



Date: August 19, 2026
To: Board of Retirement
From: Doris L. Rentschler, Executive Director
Subject: Administrative Report

Administrative Update

Board Election

The Board of Retirement Election Schedule to fill the General Member 3rd Seat, Retired Member 8th Seat and Retired Member Alternate Member 10th seat is attached for your reference. The Declaration of Candidacy opens tomorrow with declarations due no later than September 11, 2026. If required, the election(s) will be held on November 16, 2026. Please see the attached Board of Retirement Election Schedule.

California Supreme Court Decisions

VCERA v CJAAVC

MCERA has been following this case since 2024. *VCERA v CJAAVC* addresses the treatment of vacation cashout payments that “straddle” years. MCERA submitted a request to publish the Appellate Court decision so the case could be cited and used as precedence in future cases and also submitted a letter in opposition to the Petition for Review. On July 27, 2026, the Supreme Court affirmed the Court of Appeal judgment in *VCERA v Criminal Justice Attorneys Association of Ventura County (CJAAVC)* that certain vacation leave cashout payments are excludable from compensation earnable to avoid “pension-spiking”.

LACERA v LA County

On August 3rd, the California Supreme Court issued a split 4-3 decision in *Los Angeles County Employees Retirement Assn. v. County of Los Angeles*, ruling that CERL system County retirement boards do not have authority to make the final decision to establish job classifications or salary levels for retirement system employees. Instead, it is the board of supervisors that makes the decision. The Supreme Court overturned a Court of Appeal decision that reached the opposite conclusion.

The Supreme Court rejected the Court of Appeal’s conclusion that “plenary authority” means that retirement boards have “complete and absolute” authority. The decision clarified that Proposition 162 (passed by the voters in 1992) grants a retirement board plenary authority over only the areas it addresses, such as management of system assets and the delivery of benefits and services.

The Supreme Court did recognize, however, that counties and retirement boards must engage in a collaborative process. The court stated: “The statutory framework makes clear that county power over retirement board staffing decisions is not unfettered. The obligation to work reasonably and collaboratively falls on both retirement boards and boards of supervisors. Such an approach allows decision making informed by the retirement board’s specialized expertise and the supervisors’ obligation to operate the overall civil service system as the Constitution and applicable legislation requires.” The court went on to say: “What work is necessary, and the staff needed to do it, are properly considered to fall within the retirement board’s authority over system administration and service delivery. A county board of supervisors is not free to arbitrarily ignore or override a retirement board’s reasonable decisions about the staff it needs to operate the retirement system and manage its investments effectively.”

The Court noted that final decisions made by a board of supervisors are subject to judicial review for abuse of discretion and that a retirement board may pursue a writ of mandate in Superior Court if a county unreasonably delays or withholds its approval of the retirement board’s recommendations.

SACRS Fall Conference

SACRS Fall Conference will be held November 10th-13th at the Omni Rancho Las Palmas Resort in Rancho Mirage. MCERA is still holding 2 rooms for trustees who wish to attend. Any unneeded rooms will be released on Friday, August 28th. If you plan to attend and have not already notified Judy, please do so immediately.

SACRS Legislative Update

Please see the attached legislative update.

Attachments:

1. Board of Retirement Election Schedule
2. SACRS Legislative Update