10 membership.

11 (f) "Primary insurance amount" means the monthly retirement
12 benefit payable under the federal system at the age at which full
13 retirement benefits are available under the federal system. This
14 age is deemed to be age 65 until June 30, 1983.

15 (g) "Service" means the period of uninterrupted employment
16 of a member and the time in which a member or former member
17 (1) is totally disabled, and (2) is receiving disability benefits or is
18 eligible to receive disability benefits either during or after any
19 elimination or qualifying period, under a disability plan provided
20 by the employer.

21 Except as otherwise herein provided, a member shall not be
22 credited with service for any payroll period in which no
23 compensation is received by the member.

24 Unless otherwise provided, service shall not include military
25 service or public service other than service with the employer.

26 SEC. 2. Section 31490 of the Government Code is amended
27 to read:

28 31490. (a) Except as provided in Sections 31490.5 and 31494,
29 and under reciprocal provisions of this article, a member who was
30 in public service prior to becoming a member may not elect to
31 receive credit in this retirement plan for that public service time,
32 and shall not receive credit for that prior public service.

33 (b) Absence from work or termination of employment while an
34 eligible employee or disability beneficiary, as defined by a
35 disability plan provided by the employer, shall not be considered
36 as breaking the continuity of service.

37 (c) For the purposes of subdivision (b) of Section 31491, an
38 unpaid leave of absence of not to exceed one year, or a leave of
39 absence for which an employee receives any benefit that has been
40 approved by the employer, shall not be considered an interruption

1 of service. However, a payroll period in which no compensation
2 is received by a member shall not be considered as service in
3 calculating the benefits otherwise provided under this article.

4 SEC. 3. Section 31494.5 of the Government Code is amended
5 to read:

6 31494.5. (a) A general member whose benefits are governed
7 by Retirement Plan E may, during a period of active employment,
8 elect to change plan membership and become a member,
9 prospectively, in Retirement Plan D. The election shall be made
10 upon written application signed by the member and filed with the
11 board, pursuant to enrollment procedures and during an enrollment
12 period established by the board, which enrollment period shall not
13 occur more frequently than once every three years for that member.
14 The change in plan membership shall be effective as of the transfer
15 date, as defined in subdivision (g). Except as otherwise provided
16 in this section, the rights and obligations of a member who elects
17 to change membership under this section shall be governed by the
18 terms of Retirement Plan D on and after the transfer date. Prior to
19 the transfer date, the rights to retirement, survivors', or other
20 benefits payable to a member and his or her survivors or
21 beneficiaries shall continue to be governed by Retirement Plan E.

22 (b) If a member has made the election to change plans under
23 subdivision (a), monthly contributions by the member and the
24 employer under the terms of Retirement Plan D shall commence
25 as of the transfer date. For the purposes of calculating the member's
26 contribution rate under Retirement Plan D, his or her entry age
27 shall be deemed to be his or her age at his or her birthday nearest
28 the transfer date; however, if the member exchanges service credit
29 in accordance with subdivision (c), with regard to contributions
30 made for periods after that exchange, his or her entry age shall be
31 adjusted and deemed to be the member's age at his or her birthday
32 nearest the date on which begins the most recent period of
33 unbroken service credited under Retirement Plan D, taking into
34 account service purchased under subdivision (c). In no event shall
35 the exchange of service under subdivision (c) affect the entry age
36 with respect to, or the cost of, employee contributions made, or
37 service purchased, prior to the exchange.

38 (c) A general member who has elected to change plans under
39 subdivision (a) also may elect to exchange, at that time or any time
40 thereafter, but prior to the earlier of his or her application for

1 retirement, termination from employment, or death, some portion
2 designated in whole-month increments, or all of the service credited
3 under Retirement Plan E for an equivalent amount of service
4 credited under Retirement Plan D, provided, however, that the
5 member may not exchange less than ~~12-months~~ *months*' service
6 or, if less, the total service credited under Retirement Plan E. The
7 exchange shall be effective on the date when the member completes
8 the purchase of that service by depositing in the retirement fund,
9 by lump sum or regular monthly installments, over the period of
10 time determined by a resolution adopted by a majority vote of the
11 board of retirement, or both, but in any event prior to the earlier
12 of his or her death or the date that is 120 days after the effective
13 date of his or her retirement, the sum of: (1) the contributions the
14 member would have made to the retirement fund under Retirement
15 Plan D for that length of time for which the member shall receive
16 credit as service under Retirement Plan D, computed in accordance
17 with the rate of contribution applicable to the member under
18 Retirement Plan D, based upon his or her entry age, and in the
19 same manner prescribed under Retirement Plan D as if that plan
20 had been in effect during the period for which the member shall
21 receive service credit, and (2) the regular interest thereon.

22 For the purposes of this subdivision, a member's entry age shall
23 be deemed to be the member's age at his or her birthday nearest
24 the date on which begins the most recent period of unbroken
25 service credited under Retirement Plan D following completion
26 of the service exchange under this subdivision. A member may
27 receive credit for a period of service under only one plan and in
28 no event shall a member receive credit for the same period of
29 service under both Retirement Plan D and Retirement Plan E.

30 A member who fails to complete the purchase of service as
31 required under this subdivision shall be treated as completing an
32 exchange of service under Retirement Plan E for an equivalent
33 amount of service under Retirement Plan D only with regard to
34 the service that actually has been purchased through completed
35 deposit with the retirement fund of the requisite purchase amount,
36 calculated in accordance with this subdivision.

37 (d) Except as otherwise provided in this section, effective as of
38 the transfer date, a member who has transferred to Retirement Plan
39 D pursuant to this section and his or her survivors or beneficiaries
40 shall receive retirement, disability, survivors', death, or other

1 benefits that shall consist of: (1) the benefits to which they are
2 entitled under the terms of Retirement Plan D, but based on the
3 member's service credited only under that plan, and payable at the
4 time and in the manner provided under Retirement Plan D, and
5 (2) the benefits to which they would have been entitled under the
6 terms of Retirement Plan E had the member remained a member
7 of Retirement Plan E, but based on the member's service credited
8 only under that plan, and payable at the time and in the manner
9 provided under Retirement Plan E. Except as otherwise provided
10 in this section, the calculation of the portion of a member's or
11 beneficiary's benefit that is attributable to each plan is subject to
12 that plan's respective, separate terms, including, but not limited
13 to, the definitions of "final compensation" and provisions
14 establishing cost-of-living adjustments, establishing minimum age
15 and service requirements, and governing integration with federal
16 social security payments. Notwithstanding the foregoing, the
17 aggregate service credited under both Retirement Plan D and
18 Retirement Plan E shall be taken into account for the purpose of
19 determining eligibility for, and vesting of, benefits under each
20 plan.

21 (e) Notwithstanding any other provision of Retirement Plan D
22 or Retirement Plan E, a member who transfers into Retirement
23 Plan D under this section may retire for service-connected or
24 nonservice-connected disability and receive disability benefits
25 under Retirement Plan D only if he or she has either (1) completed
26 two continuous years of active service after his or her most recent
27 transfer date, or (2) earned five years of retirement service credit
28 under Retirement Plan D after his or her most recent transfer date.
29 Notwithstanding any *other* provision to the contrary, a member
30 who becomes disabled and does not meet either of these conditions
31 (1) may apply for and receive only a deferred or service retirement
32 allowance, or (2) may elect to transfer prospectively back to
33 Retirement Plan E, and for the purposes of calculating his or her
34 retirement benefits under this section, shall in lieu of credit under
35 Retirement Plan D be credited with service under Retirement Plan
36 E as provided under subdivision (g) of Section 31488 during any
37 period he or she is totally disabled and is receiving, or eligible to
38 receive, disability benefits, either during or after any elimination
39 or qualifying period, under a disability plan provided by the
40 employer up to the earlier of the date he or she retires or no longer

1 qualifies for disability benefits. If a member dies before he or she
2 is eligible to retire and before completing either two continuous
3 years of active service after the transfer date into Retirement Plan
4 D or *after* earning five years of retirement service credit under
5 Retirement Plan D after that transfer date, that member's
6 beneficiary shall not be entitled to the survivor allowance under
7 Section 31781.1 or 31781.12, if operative.

8 (f) Notwithstanding any other provisions of Retirement Plan D
9 or Retirement Plan E, a member who has transferred to Retirement
10 Plan D pursuant to this section and who retires for disability when
11 eligible under this section and Retirement Plan D, may not also
12 retire for service and receive service retirement benefits under
13 Retirement Plan E. However, for the purpose of calculating
14 disability benefits under Retirement Plan D, the "sum to which he
15 or she would be entitled as service retirement" or his or her "service
16 retirement allowance," as those terms are used in Sections 31726,
17 31726.5, and 31727.4, shall consist of the blended benefit to which
18 the member would be entitled under subdivision (d) if he or she
19 retired for service, not just the service retirement benefit to which
20 he or she would be entitled under Retirement Plan D.

21 (g) As used in this section:

22 (1) "Active service" means time spent on active, on-the-job
23 performance of the duties of a full-time or part-time position and
24 on any authorized paid leaves of absence; provided, however, that
25 any authorized paid leave of absence or part-time service shall not
26 constitute active service if the leave of absence or part-time service
27 is necessitated by a preexisting disability, injury, or disease. The
28 board of retirement shall determine whether or not a leave of
29 absence or part-time service is necessitated by a preexisting
30 disability, injury, or disease, and thus excluded from the member's
31 active service, based upon evidence presented by the employer
32 and the member upon request by the board.

33 (2) "Entry age" means the age used for calculating the normal
34 rate of contribution to Retirement Plan D with respect to a member
35 who has transferred membership to Retirement Plan D under this
36 section.

37 (3) "Period of active employment" means a period during which
38 the member is actively performing the duties of a full-time or
39 part-time employee position or is on any authorized paid leave of
40 absence, except a leave of absence during which the member is

1 totally disabled and is receiving, or is eligible to receive, disability
2 benefits, either during or after any elimination or qualifying period,
3 under a disability plan provided by the employer.

4 (4) "Retirement Plan D" means the contributory retirement plan
5 otherwise available to new members of the retirement system on
6 the transfer date.

7 (5) "Retirement Plan E" means the noncontributory retirement
8 plan established under this article.

9 (6) "Transfer date" means the first day of the first month that
10 is at least 30 days after the date that the application is filed with
11 the board to change plan membership under subdivision (a).

12 (h) This section shall only be applicable to Los Angeles County
13 and shall not become operative until the board of supervisors of
14 that county elects, by resolution adopted by a majority vote, to
15 make this section operative in the county.

16 SEC. 4. Section 31495.6 is added to the Government Code, to
17 read:

18 31495.6. A member may use current, forfeited, and vested
19 membership periods earned under this chapter when meeting the
20 reciprocity requirements for purposes of determining age of entry,
21 as defined in Sections 31833 and 31833.1. This section shall not
22 apply to members who are retired from this system.

O

Other Retirement Legislation

AB 1651 (De La Torre) – PERS: furloughs: retirement credit
Status: 4/7/10 Asm PERSS
Last Amended: 3/2/10

AB 2337 (Ammiano) – Public retirement system: investments: predatory investment practices
Status: Asm PERSS
Last Amended:

ASSEMBLY BILL

No. 1651

Introduced by Assembly Member De La Torre

January 13, 2010

An act to add Section ~~20960.1~~ 20969.2 to the Government Code, relating to public retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1651, as amended, De La Torre. Public Employees' Retirement Law: furloughs: retirement credit.

The Public Employees' Retirement Law provides retirement benefits based upon a member's final compensation and years of credited service. That law provides that members in the personal leave program shall receive credit for service that would have been credited had the employee not been in the personal leave program.

This bill would provide that the calculations for retirement allowances, under the Public Employees' Retirement Law, for *specified local safety members and members that who* are employees of specified educational entities *and* who are subject to mandatory furloughs shall include, as credit for service and compensation, the amount of service and compensation that would have been credited and paid had the member not been subject to mandatory furloughs *on or after July 1, 2008, as specified.*

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

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

1 SECTION 1. Section ~~20960.1~~ 20969.2 is added to the
 2 Government Code, to read:
 3 ~~20960.1.~~
 4 20969.2. (a) For all retirement purposes, including benefit
 5 eligibility and calculations of retirement allowances for a member
 6 employed by a county office of education, a school district, a
 7 school district that is a contracting agency, ~~or a community college~~
 8 *district, or a local safety member, as defined in Section 20420,*
 9 that is subject to mandatory furloughs, the member's credit for
 10 service and compensation earnable shall include the amount of
 11 service that would have been credited and the compensation
 12 earnable that would have been reported had that member not been
 13 subject to a mandatory furlough.
 14 (b) For the purposes of this section, "mandatory furlough"
 15 includes any time period *on or after July 1, 2008*, during which a
 16 member is directed to be absent from work without pay on the day
 17 or days designated by their employer or by a memorandum of
 18 understanding by the parties entered into on or after July 1, 2008.
 19 (c) An employer of a member identified in subdivision (a) shall
 20 notify the board and, *if applicable*, the county superintendent of
 21 schools of the terms and conditions of any mandatory furlough,
 22 including, but not limited to, the amount of mandatory furlough
 23 time imposed on members during a reporting period, and the date
 24 on which the mandatory furlough ends. The employer and, *if*
 25 *applicable*, the county superintendent of schools shall provide any
 26 additional information as the board may require to implement this
 27 section.

O

ASSEMBLY BILL

No. 2337

Introduced by Assembly Member Ammiano

February 19, 2010

An act to add Section 7513.75 to the Government Code, relating to investments.

LEGISLATIVE COUNSEL'S DIGEST

AB 2337, as introduced, Ammiano. Public retirement system: investments: predatory investment practices.

The California Constitution provides that the Legislature may by statute prohibit retirement board investments if it is in the public interest to do so, and providing that the prohibition satisfies specified fiduciary standards.

Existing law prohibits the Public Employees' Retirement System and the State Teachers' Retirement System from investing public employee retirement funds in a company with active business operations in Sudan and Iran, as specified. Existing law also requires these retirement systems to sell or transfer any investments in a company with business operations in Sudan. Existing law requires these retirement systems to submit an annual report to the Legislature regarding any investments in a company with business operations in Sudan and the sale or transfer of those investments. Existing law requires the state to indemnify, from the General Fund, and hold harmless the present, former, and future board members, officers, and employees of, and investment managers under contract with, these retirement systems by reason of any decision to restrict, reduce, or eliminate investments in Sudan, as specified.

This bill would additionally prohibit the Public Employees' Retirement System and the State Teachers' Retirement System from

investing public employee retirement funds in a company with business operations engaged in predatory investment practices that rely on, or result in, the displacement of persons residing in rent-regulated housing in order to generate profits to investors. The bill would require the Board of Administration of the Public Employees' Retirement System and the Teachers' Retirement Board of the State Teachers' Retirement System to sell or transfer any investments in a company with business operations engaged in predatory investment practices, as specified. This bill would make related legislative findings and declarations.

This bill would require these boards to report to the Legislature any investments in a company with specified business operations engaged in predatory investment practices and the sale or transfer of those investments, subject to the fiduciary duty of these boards, by January 1, 2012, and every year thereafter.

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

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

- 1 SECTION 1. (a) The Legislature finds and declares that
- 2 investments by public retirement boards in companies that engage
- 3 in predatory investment practices, which rely on, or result in, the
- 4 displacement of persons residing in rent-regulated housing in order
- 5 to generate profits to investors, are not only harmful to the persons
- 6 displaced by these practices but also to the entire community in
- 7 which those persons reside.
- 8 (b) The Legislature further finds and declares that it is in the
- 9 public's interest to enact legislation to prohibit the investment of
- 10 retirement funds in companies engaged in, or investing in
- 11 companies engaged in, predatory investment practices that result
- 12 in excessive rent increases imposed upon, or the eviction or
- 13 displacement of, persons residing in rent-regulated housing.
- 14 SEC. 2. Section 7513.75 is added to the Government Code, to
- 15 read:
- 16 7513.75. (a) As used in this section, the following definitions
- 17 shall apply:
- 18 (1) "Board" means the Board of Administration of the Public
- 19 Employees' Retirement System or the Teachers' Retirement Board
- 20 of the State Teachers' Retirement System, as applicable.

1 (2) "Company" means a sole proprietorship, organization,
2 association, corporation, partnership, venture, or other entity, its
3 subsidiary or affiliate that exists for profitmaking purposes or to
4 otherwise secure economic advantage.

5 (3) "Invest" or "investment" means the purchase, ownership,
6 or control of stock of a company, association, or corporation, the
7 capital stock of a mutual water company or corporation, corporate
8 bonds or other debt instruments issued by a company, or the
9 commitment of funds or other assets to a company, including a
10 loan or extension of credit to that company.

11 (4) "Predatory investment practices" means investments that
12 rely on, or result in, the displacement of persons residing in
13 rent-regulated housing in order to generate profits to investors.

14 (5) "Public employee retirement funds" means the Public
15 Employees' Retirement Fund described in Section 20062 of this
16 code, and the Teachers' Retirement Fund described in Section
17 22167 of the Education Code.

18 (6) "Substantial action" means curtailing business operations
19 with a company that engages in predatory investment practices.

20 (b) The board shall not invest public employee retirement funds
21 in a company that engages in predatory investment practices as
22 identified by the board through, as the board deems appropriate,
23 publicly available information including, but not limited to,
24 information provided by nonprofit and other organizations and
25 government entities, meets any of the following criteria:

26 (1) The company invested in, or is engaged in business
27 operations with, entities engaged in investment or lending practices
28 that resulted in excessive rent increases imposed on, or the eviction
29 or displacement of, persons residing in rent-regulated housing.

30 (2) The company has demonstrated complicity with business
31 operations that are engaged in investment or lending practices that
32 resulted in excessive rent increases imposed on, or the eviction or
33 displacement of, persons residing in rent-regulated housing.

34 (c) On or before June 30, 2011, the board shall determine which
35 companies are subject to divestment.

36 (d) After the determination described in subdivision (c), the
37 board shall determine, by the next applicable board meeting, if a
38 company engages in predatory investment practices as described
39 in subdivision (b). If the board plans to invest or has investments
40 in a company that meets the criteria described in subdivision (b),

1 that planned or existing investment shall be subject to subdivisions
2 (g) and (h).

3 (e) Investments of the board in a company that does not meet
4 the criteria described in subdivision (b) are not subject to
5 subdivision (h) if the company does not subsequently meet the
6 criteria described in subdivision (b). The board shall identify the
7 reasons why that company does not satisfy the criteria described
8 in subdivision (b) in the report to the Legislature described in
9 subdivision (i).

10 (f) (1) Notwithstanding subdivisions (d) and (e), if the board's
11 investment in a company described in subdivision (b) is limited
12 to investment via an externally and actively managed commingled
13 fund, the board shall contact that fund manager in writing and
14 request that the fund manager remove that company from the fund.
15 On or before June 30, 2011, if the fund or account manager creates
16 a fund or account devoid of companies described in subdivision
17 (b), the transfer of board investments from the prior fund or account
18 to the fund or account devoid of companies that engage in
19 predatory investment practices shall be deemed to satisfy
20 subdivision (h).

21 (2) If the board's investment in a company described in
22 subdivision (b) is limited to an alternative fund or account, the
23 alternative fund or account manager creates an actively managed
24 commingled fund that excludes companies described in subdivision
25 (b), and the new fund or account is deemed to be financially
26 equivalent to the existing fund or account, the transfer of board
27 investments from the existing fund or account to the new fund or
28 account shall be deemed to satisfy subdivision (h). If the board
29 determines that the new fund or account is not financially
30 equivalent to the existing fund, the board shall include the reasons
31 for that determination in the report described in subdivision (i).

32 (3) The board shall make a good faith effort to identify any
33 private equity investments that involve companies described in
34 subdivision (b). If the board determines that a private equity
35 investment clearly involves a company described in subdivision
36 (b), the board shall consider, at its discretion, if those private equity
37 investments shall be subject to subdivision (h). If the board
38 determines that a private equity investment clearly involves a
39 company described in subdivision (b), and the board does not take

1 action as described in subdivision (h), the board shall include the
2 reasons for its decision in the report described in subdivision (i).

3 (g) Except as described in subdivisions (e) and (f), the board,
4 in the board's capacity of shareholder or investor, shall notify any
5 company described in subdivision (d) that the company is subject
6 to subdivision (h) and permit that company to respond to the board.

7 The board shall request that the company take substantial action,
8 no later than 90 days from the date the board notified the company
9 under this subdivision. If the board determines that a company has
10 taken substantial action or has made sufficient progress towards
11 substantial action before the expiration of that 90-day period, that
12 company shall not be subject to subdivision (h). The board shall,
13 at intervals not to exceed 90 days, continue to monitor and review
14 the progress of the company until that company has taken
15 substantial action. A company that fails to complete substantial
16 action within one year from the date of the initial notice by the
17 board shall be subject to subdivision (h).

18 (h) If a company described in subdivision (d) fails to complete
19 substantial action by the time described in subdivision (g), the
20 board shall take the following actions:

21 (1) The board shall not make additional or new investments or
22 renew existing investments in that company.

23 (2) The board shall liquidate the investments of the board in
24 that company no later than 18 months after this subdivision applies
25 to that company. The board shall liquidate those investments in a
26 manner to address the need for companies to take substantial action
27 and consistent with the board's fiduciary responsibilities as
28 described in Section 17 of Article XVI of the California
29 Constitution.

30 (i) On or before January 1, 2012, and every year thereafter, the
31 board shall file a report with the Legislature. The report shall
32 describe the following:

33 (1) A list of investments the board has in companies with
34 business operations that satisfy the criteria in subdivision (b),
35 including, but not limited to, the issuer, by name, of the stock,
36 bonds, securities, and other evidence of indebtedness.

37 (2) A detailed summary of the business operations a company
38 described in paragraph (1).

39 (3) Whether the board has reduced its investments in a company
40 that satisfies the criteria in subdivision (b).

1 (4) If the board has not completely reduced its investments in
2 a company that satisfies the criteria in subdivision (b), when the
3 board anticipates that the board will reduce all investments in that
4 company or the reasons why a sale or transfer of investments is
5 inconsistent with the fiduciary responsibilities of the board as
6 described in Section 17 of Article XVI of the California
7 Constitution.

8 (5) Any information described in subdivisions (d) and (e).

9 (6) A detailed summary of investments that were transferred to
10 funds or accounts devoid of companies with business operations
11 that involve predatory investment practices as described in
12 subdivision (f).

13 (7) An annual calculation of any costs or investment losses or
14 other financial results incurred in compliance with the provisions
15 of this section.

16 (j) If the board voluntarily sells or transfers all of its investments
17 in a company engaged in predatory investment practices, this
18 section shall not apply except that the board shall file a report with
19 the Legislature related to that company as described in subdivision
20 (i).

21 (k) Nothing in this section shall require the board to take action
22 as described in this section unless the board determines, in good
23 faith, that the action described in this section is consistent with the
24 fiduciary responsibilities of the board as described in Section 17
25 of Article XVI of the California Constitution.

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Assembly California Legislature

Tom Ammiano

Assemblymember, Thirteenth District

AB 2337 – Socially Responsible Investment Act (As Introduced 2/19/2010)

PURPOSE

The California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) do not have in place a mechanism to identify and prevent investments in businesses whose real estate projects cause detrimental impacts upon tenants and the communities in which they reside. Without criteria to prevent investments in predatory equity schemes, CalPERS and CalSTRS have invested in businesses whose actions have resulted in the displacement of thousands of renters from affordable housing and the loss of millions from public pension funds.

BACKGROUND

CalPERS and CalSTRS have historically promoted their leadership role in socially responsible investing despite recent real estate investments premised on evicting tenants for profit. Managing over \$200 billion in pension funds CalPERS and CalSTRS not only impact the lives of individuals, but major markets with their investment decisions. CalPERS invests public pension funds in businesses practicing "predatory equity", an inherently risky form of real estate speculation predicated on the harassment and eviction of renters from affordable housing. CalPERS has lost over \$600 million from the retirement funds of working people, by investing in businesses involved in predatory equity. These predatory schemes are occurring across the nation, and have caused great harm to communities in Stuyvesant Town

and Peter Cooper Village, New York and East Palo Alto, California. The consequences of CalPERS investing in businesses partaking in predatory equity reach beyond financial losses and include the displacement of thousands of working low and middle-income renters. For over a year, CalPERS has failed to respond to tenants' rights organizations call to voluntarily adopt "predator free" investment criteria.

EXISTING LAW

AB 2941 (Koretz – Ch. 442, statues of 2006) prevented the investment of public employee retirement funds in a company that is engaged in active business operations in Sudan.

AB 221 (Anderson – Ch. 671, statues of 2007) prohibited CalPERS and CalSTRS from investing public employee retirement funds in companies that have specified energy or defense related operations in Iran.

SUMMARY

AB 2337 calls on CalPERS and CalSTRS to disclose and divest from any investments in companies engaged in predatory business practices that rely or result in the displacement of residents in affordable housing.

SUPPORT

Tenants Together – Co-sponsor
East Palo Alto Fair Rent Coalition Co-sponsor

CONTACTS

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Jog-A-Thon

The Jog-A-Thon is THIS FRIDAY! Students will receive their t-shirts on Friday Morning. If you ordered and paid for a t-shirt, it will be delivered to you by Thursday, March 18th. A limited supply of t-shirts will be available to purchase for \$5 on the day of the Jog-A-Thon. Several volunteers are needed for each grade level's time slot, so come on out and help your child's class with this fun event! The schedule is listed below. If you are able to give a larger portion of your day, please contact the Jog-A-Thon committee at michere@sbcglobal.net or 600-1899.

Kinder	10:10 - 10:40	Fourth	1:00 - 1:30
First	9:35 - 10:05	Fifth	11:20 - 11:50
Second	10:45 - 11:15	Sixth	11:55 - 12:25
Third	9:00 - 9:30		



Thank you for using your Save Mart S.H.A.R.E.S. card when you shop! Since September, \$589 has been raised. If you need a card, please respond to this email with your child's name and teacher's name. Thanks for supporting the PTG!

WANTED: Treasurer In Training

Treasurer in Training board position still open!! If you love to work with numbers and with fabulous people, we may have just the job for you! Our wonderful treasuring duo has graciously volunteered to stay for another year on the board and teach a new treasurer how to do the books. Contact us if you think you are the right person for the job!!

Garden Tour

Become a fan of the East Sac Garden Tour on Facebook and help spread the word about this important event!
<http://tinyurl.com/eastsacgarden>

Friday, April 16th is Parent Date Night!

Enjoy up to 3 hours of free time while your children are entertained with a pizza dinner and a movie. Look for information to come home this week.

March

- 19 Jog-A-Thon
Spring DLASA Forms Sent Home
- 24-25 Spring Show
- 26 Farm Fresh To You Fundraiser Begins
Jog-A-Thon \$\$ Due
DLASA Forms Due
- 29-4/4 Spring Break

April

- 7 1st Wed @ California Pizza Kitchen
- 8 PTG Meeting
- 16 Date Night

May

- 5 1st Wed
- 8-9 Garden Tour
- 13 PTG Meeting
- 31 Memorial Day Holiday

June

- 2 1st Wed
- 17 Last Day of School