

Executive Team:

Dominic D. Brown, CPA, CFE
Chief Executive Officer

Daryn Miller, CFA
Chief Investment Officer

Jennifer Zahry, JD
Chief Legal Officer

Matthew Henry, CFE
Chief Operations Officer



Board of Retirement:

Joseph D. Hughes, Chair
Jordan Kaufman, Vice-Chair
Ajaib Gill
Rocio Mosqueda
David Couch
John Sanders
Rick Kratt
Jeff Frapwell
Tyler Whitezell
Chase Nunneley, Alternate
Robb Seibly, Alternate
Alternate 7th Member (Vacant)

October 15, 2026

Trustees, Board of Retirement
Other Interested Parties

Subject: Meeting of the Kern County Employees' Retirement Association
Administrative Committee

Ladies and Gentlemen:

A meeting of the Kern County Employees' Retirement Association Administrative Committee will be held on Tuesday, October 20, 2026, at 1:00 p.m. in the KCERA Boardroom, 11125 River Run Boulevard, Bakersfield, California, 93311.

HOW TO PARTICIPATE: LISTEN TO OR VIEW THE BOARD MEETING

To listen to the live audio of the Board meeting, please dial one of the following numbers and enter ID# 859 2133 2753:

- (669) 900-9128; U.S. Toll-free: (888) 788-0099 or (877) 853-5247

To access live audio and video of the Board meeting, please use the following:

- <https://us02web.zoom.us/j/85921332753?pwd=HaAabYzvo2apT06bYLSvNV9khvgOBb.1>
- Passcode: 222099

Items of business will be limited to the matters shown on the attached agenda. If you have any questions or require additional service, please contact KCERA at (661) 381-7700 or send an email to Administration@kcera.org.

Sincerely,

Dominic D. Brown

Dominic D. Brown
Chief Executive Officer

Attachments

❖ **KCERA Board Agenda Notifications:** Sign up [here](#) on the KCERA website.

AGENDA:

All agenda item supporting documentation is available for public review on KCERA's website at www.kcera.org following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

**AMERICANS WITH DISABILITIES ACT
(Government Code Section 54953.2)**

Disabled individuals who need special assistance to listen to and/or participate in the meeting of the Board of Retirement may request assistance by calling (661) 381-7700 or sending an email to Administration@kcera.org. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting materials and access available in alternative formats. Requests for assistance should be made at least two (2) days in advance of a meeting whenever possible.

CALL TO ORDER

ROLL CALL (IN PERSON)

SB 707 REMOTE APPEARANCE(S)

Item 1 withdrawn from agenda if no trustee(s) request to appear remotely:

1. Trustee(s) who have notified the Committee of a "Just Cause" to attend this meeting via teleconference. (See Government Code Section 54953.8.3).

PUBLIC COMMENTS

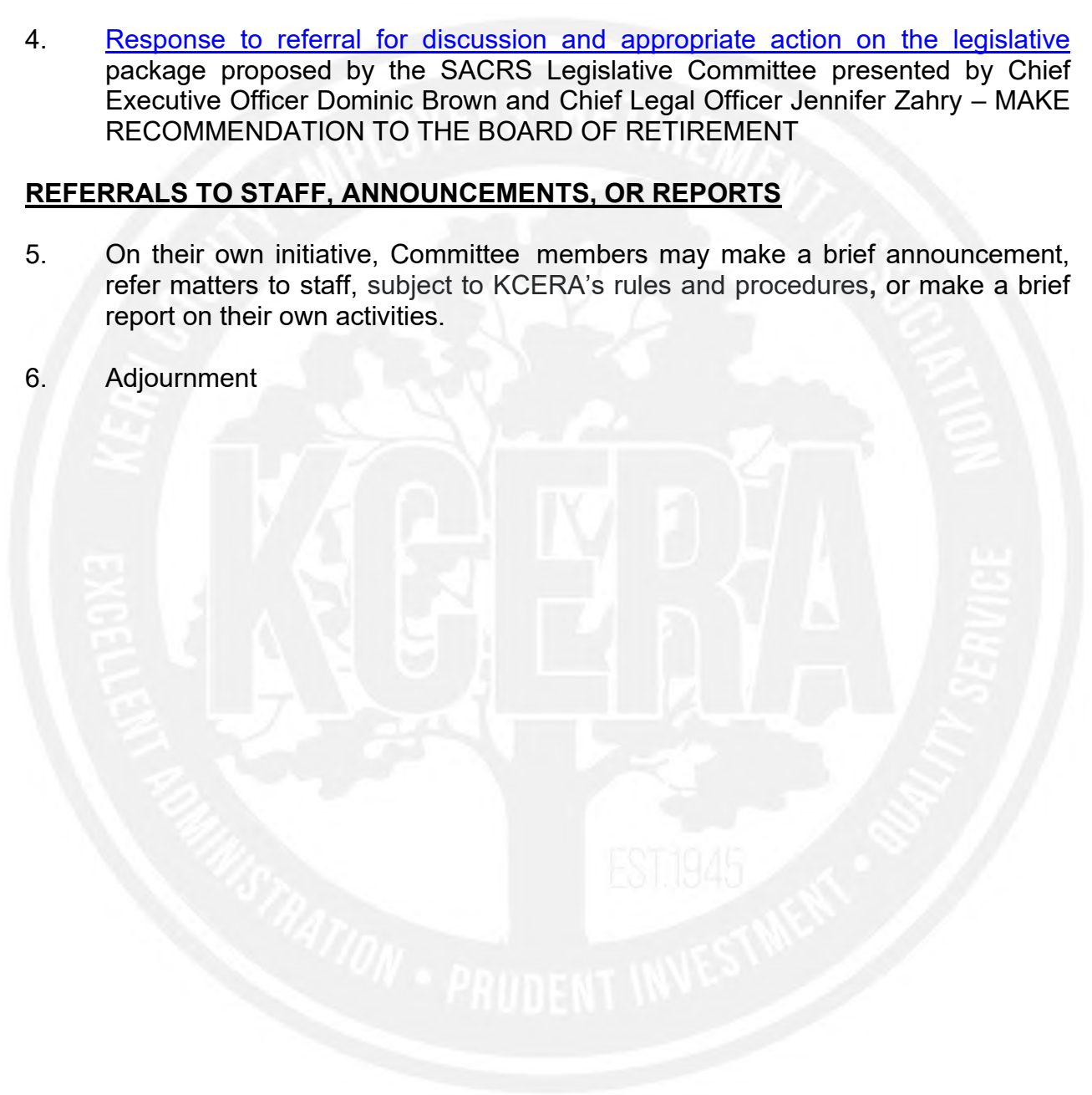
2. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Committee. This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation.

MATTERS FOR CONSIDERATION

3. [Discussion and appropriate action on review of proposed revisions to KCERA's Compensation Policy presented by Governance Consultants Julie Becker and Benita Falls Harper, Aon – REVIEW PROPOSED REVISIONS; MAKE RECOMMENDATION TO THE BOARD OF RETIREMENT](#)
4. [Response to referral for discussion and appropriate action on the legislative package proposed by the SACRS Legislative Committee presented by Chief Executive Officer Dominic Brown and Chief Legal Officer Jennifer Zahry – MAKE RECOMMENDATION TO THE BOARD OF RETIREMENT](#)

REFERRALS TO STAFF, ANNOUNCEMENTS, OR REPORTS

5. On their own initiative, Committee members may make a brief announcement, refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities.
6. Adjournment





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COMPENSATION POLICY

PURPOSE

- 1) The purpose of this policy is to establish a formal compensation directive by the Board of Retirement that identifies personnel needs for KCERA, including methodology of job classification, staff size, compensation, and other personnel-related items that are integral to KCERA's successful operation. The goal is to competitively position KCERA to attract and retain the human capital necessary to successfully carry out the mission of the organization, while maintaining accountability and transparency with stakeholders and ensuring cost-effective administration. This policy is intended to be consistent with and not in conflict with applicable law.

STRATEGY

- 2) Salaries are structured to be competitive as recommended by the Chief Executive Officer (CEO) and reviewed by the Board of Retirement (Board), with individual base salaries dependent upon an employee's experience, education, knowledge, skills, and overall job performance. This policy seeks to ~~lessen any lag in addressing salaries and~~ provide regular and consistent review of the salary structure.
- 3) Policy objectives include:
 - a) Bolster the workforce and enhance retention
 - b) Attract new talent
 - c) Motivate employees and maintain internal equity
 - d) Lessen the likelihood of salary lag
 - e) Nimble react to market shifts
- 4) To achieve these objectives, KCERA shall maintain lawful compensation practices aligned with the competitive standards of peer public retirement systems and local public agencies. In administering this policy, the Board shall seek to balance the recruitment and retention of qualified personnel with the prudent management of KCERA's financial resources.
- 4) ~~Policy~~To achieve these objectives should be accomplished, KCERA will maintain lawful compensation practices aligned with adherence to all applicable laws and consistent with other relevant~~the competitive standards of peer public retirement systems and local public agencies. This policy should be administered with the aim to effectively manage both the human and fiscal resources that support KCERA's mission and values.~~

- 5) Compensation studies will be utilized to determine KCERA's competitiveness with market practices. Labor markets fluctuate in response to the readiness of qualified workers for particular positions, as well as economic ups and downs. These changes diverge, depending upon the geographic regions, industry, and employer types. A compensation study should provide KCERA with the necessary data to compensate

without undue guesswork, better anticipate market fluctuations, ~~create peer awareness~~establish clear market benchmarks, and provide transparency to the process.

6) Compensation studies should:

~~7) Collect and analyze salary and benefits data from employers comparable to KCERA, including public retirement systems and, where relevant, Kern County and other local public agencies. Comparator employers should be selected based on organizational, geographic, operational, and workforce similarities, with an emphasis on employers that compete with KCERA for talent.~~

~~a) Collect and analyze salary and benefits data from employers similar to KCERA, meaning including other public retirement systems, Kern County, and relevant local public agencies focusing on those with organizational, geographic, and operational likeness.~~

~~b)a) Analyze comparable jobs within comparable those employers.~~

~~c)b) Develop any necessary guidelines deriving from the study.~~

~~d)c) Provide a comprehensive analysis to compensate employees in a manner that promotes attracting and retaining talent necessary to successfully execute mission KCERA's mission, while maintaining internal equity and cost-effective administration.~~

~~7)8) The CEO will make recommendations consistent with and in furtherance of the fiduciary duties of the Board in administering the retirement system, and in accordance with applicable law. Trends in the market should be considered, as significant salary changes do not usually occur year to year. The goal of the market study is to follow market trends and ensure salary adjustments accurately reflect the required salary to maintain a competitive position relative to the market and within KCERA.~~

~~8)9) The local and state-wide geographic vicinity of KCERA to other employers figures strongly in identifying the viable competitors in the same labor pool. It can be a strong identifier of those employers that directly compete with KCERA to recruit and retain personnel. Likewise, the economic fluctuations associated with a geographic area can be considered.~~

~~10) Comparisons to employers operating in other segments of the marketplace, such as corporate pension plans, or endowments and foundations, may be useful, as those employers may compete for employees with the same skills as those at KCERA. It may be useful to consider comparisons to employers operating in other segments of the marketplace, such as corporate pension plans or endowments and foundations, as those employers could potentially compete with KCERA for employees with similar skill sets.~~

~~9)-~~

~~10) Employer size should be viewed as an important factor in the compensation study. Choosing similarly situated employers, for example members served or assets under management, makes it more likely to find like positions within each organization to~~

~~compare.~~

~~11) To keep ahead-~~

~~12) Compensation studies shall prioritize employers that directly compete with KCERA for talent and perform comparable work with similar operational responsibilities. Comparator employers shall be identified using workforce movement data, including the employers from which KCERA recruits employees and those to which KCERA employees most frequently depart. While organizational size measures such as budget, staffing levels, membership, and assets under management may be considered, they shall be secondary to evaluating the similarity of work performed and workforce demands.~~

~~— of Primary comparator employers shall be those organizations that directly compete with KCERA to recruit and retain personnel. The selection of comparator employers shall be informed by workforce movement data, including the employers from which KCERA recruits employees and the employers to which KCERA employees most frequently depart.~~

~~— Compensation studies should prioritize employers with a scope of services and operational responsibilities similar to those of KCERA. While organizational size measures such as budget, staffing levels, membership, and assets under management may be considered, the primary objective is to identify organizations performing comparable work and facing similar workforce demands.~~

~~13) Compensation studies shall be conducted no less frequently than every five years to ensure compensation remains responsive to market conditions and competitive workforce demands. A three-year review cycle is preferred when practicable.~~

~~11) To anticipate and respond to market fluctuations and stay competitive, compensation studies will be conducted no less than every five years, with three years as the optimal time period.~~

~~12)~~ 14) Market studies will be used to note and interpret market trends and identify potential salary adjustments.

~~13)~~15) Pursuant to Government Code Section 31522.1, all KCERA employees are employees of Kern County and shall be included in the salary ordinance or resolution adopted by the Board of Supervisors for the compensation of county officers and employees. All KCERA employees are subject to Kern County Civil Service or merit system rules except for its at-will employees, who shall be directed by, shall serve at the pleasure of, and may be dismissed at the will of the Board of Retirement.



POLICY REVIEW AND HISTORY

- 1) This policy shall be reviewed at least every five years.
- 2) This policy was:
 - a) Adopted by the Board on September 11, 2024.



CERL Modernization Act Proposal

Dominic Brown, Chief Executive Officer

Jennifer Zahry, Chief Legal Officer

CERL Modernization Act

Amendments that align with long-standing practice and legal authorities:

- **Withholding Orders** – Section 31452 generally prohibits a member's pension from being subject to withholding orders (except orders for child support and spousal support).
- Proposed Amendment removes the phrase “or any process of court” to clarify that a member's pension is not subject to a Franchise Tax Board withholding order.
- This change aligns the statutory language with current practice and other retirement systems like PERS and STRS.

CERL Modernization Act

Amendments that align with long-standing practice and legal authorities:

- **Contribution Rates** – Rates are calculated and recommended by KCERA's actuary, approved by Board of Retirement, and delivered to the Board of Supervisors.
- The proposed amendments remove language in California Government Code sections 31453, 31611, and 31612 that is inconsistent with Prop. 162 (Art. XVI, Section 17 of the Cal. Constitution) to clarify that the Retirement Board “adopts” (rather than “recommends”) and then delivers these rates to the Board of Supervisors.
- The current language pre-dates Prop. 162.

CERL Modernization Act

California Government Code section 31611:

“An actuarial valuation shall be made within one year after the date on which any system established under this chapter becomes effective, and thereafter at intervals not to exceed three years. The valuation shall be conducted under the supervision of an enrolled actuary and shall cover the mortality, service, and compensation experience of the members and beneficiaries, and shall evaluate the assets and liabilities of the retirement fund. Upon the basis of the investigation, valuation, and recommendation of the actuary, the board shall, at least 60 days prior to the beginning of the succeeding fiscal year, **transmit recommend to** the board of supervisors **of*** such changes in the rates of interest, in the rates of contributions of members, in county and district appropriations as are necessary, and appropriate mortality tables. ~~In making recommendations to the board of supervisors, the board shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.~~ No adjustment shall be included in the new rates for time prior to the effective date of the revision. The cost of actuarial valuations and investigations may, in the sound discretion of the board, be charged against the earnings of the retirement fund.”

* This is likely a typo. Staff believes it should read “transmit **to** the board of supervisors such changes”

CERL Modernization Act

Amendments that align with long-standing practice and legal authorities:

- **Mortality Tables** – Recommended by actuary, approved by Board of Retirement and delivered to the Board of Supervisors.
- Proposed amendments delete “of Supervisors” from the following statutes to clarify that the Retirement Board adopts the mortality tables.
 - California Government Code sections 31456, 31591, and 31615.

CERL Modernization Act

Amendments that align with changes in operations:

- **Appointments in lieu of election** – CERL sections 31523(c) and 31523.1(b) require the Board of Supervisors to order no election be held.
 - Many CERL systems no longer use the Registrar of Voters.
 - Amendments allows the Retirement Board to assume this role.

“If an election has been called on the expiration of the term of office of any member or alternate member, or to fill a vacancy for the second, third, seventh, eighth, or alternate seventh member of a board of retirement, and only one candidate has been duly nominated in accordance with the rules established for the holding of that election, the board ~~of supervisors~~ shall order that no election be held and shall **direct the clerk to** cast a unanimous ballot in favor of the candidate.”

CERL Modernization Act

Reimbursement of Trustee time – Section 31522:

“(1) The official duties of elected board members who are employees of the county or a district shall be included as part of their county or district employment and their board duties shall normally take precedence over any other duties, **except as provided in (2).*** The elected board members who are county or district employees shall not receive any additional compensation by virtue of their election to the board.

(2) Upon approval of the governing entity, each county or district that employs an elected member of the board shall be reimbursed by the retirement fund in an amount equal to the salary and benefits paid to the elected board member by the county or district for the percentage of the elected board member’s regular work schedule during which the elected board member is on leave from the county or district to attend meetings or activities of the board, or meetings of committees or subcommittees of the board, or to otherwise fulfill his or her responsibilities to the system. The system shall establish procedures for the reimbursement process, and the reimbursement shall not exceed 25% of the board member’s regular work schedule.” (Underlining added).

* This is likely a typo. Staff is assuming there should be a period after “duties” with the following sentence starting, “Except as provided in (2), the elected board members”

CERL Modernization Act

SACRS Legislative Committee – position in favor of offering reimbursement:

- Requires approval of the governing entity
- Intended to encourage support of elected trustees who need to fulfill their statutorily required education
- CalPERS added a similar provision in 1985

CERL Modernization Act

Approval of KCERA Regulations – Section 31525:

“The board may make regulations not inconsistent with this chapter, the Public Employees’ Pension Reform Act of 2013, and any other provisions of law applicable to county retirement systems. ~~The regulations become effective when approved by the board of supervisors.~~”

SACRS Legislative Committee – position in favor of amendment:

- BOS approval was relevant when plan was managed as an internal county department.
- Language was prior to Prop. 162 before plenary authority over administration of the system was vested in the Retirement Board.
- Plans have adopted “policies” in lieu of “regulations” that are not approved by the Board of Supervisors.
- Board of Supervisors retains ability to adopt or not adopt elective sections in the CERL.

CERL Modernization Act

Regulations Under CERL Section 31525:

Required Regulations

- Provisions for
 - Election of officers, their terms, meetings and administrative procedures of the Board
 - Filing of information about new members (DOB, type of employment, compensation amount or other info required by KCERA)
 - Forms required by KCERA

Permissible Regulations

- Provisions for
 - The warrants member contribution deductions shall be made from;
 - Redeposits (> 1 year);
 - Service purchases (> 1 year);
 - Withdrawal charge;
 - Exclusions from membership;
 - Periodic examination of safety officers;
 - Additional statutory deductions;
 - Determining membership date; and
 - Use of recorded audio conversations for processing member account transactions

CERL Modernization Act

Removing Cap on Administrative Expenses – Section 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.~~

CERL Modernization Act

SACRS Legislative Committee – position in favor of removing the cap:

- Statute enacted in 1973 (prior to Prop. 162) to transfer costs of operating retirement fund from the County general fund to investment earnings;
- The cap is more arbitrary because prior amendments removed investment, technology, and legal costs from the calculation of the cap and base the cap on liabilities rather than assets;
- Systems have budgetary control over expenses and only smaller systems that lack economies of scale are near the cap; and
- CalPERS removed a similar cap in 1975.

CERL Modernization Act

Art. 5.5 – 3% Cap on the Contingency Reserve – Section 31616:

“After the semiannual application of Section 31615, earnings of the retirement fund in excess of the total interest credited to contributions and reserves shall remain in the fund as a reserve against deficiencies in interest earnings, losses on investments, or payments made pursuant to Section 31588.1 or 31589.1, if applicable.

These funds shall be placed in an account known hereafter as the Contingency Reserve Account. The size of this account shall be determined semiannually by the board ~~but shall not exceed 3 percent of the total assets of the retirement fund.”~~

SACRS Legislative Committee – position in favor of amendment:

- Allows the Board to set a reserve level it deems appropriate.



August 25, 2026

RE: SACRS Legislative Proposals 2027

Dear SACRS Board of Directors,

The SACRS Legislative Committee has developed a legislative package for consideration in the upcoming 2027 legislative session. This proposal, called the CERL Modernization Act, reflects the input of SACRS member systems and is intended to provide administrative clarity and consistency for county retirement systems.

The CERL Modernization Act updates outdated provisions in the County Employees Retirement Law of 1937 to reflect modern governance practices, constitutional authority, and longstanding case law. Many of the proposed updates address statutory language that predates Proposition 162 (1992), which granted retirement boards plenary authority over the administration and investment of retirement system assets under Article XVI, Section 17 of the California Constitution. As a consortium of 20 independent county retirement systems, the 1937 Act systems have historically lacked the large legislative staffing resources available to statewide systems such as CalPERS and CalSTRS. As a result, portions of CERL still contain outdated references that no longer align with current constitutional governance standards or operational practice.

The proposed legislation clarifies the retirement boards' authority over administrative and procedural matters, consistent with the recent California Supreme Court ruling *LACERA v LA County*. It does not address retirement system staffing or personnel matters.

Clarifies Governance Roles

- Clarifies the respective roles of Boards of Retirement and Boards of Supervisors.
- Aligns CERL governance authority with constitutional standards established by Proposition 162.
- Aligns Board of Retirement authority more closely with governance standards applicable to CalPERS and CalSTRS.

Modernizes Administrative Authority

- Removes outdated statutory provisions requiring Board of Supervisors approval over actuarial and administrative functions now constitutionally vested in Boards of Retirement.



- Clarifies Board of Retirement authority over actuarial assumptions, contribution rates, administrative regulations, and reserve policies.
- Modernizes election administration and technical statutory provisions.

Promotes Administrative Efficiency

- Streamlines outdated procedural requirements.
- Eliminates obsolete administrative restrictions inconsistent with modern retirement system operations.
- Supports efficient, transparent, and accountable retirement system governance.

Preserves County Authority

- Does not change the authority of Boards of Supervisors to adopt retirement benefit formulas and other benefit provisions.
- Does not alter employer contribution obligations or collective bargaining responsibilities.
- Maintains existing county appointment authority for retirement board trustees.
- Does not alter retirement system staffing or personnel matters.

We thank the Legislative Committee for reviewing these proposals and engaging in a collaborative, deliberative process to achieve consensus on issues. These amendments represent governance and process improvements that will provide administrative efficiencies to retirement systems and members.

A summary table and proposed bill language is attached. Please note that draft language is subject to change during the legislative process.

Respectfully,

/s/

Eric Stern
Chair, SACRS Legislative Committee, and
Chief Executive Officer, Sacramento County Employees' Retirement System

ATTACHMENTS

- SACRS 2027 Legislative Proposal – Summary Table
- Chart: Administrative Rate by System Assets
- SACRS 2027 Legislative Proposal – Draft Language

CERL Modernization Act
August 2026

Issue	Gov Code	Topic	Issue/Justification
1	31452	Garnishments	This amendment corrects an irregularity in state law to clarify that a member's pension is not subject to an Order to Withhold (OTW) from the California Franchise Tax Board, consistent with other retirement systems. Under current law, the following retirement systems are generally restricted from garnishing pension payments by "any other process whatsoever," which include FTB orders: •US Government (5 USC 8346) •CalPERS (GC 21255) •CalSTRS (EDC 22005) •Legislators' Retirement Fund (GC 9359.3) •Municipal Utility District Retirement Systems •Transit District Retirement Systems However, for CERL systems, the Government Code restrictions on garnishments are tied to "any other process of court," which has created confusion over FTB orders because "process of court" refers to orders from the judicial branch of government. The FTB is an executive branch agency and thus not be covered under "process of court. However, it is the common practice of CERL systems to not recognize FTB orders to garnish pension payments.
2	31453	Actuarial valuation	This amendment clarifies that the Board of Retirement need only communicate actuarial information to the Board of Supervisors, updating outdated references that the Board of Supervisors must approve actuarial assumptions. The plenary authority to establish actuarial assumptions and contribution rates rests with the Board of Retirement, under Proposition 162. However, it is still necessary to provide this information to the Board of Supervisors (and plan sponsors) for budgeting purposes and transparency.
3	31456	"Actuarial Equivalent" defined	This amendment updates outdated phrasing from 1947 that refers to the adoption of mortality tables by the Board of Supervisors. The Board of Retirement has plenary authority under Article XVI of the California Constitution to adopt actuarial assumptions.
4	31459 31459.1	Board of Investments cross references	This amendment updates cross references to the LACERA Board of Investments

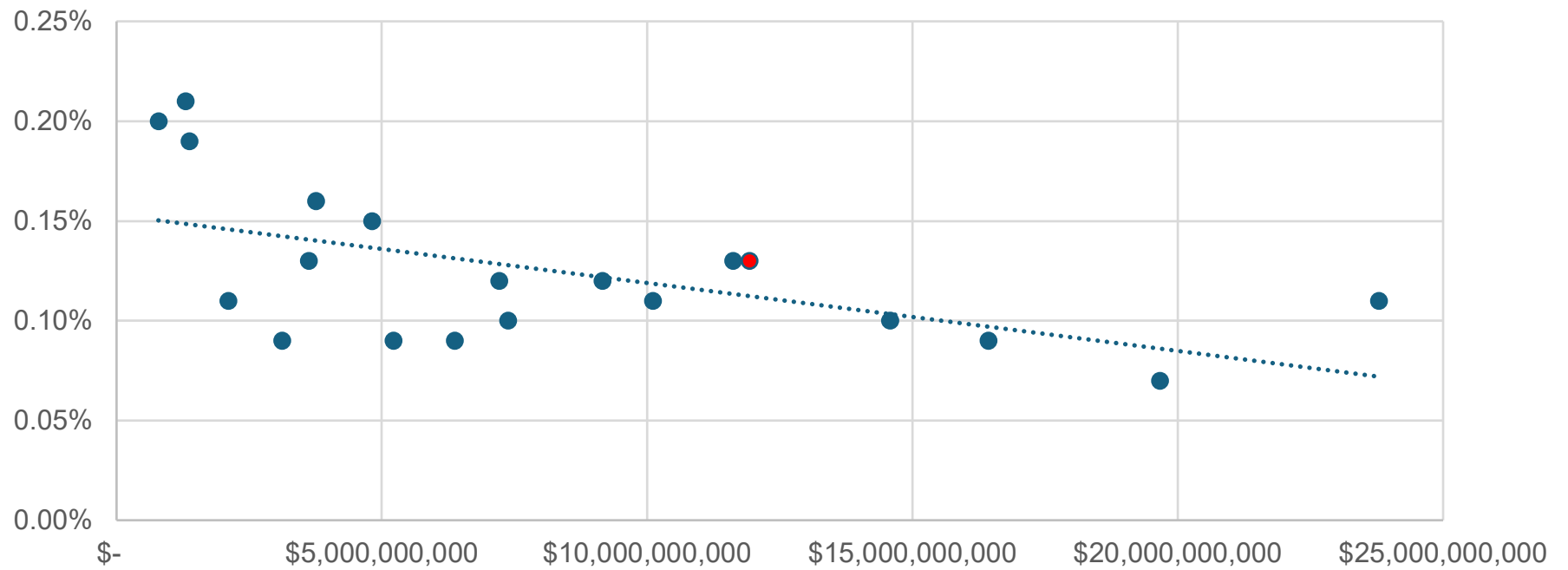
CERL Modernization Act
August 2026

5	31522	Employer Reimbursement for Trustees	This amendment provides a mechanism for the retirement system, upon adoption by the Board of Supervisors, to reimburse an employing agency of an elected Board of Retirement trustee when the trustee is fulfilling Board duties while on leave from work. This provision creates a pathway to encourage employer support for elected Board Members to attend training sessions to fulfill statutory education requirements. This language is similar to section 20092 for CalPERS elected members, adopted in 1985.
6	31523 31523.1	Trustee Elections	This amendment directs the Board of Retirement, and not the Board of Supervisors, to declare an unopposed board of retirement candidate the winner of the election. More and more CERL systems are not using the Registrar of Voters to conduct elections and are self-administering their board elections.
7	31525	Regulations; approval	This amendment deletes the requirement that Board of Retirement regulations must be approved by the Board of Supervisors. This language is a holdover from when CERL systems were managed as an internal county department, and was adopted prior to the passage of Prop. 162 in 1992, which provided plenary authority to the Board of Retirement. Many county retirement systems have already evolved its practices to adopt "policies" instead of "regulations," which is a distinction in name only. It is not inappropriate for the Board of Supervisors to make decisions on practical and procedural administrative retirement matters, when the Board of Retirement is a bona fide administrative rule-making body. The Board of Supervisors still maintains appointment authority for four Board of Retirement trustees and maintains authority to adopt or discontinue numerous benefit options in the CERL.

CERL Modernization Act
August 2026

8	31580.2	Annual budget; expenses of administration	This amendment removes an outdated and unforceable provision that established an administrative cap on county retirement system expenses. The Board of Retirement has plenary authority under Article XVI of the California Constitution and is charged under this section to adopt its own budget using trust fund earnings. The purpose in enacting 31580.2 was to transfer costs of operating the retirement system from the county's General Fund to investment earnings, placing fiscal responsibility in the Retirement Board. Removing the administrative cap provides conformity with CalPERS statutes; the Legislature repealed a similar administrative cap for CalPERS under section 20202.5 (renumbered to 20173) in 1975. The CERL provision has been amended over the years to exclude investment, technology, and legal costs (as well as moving to a threshold based on total liabilities instead of assets) which has made the cap more arbitrary. The Board of Retirement has the appropriate budgetary control to ensure fiscal restraint, and almost all CERL systems adopt administration budgets far below the cap, the exceptions being the smallest systems that lack of economies of scale.
9	31591	Interest credits	This amendment updates outdated phrasing from 1947 that refers to the adoption of mortality tables by the Board of Supervisors. The Board of Retirement has plenary authority under Article XVI of the California Constitution to adopt actuarial assumptions.
10	31611	Actuarial valuation	This amendment removes references regarding Board of Supervisor approval of contribution rates and actuarial assumptions. This is an outdated practice that conflicts with the Board of Retirement authority under Article XVI, Section 17, of the California Constitution. This language should have been updated after voters approved Prop 162 in 1992.
11	31612	"Actuarial rate" defined	This amendment updates phrasing to indicate that interest rate assumptions fall under the jurisdiction of and are adopted by the Board of Retirement, not the Board of Supervisors.
12	31615	Interest	This amendment updates phrasing to indicate that mortality tables fall under the jurisdiction of and are adopted by the Board of Retirement, not the Board of Supervisors.
13	31616	Reserve Policy	This amendment removes the 3% cap on reserves and authorizes the Board of Retirement to establish a reserve level it deems appropriate.

Admin Rate by Plan Assets, as of 6/30/25



*CERL Modernization Act
Draft Language
August 2026*

1. 31452 – Garnishments

Section 31452 of the Government Code is amended to read:

The right of a person to a pension, annuity, retirement allowance, return of contributions, the pension, annuity, or retirement allowance, any optional benefit, any other right accrued or accruing to any person under this chapter, the money in the fund created or continued under this chapter or the California Public Employees' Pension Reform Act of 2013, and any property purchased for investment purposes pursuant to this chapter, are exempt from taxation, including any inheritance tax, whether state, county, municipal, or district. They are not subject to execution or any ~~other process of court~~ **process** whatsoever except to the extent permitted by Section 31603 of this code and Section 704.110 of the Code of Civil Procedure, and are unassignable except as specifically provided in this chapter.

2. 31453 – Actuarial Valuation reporting

Section 31453 of the Government Code is amended to read:

(a) An actuarial valuation shall be made within one year after the date on which any system established under this chapter becomes effective, and thereafter at intervals not to exceed three years. The valuation shall be conducted under the supervision of an actuary and shall cover the mortality, service, and compensation experience of the members and beneficiaries, and shall evaluate the assets and liabilities of the retirement fund. Upon the basis of the investigation, valuation, and recommendation of the actuary, the board shall, at least 45 days prior to the beginning of the succeeding fiscal year, ~~recommend~~**transmit** to the board of supervisors the changes in the rates of interest, in the rates of contributions of members, and in county and district appropriations as are necessary. With respect to the rates of interest to be credited to members and to the county or district, the board may, in its sound discretion, ~~recommend~~**provide** a rate that is higher or lower than the interest assumption rate established by the actuarial survey. No adjustment shall be included in the new rates for time prior to the effective date of the revision.

(b) (1) Upon the basis of the investigation, valuation, and recommendation of the actuary, the board shall, at least 45 days prior to the beginning of the succeeding fiscal year, ~~recommend~~**transmit** to the governing body of a district within the county system that is not governed by the board of supervisors the changes in the rates of contributions of district members and in district appropriations as are necessary.

*CERL Modernization Act
Draft Language
August 2026*

(2) This subdivision shall not be operative in any county until the board of supervisors, by resolution adopted by majority vote, makes the provision applicable in that county.

3. 31456 – “Actuarial Equivalent” defined

Section 31456 of the Government Code is amended to read:

“Actuarial equivalent” means a benefit of equal value when computed upon the basis of the mortality tables adopted by the board of supervisors and regular interest thereon.

4. 31459, 31459.1 – Board of Investments cross-references

Section 31459 of the Government Code is amended to read:

(a) In a county in which a board of investments has been established pursuant to Section 31520.2:

(1) As used in Sections 31453, 31453.5, 31454, 31454.1, 31454.5, **31456**, 31472, 31588.1, 31589.1, 31591, 31592.3, 31594, 31595.1, 31595.9, 31596, 31596.1, 31601.1, 31607, 31611, **31612, 31615**, 31616, 31625, 31784, and 31872, “board” means a board of investments.

(2) As used in the first paragraph of Section 31592.2, “board” means a board of investments.

(3) Sections 31510.4, 31522, 31523, 31524, 31525, 31528, 31529, 31529.5, 31595, 31618, 31680, and 31680.1 apply to both the board of retirement and board of investments, and “board” means both “board of retirement” and “board of investments.”

(b) In Article 17 (commencing with Section 31880), “board” means the Board of Administration of the Public Employees’ Retirement System.

(c) In all other cases, “board” means the board of retirement.

Section 31459.1 is amended to read:

(a) In a county in which a board of investments has been established pursuant to Section 31520.2:

(1) As used in Sections 31453, 31453.5, 31454, 31454.1, 31454.5, **31456**, 31472, 31588.1, 31589.1, 31591, 31592.3, 31594, 31595.1, 31595.9, 31596, 31596.1, 31601.1, 31607, 31610, 31611, 31612, 31613, **31615**, 31616, 31618, 31621.11, 31625, 31639.26, 31784, and 31872, “board” means board of investments.

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(2) As used in the first paragraph of Section 31592.2 and the first paragraph and subdivision (c) of the second paragraph of Section 31595, “board” means a board of investments.

(3) Sections 31521, 31522, 31522.1, 31522.2, 31523, 31524, 31525, 31528, 31529, 31529.5, 31535.1, 31580.2, 31614, 31680, and 31680.1, apply to both the board of retirement and board of investments, and “board” means either or both the board of retirement and board of investments.

(4) Subdivision (a) of Section 31526 and subdivisions (a) and (b) of the second paragraph of Section 31595 apply to both the board of retirement and board of investments, and “board” means either or both the board of retirement and board of investments.

(b) In Article 17 (commencing with Section 31880) of this chapter, “board” means the Board of Administration of the Public Employees’ Retirement System.

(c) In all other cases, “board” means the board of retirement.

(d) This section shall apply only in a county of the first class, as defined in Section 28020, as amended by Chapter 1204 of the Statutes of 1971, and Section 28022, as amended by Chapter 43 of the Statutes of 1961.

5. 31522 – Duties of board members; additional compensation

Section 31522 is amended to read:

(1) The official duties of elected board members who are employees of the county or a district shall be included as part of their county or district employment and their board duties shall normally take precedence over any other duties, **except as provided in (2).** The elected board members who are county or district employees shall not receive any additional compensation by virtue of their election to the board.

(2) **Upon approval of the governing entity, each county or district that employs an elected member of the board shall be reimbursed by the retirement fund in an amount equal to the salary and benefits paid to the elected board member by the county or district for the percentage of the elected board member’s regular work schedule during which the elected board member is on leave from the county or district to attend meetings or activities of the board, or meetings of committees or subcommittees of the board, or to otherwise fulfill his or her responsibilities to the system. The system shall establish procedures for the reimbursement process, and the reimbursement shall not exceed 25% of the board member’s regular work schedule.**

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6. 31523, 31523.1 – Retirement Board Elections

Section 31523 of the Government Code is amended to read:

(a) In the event of a vacancy in the second, third, seventh, eighth, or alternate seventh member position on the board of retirement, the board shall cause an election to fill the vacancy to be held at the earliest possible date, except as provided in Sections 31520.3 and 31520.5. The vacancy in the second, third, or eighth member position on the board of retirement shall be filled for the duration of the current term except that, if the remaining portion of the current term is six months or less on the date of the election, a single election may be held to fill the vacancy for the remainder of the current term and to fill the position for the succeeding term. With respect to a vacancy in the seventh member position, candidates shall be a safety member from a group which is not represented by an incumbent alternate seventh member. With respect to the alternate seventh member position, the candidates shall be limited to the group under Section 31470.2 or 31470.4, or any other eligible safety member in a county if there is no eligible candidate from the groups under Sections 31470.2 and 31470.4 that is not represented by an incumbent seventh board member. The successful candidate shall serve for the duration of the current term.

(b) If there is a vacancy with respect to the alternate retired member, the board of retirement shall, by majority vote, appoint a replacement alternate member in the same manner as prescribed in Sections 31520.3 and 31520.5 for the initial appointment of an alternate retired member, who shall serve until the expiration of the current term of the current eighth member.

(c) If an election has been called on the expiration of the term of office of any member or alternate member, or to fill a vacancy for the second, third, seventh, eighth, or alternate seventh member of a board of retirement, and only one candidate has been duly nominated in accordance with the rules established for the holding of that election, the board supervisors shall order that no election be held and shall ~~direct the clerk to~~ cast a unanimous ballot in favor of the candidate.

Section 31523.1 of the Government Code is amended to read:

(a) In the event of a vacancy in the second, third, fourth, or eighth member position on a board of investments established pursuant to Section 31520.2, the board of investments shall cause an election to be held at the earliest possible date to fill the vacancy. The vacancy in the second, third, fourth, or eighth member position shall be filled for the duration of the current term except that, if the remaining portion of the current term on the date of the election is six months or less, a single election may be held to fill the vacancy for the remainder of the current term and to fill the position for the succeeding term.

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(b) If an election has been called on the expiration of the term of office of any member, or to fill a vacancy for the second, third, fourth, or eighth member position of a board of investments, and only one candidate has been duly nominated in accordance with the rules established for the holding of that election, the board ~~supervisors~~ shall order that no election be held and shall ~~direct the clerk to~~ cast a unanimous ballot in favor of the candidate.

7. 31525 – Regulations; approval

Section 31525 of the Government Code is amended to read:

The board may make regulations not inconsistent with this chapter, **the Public Employees' Pension Reform Act of 2013, and any other provisions of law applicable to county retirement systems.** ~~The regulations become effective when approved by the board of supervisors.~~

8. 31580.2 – Annual Budget Limit

Section 31580.2 of the Government Code is amended to read:

~~(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.~~

9. 31591 – Interest Credits

Section 31591 of the Government Code is amended to read:

(a) Regular interest shall be credited semiannually on June 30th and December 31st to all contributions in the retirement fund which have been on deposit for six months

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immediately prior to that date. Interest at the rate of $2\frac{1}{2}$ percent per annum, until otherwise determined by the board, compounded semiannually, shall be used in the calculation of benefits under any mortality table adopted by the board of supervisors.

(b) No interest shall be credited to a member's account after the membership of the member in the retirement association has ceased, except under any of the following circumstances:

(1) The former member has left his or her accumulated contributions in the retirement fund and has either elected, in writing, a deferred retirement allowance, or is eligible to so elect under Section 31700 but has failed to do so.

(2) The surviving spouse of a deceased member or the legally appointed guardian of the member's unmarried children under age 18 has elected to leave a death benefit on deposit as provided for in Section 31781.2.

(3) The former member, regardless of service, has left his or her accumulated contributions in the retirement fund and has not terminated employment.

10. 31611 – Actuarial Valuation

Section 31611 is amended to read:

An actuarial valuation shall be made within one year after the date on which any system established under this chapter becomes effective, and thereafter at intervals not to exceed three years. The valuation shall be conducted under the supervision of an enrolled actuary and shall cover the mortality, service, and compensation experience of the members and beneficiaries, and shall evaluate the assets and liabilities of the retirement fund. Upon the basis of the investigation, valuation, and recommendation of the actuary, the board shall, at least 60 days prior to the beginning of the succeeding fiscal year, transmit ~~recommend~~ to the board of supervisors of such changes in the rates of interest, in the rates of contributions of members, in county and district appropriations as are necessary, and appropriate mortality tables. ~~In making recommendations to the board of supervisors, the board shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. No adjustment shall be included in the new rates for time prior to the effective date of the revision. The cost of actuarial valuations and investigations may, in the sound discretion of the board, be charged against the earnings of the retirement fund.~~

11. 31612 – “Actuarial rate” defined

Section 31612 is amended to read:

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“Actuarial rate” means the interest assumption rate established by the most recent actuarial survey adopted ~~recommended by the board of retirement and adopted by the board of supervisors.~~

12. 31615: Interest

Section 31615 is amended to read:

Regular interest at the actuarial rate, or at the highest rate possible if net earnings, as defined in Section 31613 are not sufficient to credit the full actuarial rate, shall be credited semiannually on June 30 and December 31 to all contributions, reserves, and accounts in the retirement fund, except the Contingency Reserve Account, which have been on deposit for six months immediately prior to those dates.

Interest at the actuarial rate, compounded semiannually, shall be used in the calculation of benefits under any mortality table adopted by the board of supervisors. No interest shall be credited to a member’s account after the termination of the member’s county service, unless the member has elected, in writing, to leave his or her accumulated contributions in the retirement fund and be granted a deferred retirement allowance, or the surviving spouse of a deceased member or the legally appointed guardian of the member’s unmarried children under age 18 has elected to leave a death benefit on deposit as provided for in Section 31781.2.

13. 31616: Reserves

Section 31616 is amended to read:

After the semiannual application of Section 31615, earnings of the retirement fund in excess of the total interest credited to contributions and reserves shall remain in the fund as a reserve against deficiencies in interest earnings, losses on investments, or payments made pursuant to Section 31588.1 or 31589.1, if applicable.

These funds shall be placed in an account known hereafter as the Contingency Reserve Account. The size of this account shall be determined semiannually by the board ~~but shall not exceed 3 percent of the total assets of the retirement fund.~~

If, at the end of any semiannual period, the balance of the Contingency Reserve Account falls below 1 percent of system assets, the board shall, by the end of the subsequent semiannual period, provide funds from earnings of fund assets from the subsequent semiannual period, to bring the level of the Contingency Reserve Account to at least 1 percent of system assets.

No funds in the Contingency Reserve Account shall be available for the payment of benefits.

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Net earnings remaining after the application of this section shall be applied as provided in Sections 31617, 31618, and 31619.