This form is required for the Legislative Program Committee to consider taking an advocacy position on an issue or legislative item.

<table>
<thead>
<tr>
<th>BILL NUMBER:</th>
<th>Author:</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB 1853</td>
<td>Cooper - Majority Whip</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INTRO/AMEND DATE:</th>
<th>AUTHOR’S POLITICAL PARTY:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-10-2016</td>
<td>Democrat</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BILL STATUS:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Going to PERS committee</td>
</tr>
</tbody>
</table>

1) **BILL SUBJECT:**
This bill would authorize the retirement board of any retirement system operating under CERL to elect, by resolution, to be a district under the law. The bill would authorize a board to adopt, by resolution, specified administrative provisions that would classify designated personnel of the retirement system as employees of the retirement system and not employees of the county. In regard to county employees who would become retirement system employees, the bill would prescribe requirements in connection with their compensation and employment benefits and status. These provisions would include maintaining their county retirement benefits that would otherwise be reduced under PEPRA, keeping their employment classifications, and affording employees the opportunity to continue participation in group health and dental plans, among other plans and programs. The bill would also prescribe requirements regarding labor negotiations and the continuity of labor agreements for affected employees. The bill would grant a retirement system electing these provisions the authority to adopt the regulations and enter into the agreements necessary to implement them. The bill would authorize retirement systems currently operating under alternative administrative structures also to adopt these provisions. The bill would make various technical and conforming changes.

2) **FROM DEPARTMENT:**
County Executive Office

3) **IS THIS ITEM SPECIFICALLY REFERENCED IN THE LEGISLATIVE PLATFORM?**

4) **WHICH POLICY-RELATED MATTER IS OF CONCERN WITH THIS BILL?**

5) **HOW WOULD THIS BILL IMPACT THE COUNTY? (Current practices, responsibility, authority, pros/cons, affected programs and/or services, etc.)**
No current impact due to the bill requiring the Board of Retirement to elect to become a special district. However, this bill would provide the Retirement Board the ability to make SBCERS a Special District by election. If this bill passed, and the Board of Retirement made the election to become a special district, the employees (or some portion of the employees depending on path chosen by the Board of Retirement) of SBCERS would no longer be County employees and would become solely employees of the System. Pursuant to existing provisions of the CERL, System employees are currently considered employees of both the County and the System for purposes of management and administration. The bill provides protections for employees leaving County employment, including continued participation in the pension plan.

6) **IMPACT ON COUNTY PROGRAM:**

   - Santa Barbara County Impact: □ Major □ Minor □ None
   - Statewide Impact: □ Major □ Minor □ None

**Explanation of Impacts:**
COUNTY OF SANTA BARBARA
LEGISLATIVE ANALYSIS FORM

There are little to no material impacts upon enactment, because the Board of Retirement would still need to elect to implement the statute. If the Board did implement these code sections, some or all of the System’s employees may be removed from the County’s classification and compensation system. Such action would have the effect of making the Board of Retirement solely responsible for setting the classification and compensation of affected employees. To the extent that non-management employees are designated for inclusion, the Board of Retirement would also bear responsibility for labor negotiations pertaining to such employees.

7) WOULD THIS BILL IMPACT:
   a. Efficient service delivery and operations? YES NO
   b. Fiscal stability? YES NO
   c. Inter-agency cooperation? YES NO
   d. Local control? YES NO
   e. Protection of safety net services? YES NO
   f. Community sustainability/economic stability? YES NO

Additional Comments:

8) FISCAL IMPACT ON THE COUNTY:
   Revenue Increase
   Revenue Decrease
   Cost Increase
   Cost Decrease
   Unfunded Mandate
   Cost Decrease
   Undetermined
   None

Additional Comments:
The Board of Retirement has not taken a position on this legislation. If implemented it is expected that fiscal impacts would be modest, if any, due to the relative size of the System and the small number of employees being removed from the County’s compensation and classification system. Because SBCERS employee costs are already contained within the SBCERS budget, and are not part of the County’s budget process, there would be no direct budgetary impacts. Any impacts on the SBCERS administrative budget, which represents an indirect pension cost to the County, are unknown and unlikely to be significant.

9) OTHER AGENCIES THAT SHOULD REVIEW THIS BILL:

Please list other agencies below:
The Board of Retirement will consider this legislation again at its April 27th, 2016.

10) CSAC POSITION ON BILL:
   Support
   Oppose unless Amended
   Oppose
   Watch
   Support if Amended
   No position taken

11) OTHER LOCAL OR STATEWIDE ORGANIZATIONS THAT HAVE TAKEN A POSITION ON THIS BILL:
   (Indicate support or opposition for each)
12) PROPOSED AMENDMENTS: (Attach separate sheet)

13) RECOMMENDATION:

- [ ] Active Support*
- [ ] Active Opposition*
- [ ] Watch
- [ ] No Change since Last Position
- [ ] Passive Support
- [ ] Passive Opposition
- [ ] Concerns (Why? Explain in #6)
- [ ] Support if Amended*
- [ ] Oppose unless Amended*
- [ ] No Position (Why?)

* Indicates that the department believes that the Board of Supervisors should take a formal position on this bill

Additional Comments:

The bill is elective in nature for the Board of Retirement. Whether or not the bill is implemented, the Board of Retirement retains plenary authority in all other respects with regard to the operation of SBCERS. After considering the matter at its January meeting the Board of Retirement elected not to take a position on the bill with regard to its industry association's legislative platform. SBCERS is a relatively small organization (21 employees) and accordingly changes resulting from independent salary negotiations, were the statute to be implemented in this respect, are unlikely to have a material impact on the overall cost of the County's pension contributions. This is the case because SBCERS administrative costs are shared by plan sponsors and plan participants based on an actuarial assumption regarding the amount of administrative expenses that is unlikely to be altered whether or not this bill is passed or implemented. Should the bill be materially modified in the PERS committee, such modifications may result in a different conclusion.

14) LEGISLATIVE ANALYSIS FORM PREPARED BY:

Telephone extension:

E-mail address:
An act to amend Sections 31468, 31522.5, 31522.7, 31522.9, 31528, 31529.9, 31535, and 31580.2 of, and to add Section 31522.75 to, the Government Code, relating to county employees’ retirement.

LEGISLATIVE COUNSEL’S DIGEST

AB 1853, as introduced, Cooper. County employees’ retirement: districts: retirement system governance.

The County Employees Retirement Law of 1937 (CERL) authorizes counties to establish retirement systems pursuant to its provisions in order to provide pension benefits to their employees. CERL defines a district for these purposes, includes specified county retirement systems within that definition, and permits a district to participate in CERL retirement systems. CERL generally provides that the personnel of a county retirement system are county employees, subject to county civil service provisions and salary ordinances, but also authorizes the boards of retirement in specified counties to adopt provisions providing for the appointment of personnel who are to be employees of the retirement system, as well as other administrative provisions that reflect the independence of the retirement system from the county.

The California Public Employees’ Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, to modify its plan or plans to comply with the act and establishes new retirement formulas that a public employer offering a defined benefit pension plan for employees first hired on or after January 1, 2013, may not exceed. PEPRA authorizes individuals who were employed by any public
employer before January 1, 2013, and who became employed by a subsequent public employer for the first time on or after January 1, 2013, to be subject to the retirement plan that would have been available to employees of the subsequent employer who were first employed by the subsequent employer on or before December 31, 2012, if the individual was subject to reciprocity, as specified.

This bill would authorize the retirement board of any retirement system operating under CERL to elect, by resolution, to be a district under the law. The bill would authorize a board to adopt, by resolution, specified administrative provisions that would classify various personnel of the retirement system as employees of the retirement system and not employees of the county. In regard to county employees who would become retirement system employees, the bill would prescribe requirements in connection with their compensation and employment benefits and status. These provisions would include maintaining their county retirement benefits that would otherwise be reduced under PEPRA, keeping their employment classifications, and affording employees the opportunity to continue participation in group health and dental plans, among other plans and programs. The bill would also prescribe requirements regarding labor negotiations and the continuity of labor agreements. The bill would grant a retirement system electing these provisions the authority to adopt the regulations and enter into the agreements necessary to implement them. The bill would authorize retirement systems currently operating under alternative administrative structures also to adopt these provisions. The bill would make various technical and conforming changes.


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

SECTION 1. Section 31468 of the Government Code is amended to read:

31468. (a) “District” means a district, formed under the laws of the state, located wholly or partially within the county other than a school district.

(b) “District” also includes any institution operated by two or more counties, in one of which there has been adopted an ordinance placing this chapter in operation.
(c) “District” also includes any organization or association authorized by Chapter 26 of the Statutes of 1935, as amended by Chapter 30 of the Statutes of 1941, or by Section 50024, which organization or association is maintained and supported entirely from funds derived from counties, and the board of any retirement system is authorized to receive the officers and employees of that organization or association into the retirement system managed by the board.

(d) “District” also includes, but is not limited to, any sanitary district formed under Part 1 (commencing with Section 6400) of Division 6 of the Health and Safety Code.

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

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

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

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

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

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

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

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

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

(6) An employee of the South Coast Air Quality Management
District who commenced employment with the district after
December 31, 1978, shall be covered by the retirement association
established in accordance with this chapter for employees of San
Bernardino County. That coverage shall be effected as of the first
day of the first month following the employee’s commencement
date.

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

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

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

(k) “District” also includes any special commission established
in the Counties of Tulare and San Joaquin as described by Section
14087.31 of the Welfare and Institutions Code, pursuant to a
contract between the special commission and the county setting
forth the terms and conditions of the special commission’s
inclusion in the county’s retirement system with the approval of
the board of supervisors and the board of retirement.

(1) “District” also includes the retirement system established
under this chapter in Orange County.

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

(3) “District” also includes the retirement system established
under this chapter in Contra Costa County.

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

(5) “District” also includes a retirement system established
under this chapter at the time that the board of retirement, by
resolution, makes this section applicable to the retirement system
in that county.

(m) “District” also includes the Kern County Hospital Authority,
a public agency that is a local unit of government established
pursuant to Chapter 5.5 (commencing with Section 101852) of

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

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

(b) Notwithstanding any other provision of law, the personnel
appointed pursuant to this section may not be county employees
but shall be employees of the retirement system, subject to terms
and conditions of employment established by the board of
retirement. Except as specifically provided in this subdivision, all
other personnel shall be county employees for purposes of the
county’s employee relations resolution, or equivalent local rules,
and the terms and conditions of employment established by the
board of supervisors for county employees, including those set
forth in a memorandum of understanding.
(c) Except as otherwise provided by Sections 31529.9 and 31596.1, the compensation of personnel appointed pursuant to this section shall be an expense of administration of the retirement system, pursuant to Section 31580.2.

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

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

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

(g) This section shall apply to the retirement system established under this chapter in San Bernardino County at such time as the board of retirement, by resolution, makes this section applicable in that county.

(h) This section shall apply to a retirement system established under this chapter at the time that the board of retirement, by resolution, makes this section applicable in that county.

SEC. 3. Section 31522.7 of the Government Code is amended to read:

31522.7. (a) In addition to the authority provided pursuant to Section 31522.5, the board of retirement in the County of San Bernardino, or in any other county in which this section has been made applicable, may appoint an administrator, an assistant administrator, a chief investment officer, senior management employees next in line of authority to the chief investment officer, subordinate administrators, senior management employees next in line of authority to subordinate administrators, supervisors and employees with specialized training and knowledge in pension benefit member services, investment reporting compliance, investment accounting, pension benefit tax reporting, pension benefit financial accounting, pension law, and legal counsel.

(b) Notwithstanding any other provision of law, the personnel appointed pursuant to this section may not be county employees but shall be employees of the retirement system, subject to terms and conditions of employment established by the board of retirement. Except as specifically provided in this subdivision, all other personnel shall be county employees for purposes of the county’s employee relations resolution, or equivalent local rules, and the terms and conditions of employment established by the
board of supervisors for county employees, including those set
forth in a memorandum of understanding.
(c) Except as otherwise provided by Sections 31529.9 and
31596.1, the compensation of personnel appointed pursuant to this
section shall be an expense of administration of the retirement
system, pursuant to Section 31580.2.
(d) The board of retirement and board of supervisors may enter
into any agreements as may be necessary and appropriate to carry
out the provisions of this section.
(e) Section 31522.2 is not applicable if the retirement system
elects to appoint personnel pursuant to this section.
(f) This section shall apply—only to the retirement system
established under this chapter in San Bernardino County at such
time as the board of retirement, by resolution, makes this section
applicable in that county.
(g) This section shall apply to a retirement system established
under this chapter at the time that the board of retirement, by
resolution, makes this section applicable in that county.
SEC. 4. Section 31522.75 is added to the Government Code,
immediately following Section 31522.7, to read:
31522.75. (a) Any retirement system established under this
chapter, including a retirement system that, at the time of the
enactment of this section, is operating pursuant to Section 31522.5,
31522.7, or 31522.9, may elect to make this section, Section 31468,
and Section 31522.5, 31522.7, or 31522.9, applicable to the
retirement system upon adoption of a resolution by the board of
retirement.
(b) A board of retirement may elect to appoint personnel, or
may authorize the retirement administrator to appoint personnel,
to administer the system as provided in this section.
(c) (1) Notwithstanding any other law, the personnel appointed
pursuant to this section and the sections referenced in subdivision
(a) shall not be county employees, but shall be employees of the
retirement system, subject to terms and conditions of employment
established by the board of retirement and the provisions of this
section.
(2) A county employee to whom the California Public
Employees’ Pension Reform Act of 2013 (Article 4, commencing
with Section 7522 of Chapter 21 of Division 7 of Title 1) did not
apply before becoming a retirement system employee shall maintain that status as an employee of the retirement system.

(3) For purposes of employment by a subsequent public employer, as described in paragraph (1) of subdivision (c) of Section 7522.02, the retirement system shall have the status of the county as a subsequent employer.

(4) With regard to an individual who was employed by the county before January 1, 2013, and who becomes a retirement system employee and then changes employment positions as described in paragraph (2) of subdivision (c) of Section 7522.02, the retirement system shall have the former obligations of the county to provide a defined benefit plan that otherwise would have been available to the employee had he or she remained a county employee.

(d) Any employees who were previously appointed to retirement system personnel positions pursuant to Section 31522.2 or 31522.3 shall cease to be county employees and shall become retirement system employees at their existing or equivalent classifications as of the date the board of retirement makes this section applicable pursuant to subdivision (a), subject to any subsequent revisions the retirement board may make pursuant to regulations governing terms and conditions of employment, and when applicable, the provisions of a subsequent memoranda of understanding or bargaining agreement covering the employee.

(e) Any employees who were previously appointed to retirement system personnel positions pursuant to Section 31522.1 and are subsequently appointed as retirement system employees pursuant to subdivision (a) shall cease to be county employees and shall become retirement system employees at their existing or equivalent classifications as of the date the board of retirement makes this section applicable.

(f) A retirement system that elects to make this section applicable shall recognize as the exclusive representative of those former county employees who become retirement system employees the employee organization that represented those employees, if any, and shall honor the provisions in any memoranda of understanding or bargaining agreement in effect on the date the board of retirement makes this section applicable for the duration of the memoranda of understanding or bargaining agreement.
(g) The following shall apply to those persons who become retirement system employees pursuant to this section:

(1) Employment seniority of a retirement system employee, including, but not limited to, an employee’s continuous service date used for purposes of retirement or other benefits, as calculated and used under the county system in effect before the date this section becomes applicable, shall be calculated and used in the same manner by the retirement system at the time the county employee becomes a retirement system employee, subject to any subsequent revisions the retirement board may make pursuant to regulations governing terms and conditions of employment, and when applicable, the provisions of a subsequent memorandum of understanding or bargaining agreement covering the employee.

(2) Retirement system employees shall have the same status they had as probationary, permanent, or regular employees under the county system in effect on the date this section becomes applicable, subject to any subsequent revisions the retirement board may make pursuant to regulations governing terms and conditions of employment, and when applicable, the provisions of a subsequent memorandum of understanding or bargaining agreement covering the employee.

(3) Retirement system employees shall receive their same salary rates, leaves of absence, leave accrual rates, including all related compensation rules and provisions applicable to those salary rates, leaves, and accrual rates as under the county system on the date this section becomes applicable, subject to any subsequent revisions the retirement board may make pursuant to regulations governing terms and conditions of employment, and when applicable, the provisions of a subsequent memorandum of understanding or bargaining agreement covering the employee.

(4) (A) Retirement system employees shall be afforded the opportunity to participate in county benefit plans and programs, including, but not limited to, group health, dental and life insurance, workers’ compensation, and deferred compensation that existed on the date this section becomes applicable, under the same terms and conditions as those programs were available to county employees. The retirement board shall contract with the county to administer the county benefit plans and programs for retirement system employees, under the same terms and conditions applicable to county employees, and shall provide the employer cost for
participation in the programs unless and until the retirement board
chooses to provide different benefits or different benefit levels
through another provider.

(B) The participation of retirement system employees in county
benefit plans or programs, and the county’s administration of
certain compensation or benefits for retirement employees pursuant
to this section, shall not create or be construed to create, a meet
and confer obligation between the county and any employee
organization recognized to represent retirement system employees.

(h) The board of retirement and the county may enter into any
agreements necessary and appropriate to carry out this section.

(i) Sections 31522.1, 31522.2 and 31522.3 shall no longer apply
to a retirement system that has made this section applicable.

(j) Upon adoption of this section, the board of retirement may
make regulations consistent with this chapter, and the provisions
of Section 31525 that require approval of retirement board
regulations by the board of supervisors shall no longer apply.

(k) The compensation of personnel appointed pursuant to this
section shall be an expense of administration of the retirement
system pursuant to Section 31580.2, except as provided in Section
31522.5, 31522.7, or 31522.9, as those sections may apply to a
retirement system that has adopted them.

(l) This section shall not be construed as to modify any authority,
or to require any subsequent action by, a retirement system that
has made Section 31468 and Section 31522.5, 31522.7, 31522.9,
or 31522.10 applicable to the retirement system prior to the
effective date of this section.

(m) Any retirement system that has elected to make either
Section 31522.5, 31522.7, or 31522.9 applicable upon adoption
of a subsequent resolution by the board of retirement may make
a different section apply.

SEC. 5. Section 31522.9 of the Government Code is amended
to read:

31522.9. (a) The board of retirement of a county may appoint
a retirement administrator and other personnel as are required to
accomplish the necessary work of the board. The board may
authorize the administrator to make these appointments on its
behalf. Notwithstanding any other law, the personnel so appointed
shall not be county employees but shall become employees of the
retirement system, subject to terms and conditions of employment
established by the board of retirement, including those set forth in
memoranda of understanding executed by the board of retirement
and recognized employee organizations.

(b) Sections 31522.1 and 31522.2 shall not apply to a retirement
system that appoints personnel pursuant to this section.

(c) The retirement system that appoints personnel pursuant to
this section is a public agency for purposes of the
Meyers-Milias-Brown Act (Chapter 10 (commencing with Section
3500) of Division 4).

(d) The compensation of personnel appointed pursuant to this
section shall be an expense of administration of the retirement
system, pursuant to Section 31580.2, except as provided in Sections
31529.5, 31529.9, and 31596.1.

(e) The board of retirement and the board of supervisors may
enter into agreements as they determine are necessary and
appropriate in order to carry out the provisions of this section.

(f) The retirement system, upon the effective date of this section,
shall retain, for a 90-day transition employment period,
nonprobationary employees who, upon the effective date of this
section, were covered by a county memorandum of understanding
and employed by the county at the retirement system’s facilities,
unless just cause exists to terminate the employees or legitimate
grounds exist to lay off these employees. If during the 90-day
period the retirement system determines that a layoff of these
employees is necessary, the retirement system shall retain the
employees by seniority within job classification. The terms and
conditions of employment of the employees retained pursuant to
this subdivision shall be subject to the terms and conditions
established by the applicable memoranda of understanding
executed by the board of retirement and the recognized employee
organizations. During the 90-day transition period, probationary
employees shall maintain only those rights they initially acquired
pursuant to their employment with the county.

(g) Subject to the employees’ rights under the
Meyers-Milias-Brown Act (Chapter 10 (commencing with Section
3500) of Division 4), the retirement system, upon the effective
date of this section, shall recognize as the exclusive representative
of the employees retained pursuant to subdivision (f) the recognized
employee organizations that represented those employees when
employed by the county. The initial terms and conditions for those
employees shall be as previously established by the applicable
memoranda of understanding executed by the county and
recognized employee organizations.
(h) This section shall apply only in Contra Costa County.
(i) This section shall apply to a retirement system established
under this chapter at the time that the board of retirement, by
resolution, makes this section applicable in that county.
SEC. 6. Section 31528 of the Government Code is amended
to read:
31528. (a) Unless permitted by this chapter, a member or
employee of the board shall not become an endorser, surety, or
obligor on, or have any personal interest, direct or indirect, in the
making of any investment for the board, or in the gains or profits
accruing from those investments. A member or employee of the
board shall not directly or indirectly, for himself or herself, or as
an agent or partner of others, borrow or use any of the funds or
deposits of the retirement system, except to make current and
necessary payments authorized by the board.
(b) A member or employee of the board shall not, directly or
indirectly, by himself or herself, or as an agent or partner or
employee of others, sell or provide any investment product that
would be considered an asset of the fund, to any retirement system
established pursuant to this chapter.
(c) An individual who held a position designated in Section
31522.3, 31522.4, or 31522.5, or established pursuant
to Section 31522.75, or was a member of the board or an
administrator, shall not, for a period of two years after leaving that
position, for compensation, act as agent or attorney for, or
otherwise represent, any other person except the county, by making
any formal or informal appearance before, or any oral or written
communication to, the retirement system, or any officer or
employee thereof, if the appearance or communication is made
for the purpose of influencing administrative or legislative action,
or any action or proceeding involving the issuance, amendment,
awarding, or revocation of a permit, license, grant, contract, or
sale or purchase of goods or property.
SEC. 7. Section 31529.9 of the Government Code is amended
to read:
31529.9. (a) In addition to the powers granted by Sections
31522.5, 31522.75, 31522.9, 31529, 31529.5, 31614, and 31732,
the board of retirement and the board of investment may contract
with the county counsel or with attorneys in private practice or
employ staff attorneys for legal services.
(b) Notwithstanding Sections 31522.5, 31522.7, 31522.75,
31529.5, and 31580, the board shall pay, from system assets,
reasonable compensation for the legal services.
(c) This section applies to any county of the 2nd class, 7th class,
9th class, 14th class, 15th class, or the 16th class as described by
Sections 28020, 28023, 28028, 28030, 28035, 28036, and 28037.
(d) This section shall also apply to any other county if the board
of retirement, by resolution adopted by majority vote, makes this
section applicable in the county.
SEC. 8. Section 31535 of the Government Code is amended
to read:
31535. The board may issue subpoenas and subpoenas duces
tecum, and compensate persons subpoenaed. This power shall be
exercised and enforced in the same manner as the similar power
granted the board of supervisors in Article 9 (commencing with
Section 25170) of Chapter 1, Part 2, Division 2; except that the
power shall extend only to matters within the retirement board’s
jurisdiction, and committees of the board shall not have this power.
Reasonable fees and expenses may be provided for by board
regulation for any or all of such witnesses regardless of which
party subpoenaed them.
Subpoenas shall be signed by the chairman or secretary of the
retirement board, except that the board may by regulation provide
for express written delegation of its subpoena power to any referee
it appoints pursuant to this chapter or to any administrator
appointed pursuant to Section 31522.2, 31522.5, 31522.7,
31522.9, or 31522.10.
Any member of the board, the referee, or any person otherwise
empowered to issue subpoenas may administer oaths to, or take
depositions from, witnesses before the board or referee.
SEC. 9. Section 31580.2 of the Government Code is amended
to read:
31580.2. (a) In counties in which the board of retirement, or
the board of retirement and the board of investment, have appointed
personnel pursuant to Section 31522.1, 31522.5, 31522.7,
31522.75, 31522.9, or 31522.10, the respective board or boards
shall annually adopt a budget covering the entire expense of
administration of the retirement system which expense shall be charged against the earnings of the retirement fund. The expense incurred in any year may not exceed the greater of either of the following:

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

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

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