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**AB-761 County employees' retirement: personnel: Orange County.** (2021-2022)

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**Assembly Bill No. 761**

**CHAPTER 26**

An act to amend Sections 31522.5 and 31580.2 of, and to add Section 31522.11 to, the Government Code, relating to county employees' retirement.

[ Approved by Governor June 28, 2021. Filed with Secretary of State June 28, 2021. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 761, Chen. County employees' retirement: personnel: Orange County.

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 authorizes the board of retirement and both the board of retirement and the board of investment to appoint administrative, technical, and clerical staff as required to accomplish the necessary work of the board. Under CERL, these appointments are generally required to be made from eligible lists created in accordance with the civil service system or merit system rules of the county. CERL, however, authorizes the retirement boards of specified counties to appoint assistant administrators and chief investment officers who, following appointment, are outside county charter, civil service, and merit system rules, except as specified. CERL provides that these administrators and officers are employees of the county, as specified, while serving at the pleasure of the appointing boards, and that they may be dismissed without cause. Existing law also applies these provisions to any county if the board of supervisors for that county, by resolution adopted by majority vote, makes those provisions applicable in the county.

This bill would authorize the board of retirement for Orange County to appoint an administrator, assistant administrators, a chief investment officer, subordinate investment officers, senior management employees, legal counsel, and other specified employees. The bill would provide that the personnel appointed pursuant to these provisions would not be county employees subject to county civil service and merit system rules, and instead would be employees of the retirement system. The bill would provide that the compensation of personnel appointed pursuant to these provisions is an expense of administration of the retirement system. The bill would authorize the board of retirement and board of supervisors to enter into agreements as necessary and appropriate to carry out these provisions and would make related, conforming changes.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** 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 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.

**SEC. 2.** Section 31522.11 is added to the Government Code, to read:

**31522.11.** (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, assistant administrators, a chief investment officer, subordinate investment officers next in line of authority to the chief investment officer, senior management employees next in line of authority to the subordinate investment officers, subordinate administrators, senior management employees next in line of authority to subordinate administrators, and legal counsel.

(b) Notwithstanding any other 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 to Orange County.

**SEC. 3.** 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, 31522.9, 31522.10, or 31522.11, 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.