

A G E N D A
O F
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
M E E T I N G

OCTOBER 15, 1980

AGENDA

PERS BOARD OF ADMINISTRATION

OCTOBER 15, 1980

APPROVAL OF SEPTEMBER 17, 1980 MINUTES

INVESTMENTS

MR. PETERSEN

1. INVESTMENT TRANSACTIONS SUMMARY AND APPROVAL OF PUBLIC EMPLOYEES' RETIREMENT FUND TRANSACTIONS
 - a. REPORT ON BOND TRANSACTIONS
 - b. REPORT ON REAL ESTATE/MORTGAGE LOAN TRANSACTIONS
 - c. REPORT ON EQUITY TRANSACTIONS
2. APPROVAL OF LEGISLATORS' RETIREMENT FUND TRANSACTIONS
3. APPROVAL OF JUDGES' RETIREMENT FUND TRANSACTIONS
4. APPROVAL OF PUBLIC EMPLOYEES' CONTINGENCY RESERVE FUND TRANSACTIONS
5. APPROVAL OF VOLUNTEER FIREFIGHTERS LENGTH OF SERVICE AWARD SYSTEM TRANSACTIONS.
6. UPDATE - PERS BUILDING PROGRAM

LEGISLATION

MR. BLECHINGER

- 7-a. 1980 LEGISLATION - FINAL REPORT
- b. OTHER LEGISLATIVE MATTERS

BOARD COMMITTEE/STAFF REPORTS/OTHER ACTIVITIES

MR. BLECHINGER

- 8-a. REPORT OF STAFF ACTIVITIES
- b. OTHER STAFF ITEMS

MR. BLECHINGER

MR. WALTON

MR. MOORE

9. 1981 ANNUAL REPORT TO GOVERNOR AND LEGISLATURE
10. ADOPTION OF BOARD RESOLUTION - FULL-TIME EMPLOYMENT
11. ADOPTION OF REGULATION CHANGE - CONFLICT OF INTEREST CODE
- 11-a. STANDARDIZATION OF CONFLICT OF INTEREST CODE

MR. BLECHINGER

12. PROPOSED CHANGE IN REGULATIONS - EXTENSION OF TERMINATION OF SOCIAL SECURITY AMENDMENT

MR. BLECHINGER

MR. REED

13. BUDGET UPDATE
14. BOARD'S HEALTH COMMITTEE REPORT
- REPORT ON MAIL VOTE - CAHP CONTRACT AMENDMENT

MR. MOORE

15. SUBROGATIONS

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

416 NINTH STREET, P.O. BOX 1953
SACRAMENTO, CALIFORNIA 95809



October 10, 1980

AGENDA ITEM 10

TO: MEMBERS OF THE BOARD OF ADMINISTRATION

SUBJECT: REVISED PROPOSED RESOLUTION 10-3

After the agenda item was mailed to the Board, Staff was informed that there was a discrepancy in Resolution 10-3 as it related to Department of Forestry employees. As presented, employees of work week groups 4D14, 4D15, 4D16, and 4D20 have "an average 72 hours per week as normal full time." It was pointed out this was true for only 4D14 employees but the other groups had different maximums allowed. This was verified with information supplied by the State Personnel Board.

A revised Resolution 10-3 is attached to replace the original version submitted for adoption by the Board. It has been reviewed and approved by the Department of Forestry and the Department of Forestry Employees Association.

A handwritten signature in cursive script that reads "Carl J. Blechinger".

CARL J. BLECHINGER, EXECUTIVE OFFICER

att.

M I N U T E S
O F
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
M E E T I N G

OCTOBER 15, 1980

MINUTES OF THE BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
MEETING HELD
OCTOBER 15, 1980

* * * * *

A meeting of the Board of Administration was held Wednesday, October 15, 1980 at 10:30 a.m. in the West Coast Room, Holiday Inn-Embarcadero, 1355 North Harbor Drive, San Diego, California.

The following Board members were present:

Robert F. Carlson, President
Bill D. Ellis, Vice President
Susanne Morgan, Representing the Director of Finance
Jake Petrosino
Prescott R. Reed
Susan Tohbe
Jack G. Willard

ABSENT: William R. Gianelli
Bartlett T. Grimes
S. Jon Kreedman
Wilson C. Riles, Jr.

There were approximately 70 persons attending the meeting, the greater portion consisting of retirees, many of whom expressed their appreciation for the Board's assistance in passage of legislation increasing the retirement allowances during the 1980 session of the Legislature.

Mr. Ellis read a Board RESOLUTION for JOHN J. KINNEY, Assistant Executive Officer, who is retiring after 33 years of service to the Public Employees' Retirement System. The resolution, as read, was adopted on a motion made by Mr. Ellis, seconded by the Board and carried.

Mr. Carlson announced the Board would meet in executive session at 11:30 a.m. to discuss a personnel matter.

The MINUTES of the September 17, 1980 meeting were approved on MOTION by Mr. Willard, seconded by Mr. Reed and carried.

Mr. Petersen, Chief of Investments, reviewed the INVESTMENT TRANSACTIONS SUMMARY for the month of September, 1980. No action was necessary on this informational item.

Bond, Real Estate/Mortgage Loan and Equity Transactions for the Public Employees' Retirement Fund for September, 1980 were reviewed by Mr. Petersen.

On MOTION made by Ms. Morgan, seconded by Mr. Ellis and carried, the Board approved BOND, REAL ESTATE/MORTGAGE LOANS, and EQUITY TRANSACTIONS for the PUBLIC EMPLOYEES' RETIREMENT FUND for September, 1980 as shown on EXHIBIT I of these Minutes. Mr. Reed abstained from voting on the Security Pacific Corporation transactions.

Transactions for the LEGISLATORS' RETIREMENT FUND for the month of September, 1980 were reviewed by Mr. Petersen. On MOTION made by Mr. Ellis, seconded by Ms. Morgan and carried, the Board approved TRANSACTIONS for the LEGISLATORS' RETIREMENT FUND for September, 1980 as shown on EXHIBIT II of these Minutes. Mr. Reed abstained from voting on the Security Pacific Corporation transactions.

Mr. Petersen reviewed the JUDGES' RETIREMENT FUND TRANSACTIONS for the month of September, 1980. On MOTION made by Mr. Reed, seconded by Mr. Willard and carried, the Board approved the TRANSACTIONS for the JUDGES' RETIREMENT FUND for September, 1980 as shown on EXHIBIT III of these Minutes.

Mr. Petersen noted the short-term purchases and sales for the PUBLIC EMPLOYEES' CONTINGENCY RESERVE FUND for the month of September, 1980. On MOTION made by Ms. Tohbe, seconded by Mr. Petrosino and carried, the Board approved TRANSACTIONS for the PUBLIC EMPLOYEES' CONTINGENCY RESERVE FUND for September, 1980 as shown on EXHIBIT IV of these Minutes. Mr. Reed abstained from voting on the Security Pacific Corporation transactions.

One short-term note purchased for the VOLUNTEER FIREFIGHTERS LENGTH OF SERVICE AWARD FUND was noted for the month of September, 1980. On MOTION made by Mr. Reed, seconded by Mr. Willard and carried, the Board approved a TRANSACTION for the VOLUNTEER FIREFIGHTERS LENGTH OF SERVICE AWARD FUND for September, 1980 as shown on EXHIBIT V of these Minutes.

Mr. Carlson noted there was no report regarding the UPDATE ON PERS BOARD BUILDING PROGRAM. He noted the court case filed by the Environmental Council of Sacramento concerning the Environmental Impact Report will be heard in early November.

Mr. Blechinger, Executive Officer, reviewed the final 1980 LEGISLATIVE SESSION SUMMARY, noting all the Board's bills with the exception of one was signed and chaptered into law.

He noted increases to retirees were contained in AB 2674 and SB 162. The two-year 10% cost of living bonus increase in AB 2674, Chap. 1277, was urgency legislation and the first payment to cover the October, November and December quarterly payment is being processed and expected to be mailed with the December warrant. There will be eight quarterly ad hoc payments and if there is no further legislative action, the payments will cease. The bill provides that after the initial two-year period, the Governor shall consider and may include in the Budget Bill an appropriation to provide supplementary increases in the retirement allowances.

Senate Bill 162, Chapter 799, will increase the lump-sum death benefit for a retired state or school member to \$600. Several retired persons in the audience thanked the Board for increases in their retirement allowances as a result of AB 2674. Representatives of retired member organizations joined in expressing appreciation for the retirement increases also.

Mr. Blechinger assured the Board that as instructed Staff would seek introduction of legislation to correct some technical problems in AB 2674, Chap. 1244. He noted Assemblyman Boatwright, author of AB 2674, had agreed to introduce corrective legislation.

Mr. Blechinger noted there were no OTHER LEGISLATIVE MATTERS to be reported at this time, however, Staff is developing legislative proposals for the 1981 session and these would be ready for the November and December Board meetings. Proposals from interested persons and organizations should be submitted for Board review at the November meeting.

Mr. Aust, representative of the California State Firemens Association, requested Staff research and prepare as a legislative proposal the possibility of allowing continuation of the monthly deductions for payment of military service credit under an industrial disability retirement rather than the amount becoming automatically due and payable upon retirement. Without objection, the Staff was instructed to study the matter and submit it as a 1981 legislative proposal for Board consideration.

Thomas Stead, a former Board member, was introduced.

Mr. Blechinger presented the REPORT OF STAFF ACTIVITIES, which included reports of the various functions of the System outlining September activities. He noted the open enrollment period for health insurance was now in process and the issuance of the annual statements to approximately 700,000 persons had been completed recently. Staff has begun implementing legislation passed this session, and in particular Chap. 1244, AB 2674, which provides a 10% increase in monthly allowances of eligible annuitants payable quarterly through September 30, 1982. Mr. Blechinger noted Staff recently attended the California State Employees' Association General Council and the California State Firemens Association Conference. Mr. Reed expressed appreciation for Staff participation in the last meeting of the California State Employees' Retired Employees' Division Council noting debates and informal discussions held during the conferences benefited the retirees and attendants greatly. Mr. Blechinger noted Staff would also attend and participate in the Retired Public Employees Association General Council later this month.

The ANNUAL REPORT TO THE GOVERNOR AND LEGISLATURE outline was presented by Mr. Blechinger. Without objection the Board approved Staff recommendation to consider the first draft and proposals from interested parties at its November meeting. December 5 will be the deadline for individual Board member comments and suggestions with the final draft ready for Board adoption at the December 12 meeting. The Report is due early in January, 1981.

A revision to the filing date of future Board annual cost-of-living reports was contemplated. It was noted a provision of Chap. 1244, AB 2674, provides that the Governor shall consider and may include in the Budget Bill for each fiscal year an appropriation to provide supplemental increases in retirement allowances. The funding for such changes will be dealt with in the budget process. Therefore, it was recommended the current April filing date be changed. Without objection, the Staff was instructed to include the matter in legislative proposals scheduled for consideration at the November meeting of the Board.

In answer to a query whether the appropriation in the budget process would include school employee retirees, Mr. Blechinger noted the Board would consider the request if presented.

Mr. Walton, Chief of the Accounting Division, presented the PROPOSED RESOLUTION - FULL TIME EMPLOYMENT, noting the proposal had been circulated to all public agencies, employer and employee organizations and other interested parties. Numerous inquiries were received, and after explanation by staff, no objections were raised.

Resolutions establishing a range of 34 to 60 hours for normal full time employment, 72 hours as full time for the appropriate work week groups involved in firefighting for certain state firefighters and a range of hours for Department of Forestry employees who are assigned to work week groups 4D14, 4D15, 4D16, 4D20 and 4D22, were before the Board for adoption.

On MOTION made by Mr. Petrosino, seconded by Mr. Reed and carried, the Board adopted RESOLUTIONS numbered 10-1, 10-2, 10-3 attached to these Minutes to define FULL TIME EMPLOYMENT for PERS purposes.

The Board recessed to meet in Executive Session.

The meeting was reconvened at 1:45 p.m. by President Carlson. Persons in the audience were provided an opportunity to make comments and ask questions.

Mr. Kuhl, Personnel Manager for Helix Water District, presented a legislative proposal for Board consideration. The District's proposal would allow the provision of a cost-of-living benefit above the standard 2% to be provided on a prospective basis to retirees, whereas the cost applied retroactively proved to be prohibitive.

Mr. Collins, California State Employees' Association representative, thanked the Board on behalf of State retirees for help in passage of AB 2674. He also presented resolutions adopted by CSEA for legislative proposals concerning the retirement program. Sponsorship of a bill for an independent budget status for PERS was also noted.

Mr. Aust, California State Firemens Association representative, thanked the Staff for actively participating in the retirement workshop at their recent conference. He offered the Association's proposals for legislation which were taken under submission for study by the Staff legislative committee. He noted a resolution was passed by the members of the Association to support an independent status for PERS.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
PROPOSED RESOLUTION 10-1

WHEREAS, various provisions of the Public Employees' Retirement Law, California Government Code, Sections 20000 through 21500, require Board determination of what constitutes full time employment for purposes of determining member contributions and employer contributions, and also require the Board to determine the average monthly compensation earnable in computing certain retirement and death benefits; and

WHEREAS, the Board of Administration at a meeting held December 11, 1953, took action under which the average time put in by members was determined for the purpose of determining compensation earnable, said action being recorded on page 2152 of the Board Minutes; and

WHEREAS, conditions of employment have changed since that time and will continue to change in the future, making modification of said action taken on December 11, 1953 necessary;

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. That the said action relating to the determination of the average time put in by members and compensation earnable, taken on December 11, 1953 and recorded on Minute page 2152, be, and it is hereby rescinded with respect to service rendered on or after July 1, 1980; and
2. That the Board determine, and it does hereby determine, that only the individual employer can determine what

constitutes the normal work week for full time employment for its employees, provided however, that the Board may establish both minimum and maximum work week periods which it will consider as full time employment for System purposes. Each employer shall inform the Board of the normal work week periods which are considered full time and that such periods are to be established for all employees in the same group such as by department or duties and not by individual employees, and

3. That the Board establish, and it does hereby establish, thirty-four hours per calendar week, four working days per calendar week and nine months per fiscal year as the minimum periods which will be considered full time employment for System purposes and sixty hours per calendar week and six working days per calendar week as the maximum periods which will be considered full time employment for System purposes. Questions regarding full time employment for purposes of determining compensation earnable shall be referred to the System for special consideration if the periods established by an employer as full time employment are not within the minimum and maximum ranges herein specified; and,
4. That the Board establish, and it does hereby establish, fifty-two weeks and twelve months as the average time per year for use in the determination of average monthly or average annual compensation earnable.

RESOLUTION 10-2

WHEREAS, the provisions of the Public Employees' Retirement Law require that retirement allowances, survivor allowances, and death benefits shall be based on the compensation earnable by members for full time employment; and

WHEREAS, the Board of Administration, at a meeting held October 15, 1980, established minimum and maximum time ranges that would be considered full time employment for System purposes; and

WHEREAS, such action further directed that the question of average time put in by members employed on a basis that requires full time service outside the ranges established by the Board be referred to the Board of Administration for special consideration; and

WHEREAS, employees of the State of California State University and Colleges who are employed as firefighters for the protection of State property or structures and who are assigned to work week group 4D21 (State Personnel Board designation) or 4D14 (California State University and Colleges designation) regularly work an average of 72 hours per week; and

WHEREAS, the normal full time compensation earnable is based on a normal 72 hour duty week;

NOW, THEREFORE, BE IT RESOLVED that the Board fix, and it does hereby fix, an average of 72 hours per week as the normal work week for System purposes for State firefighters assigned to work week group 4D21 (State Personnel Board designation) and 4D14 (California State University and Colleges designation).

RESOLUTION 10-3 (Revised)

WHEREAS, the provisions of the Public Employees' Retirement Law require that retirement allowances, survivor allowances, and death benefits shall be based on the compensation earnable by members for full time employment; and

WHEREAS, the Board of Administration, at a meeting held October 15, 1980, established minimum and maximum time ranges that would be considered full time employment for System purposes; and

WHEREAS, such action further directed that the question of average time put in by members employed on a basis that requires full time service outside the ranges established by the Board be referred to the Board of Administration for special consideration; and

WHEREAS, because employees in certain job classes within the Department of Forestry are subject to fire mission assignment and while on such assignment the compensation earnable for normal, full time employment is based on an average duty week of 72 hours for work week group 4D14 (State Personnel Board designation); a minimum average of 40 hours over a five day normal work week but with no maximum number of hours during the normal work week for work week groups 4D15 and 4D16 (State Personnel Board designations); an average of 120 hours over a five day work week for work week group 4D20 (State Personnel Board designation); and an average of 96 hours over a five day work week for work week group 4D22 (State Personnel Board designation); and

WHEREAS, the compensation earnable is adjusted to a base of a regular 40 hour duty week whenever the employees are assigned to nonfire mission duties; and

WHEREAS, fire mission duty assignment is a part of the normal duty assignment of Department of Forestry employees who are assigned to work week groups 4D14, 4D15, 4D16, 4D20, and 4D22;

NOW THEREFORE BE IT RESOLVED that the Board fix, and it does hereby fix, an average duty week of 72 hours for work week group 4D14 (State Personnel Board designation); a minimum average of 40 hours over a five day normal work week but with no maximum number of hours during the normal work week for work week groups 4D15 and 4D16 (State Personnel Board designations); an average of 120 hours over a five day work week for work week group 4D20 (State Personnel Board designation); and an average of 96 hours over a five day work week for work week group 4D22 (State Personnel Board designation) as the normal full time work week for System purposes for Department of Forestry employees while assigned to fire mission duty and an average of 40 hours per week as the normal work week for such employees during nonfire mission assignment.