



Sacramento Regional Transit District Agenda

**COMBINED SPECIAL MEETING OF THE RETIREMENT BOARDS FOR THE EMPLOYEES AND RETIREES OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT
9:00 A.M., WEDNESDAY, JULY 28, 2021 via Webex**

Join from the meeting link: <https://sacrt-046d-16ae.my.webex.com/join/rmatthews>

Call in: 1-510-338-9438 Access Code: 126 931 3879

Webex App: Join Meeting # 126 931 3879

Online: Go to www.webex.com and click Join Meeting. Enter Meeting # 126 931 3879

MEETING NOTE: *This is a joint and concurrent meeting of the five independent Retirement Boards for the pension plans for the employees and retirees of the Sacramento Regional Transit District. This single, combined agenda designates which items will be subject to action by which board(s). Members of each board may be present for the other boards' discussions and actions, except during individual closed sessions.*

ROLL CALL

ATU Retirement Board: Directors: Li, Kennedy, Niz, McGee Lee
Alternates: Jennings, Land

IBEW Retirement Board: Directors: Li, Kennedy, Bibbs, McCleskey
Alternates: Jennings, Pickering

AEA Retirement Board: Directors: Li, Kennedy, Devorak, McGoldrick
Alternates: Jennings, Santhanakrishnan

AFSCME Retirement Board: Directors: Li, Kennedy, Guimond, Thompson
Alternates: Jennings, Salva

MCEG Retirement Board: Directors: Li, Kennedy, Ham, Norman
Alternates: Jennings, Flores

PUBLIC ADDRESSES BOARD ON MATTERS ON CONSENT AND MATTERS NOT ON THE AGENDA

At this time the public may address the Retirement Board(s) on subject matters pertaining to Retirement Board business listed on the Consent Calendar, any Closed Sessions or items not listed on the agenda. Remarks may be limited to 3 minutes subject to the discretion of the Common Chair. While the Retirement Boards encourage your comments, State law prevents the Boards from discussing items that are not set forth on this meeting agenda. The Boards and staff take your comments very seriously and, if appropriate, will follow up on them.

NEW BUSINESS

	<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
1.Information: Pensionable Compensation for PEPRA Members. (All) (Gobel)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2.Resolution: Approving a Disability Retirement Application for Michael Hansen (IBEW). (Gobel)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.Resolution: Approving a Disability Retirement Application for Ryan Johnston (IBEW). (Gobel)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ADJOURN

NOTICE TO THE PUBLIC

It is the policy of the Boards of Directors of the Sacramento Regional Transit District Retirement Plans to encourage participation in the meetings of the Boards of Directors. At each open meeting, members of the public shall be provided with an opportunity to directly address the Board on items of interest to the public that are within the subject matter jurisdiction of the Boards.

This agenda may be amended up to 72 hours prior to the meeting being held. An agenda, in final form, is located by the front door of Regional Transit's building at 1400 – 29th Street and posted to SacRT's website at www.sacrt.com.

Any person(s) requiring accessible formats of the agenda or assisted listening devices/sign language interpreters should contact the Human Resources Pension and Retiree Services Administrator at 916-556-0296 or TDD 916/483-4327 at least 72 business hours in advance of the Board Meeting.

Copies of staff reports or other written documentation relating to each item of business referred to on the agenda are on file with the Human Resources Administrative Technician at 916-556-0298 and/or Clerk to the Board of Directors of the Sacramento Regional Transit District and are available for public inspection at 1400 29th Street, Sacramento, CA. Any person who has questions concerning any agenda item may call the Human Resources Administrative Technician of Sacramento Regional Transit District to make inquiry.



RETIREMENT BOARD STAFF REPORT

DATE: July 28, 2021

Agenda Item: 1

TO: Sacramento Regional Transit Retirement Boards – All

FROM: John Gobel - Manager, Pension and Retirement Services

SUBJ: Information on Pensionable Compensation for PEPRA Members

RECOMMENDATION

No Recommendation - Information Only

RESULT OF RECOMMENDED ACTION

John Gobel, Manager of Pension and Retirement Services, will present information on the California Public Employees' Pension Reform Act of 2013 ("PEPRA") for the ATU, IBEW and Salaried Retirement Plans. In doing so, Mr. Gobel will also discuss staff's work to develop a Policy on Pensionable Compensation for the Retirement Boards' consideration later this year.

FISCAL IMPACT

There is no fiscal impact associated with this Informational Staff Report.

DISCUSSION

Implementation of PEPRA at SacRT

PEPRA was signed into law on September 12, 2002 and established a number of new pension provisions for most employees hired on and after January 1, 2013. These provisions included lower-cost pension formulas, mandatory employee contributions, and a limit on the amount of annual wages used to compute retirement benefits for "new members" of public pension plans in California.

Pursuant to various objections to the law and litigation involving the Sacramento Regional Transit District ("SacRT"), application of the new retirement provisions was postponed for transit employees and PEPRA was later amended to read as it does today:

[T]his article shall not apply to a public employee whose interests are protected under Section 5333(b) of Title 49 of the United States Code until a federal district court rules that the United States Secretary of Labor, or his or her designee, erred

in determining that the application of this article precludes certification under that section, or until January 1, 2016, whichever is sooner.

[California Government Code § 7522.02(a)(3)(A)]

Ultimately, the pension formula and other retirement provisions prescribed by PEPRA were effected for employees hired after the expiration of collective bargaining agreements in place when PEPRA became applicable to SacRT. For the IBEW and Salaried Plans, SacRT implemented the new pension formula and began collecting employee contributions from new members enrolled on and after 1/1/2015. For the ATU Plan, SacRT implemented the new pension formula and began collecting employee contributions from new members enrolled on and after 1/1/2016.

Impact of “Pensionable Compensation” for New Members

PEPRA also restricts the kinds of pay or remuneration that can be used to determine final average salaries for new members and to determine the contributions required for plan participation. This “pensionable compensation” is used to compute the retirement benefits of new members and defined by PEPRA as follows:

the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a fulltime basis during normal working hours, pursuant to publicly available pay schedules, subject to certain exclusions listed in the statute.

Pay items specifically excluded from the definition of “pensionable compensation” under PEPRA include: ad hoc or one-time payments; severance pay received while employed; vacation and other leave cash-outs; overtime; uniform, car and housing allowances; and bonuses. No employer or employee contributions are required to be made with respect to any pay items that are not pensionable compensation.

While PEPRA affirms that pension-eligible pay for new members should reflect “the normal monthly rate of pay or base pay” by excluding elements of remuneration like those listed above, it also allows for the exclusion of additional elements identified by a public retirement board:

- (1) Any compensation determined by the retirement plan’s governing board to have been paid to increase a member’s retirement benefit under that plan, and
- (2) Any other form of compensation a public retirement board determines is inconsistent with the statutory requirements regarding the definition of “pensionable compensation” or should not be pensionable compensation.

Status of Plan Documents and Need for Administrative Clarity

Retirement benefits for an employee hired into a SacRT position in the ATU, IBEW or Salaried Retirement Plan under PEPRA are based on the member's "pensionable compensation" as that term is defined in the PEPRA statute. The three Retirement Plan documents are currently being restated, and Staff anticipates that the new Plan documents will define "Compensation" for PEPRA members by reference to the PEPRA definition of "pensionable compensation."¹

Staff is currently reviewing information in advance of processing the first PEPRA member retirement application, which includes careful analysis of what pay elements earned by the employee are to be used when determining the member's retirement benefit. This type of analysis is more complicated when members and SacRT have made pension contributions with respect to items of pay that are not included in the PEPRA definition of "pensionable compensation."

Plan for Further Action

While some administrative measures already have been taken to address PEPRA implementation, additional administrative and operational changes likely will be necessary to ensure that the Plans conform with PEPRA. Relevant here, and in anticipation of new Plan documents that include a definition of "pensionable compensation" for PEPRA members, staff will propose that the Retirement Boards adopt a Policy on Pensionable Compensation ("Policy") later this year. The Policy will provide administrative guidance to staff in implementing both PEPRA and the new Plan provisions relative to "pensionable compensation."

In addition, the new Plan documents may provide that there could be circumstances in which one or more of the Retirement Boards would need to make a determination that a particular form of compensation is not "pensionable compensation" within the meaning of PEPRA. Accordingly, staff anticipates that the Policy will provide a framework for making this determination, should the need arise.

Staff is planning to provide a draft Policy to the Retirement Boards for review at the September Quarterly Retirement Boards Meeting.

¹ Draft Plan restatements are scheduled to be available for review by Staff and the Retirement Boards' legal counsel next month.



RETIREMENT BOARD STAFF REPORT

DATE: July 28, 2021 Agenda Item: 2
TO: Sacramento Regional Transit Retirement Board – IBEW
FROM: John Gobel - Manager, Pension and Retirement Services
SUBJ: Approval of Disability Retirement Application by Michael Hansen - IBEW

RECOMMENDATION

Adopt the attached Resolution approving the Disability Retirement Application of Michael Hansen (hereinafter “Applicant”).

RESULT OF RECOMMENDED ACTION

Subject to final determination by the IBEW Retirement Board, Applicant will be awarded a Disability Retirement and receive a lifetime Disability Retirement Allowance from the Retirement Plan Between International Brotherhood of Electrical Workers Local Union 1245, AFL-CIO and Sacramento Regional Transit District (hereinafter the “IBEW Plan”).

FISCAL IMPACT

The IBEW Plan provides Disability Retirement and Service Retirement benefits to members who meet the applicable criteria. Absent a Disability Retirement award, Applicant will not be eligible to request or receive a comparable Retirement Allowance until December 2039.

DISCUSSION

Background: Applicant began working for the Sacramento Regional Transit District in April 2012 and assumed his current job classification, Mechanic A, in August 2017. Applicant remains employed by SacRT and has been on an approved leave of absence since February 2020. Applicant submitted a Disability Retirement Application on October 23, 2020.

In accordance with the Policy for Processing Disability Retirements for all Retirement Boards, Staff contacted the Retirement Plans' newly-engaged disability examination firm, National Disability Evaluations, in April 2021 and scheduled a virtual independent medical examination (“IME”) for June 2021. Thereafter, the examining physician reviewed the evidentiary catalog compiled by Staff (which included Applicant’s job description,

accommodation records, and approximately 350 pages of medical records), interviewed Applicant, and issued a written report with responses to standard questions from Staff.

Eligibility: Applicant is a member of the IBEW Plan pursuant to Article 3 of the plan document.

Vesting: Applicant has completed at least 5 Years of Service and achieved full vesting pursuant to Article 5 of the plan document.

Status: Applicant is an Eligible Employee under Article 2 of the plan document.

Disability: Andrew Schreiber, M.D., examined Applicant on June 2, 2021 and Staff received the IME report on June 28, 2021. Therein, Dr. Schreiber concluded that the condition(s) asserted as part of the Disability Retirement Application are permanent and render Applicant incapable of performing the duties of his position as a Mechanic A. Consistent with these conclusions, Dr. Schreiber also recommended the granting of a Disability Retirement.

Allowance: Upon approval by the Retirement Board, Staff will direct the IBEW Plan's actuary to prepare a benefit calculation and quantify the Disability Retirement Allowance payable to Applicant.

RESOLUTION NO. 21-07 _____

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors of the Retirement Plan Between International Brotherhood of Electrical Workers Local Union 1245, AFL-CIO and Sacramento Regional Transit District on this date:

July 28, 2021

Approve Disability Retirement Application for Michael Hansen

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT FOR EMPLOYEES WHO ARE MEMBERS OF THE IBEW LOCAL UNION 1245, AFL-CIO AS FOLLOWS:

THAT, the Board of Directors of the Retirement Plan Between International Brotherhood of Electrical Workers Local Union 1245, AFL-CIO and Sacramento Regional Transit District (Retirement Board) hereby approves the disability retirement application for Michael Hansen.

CONSTANCE BIBBS, Chair

ATTEST:

Henry Li, Secretary

By:

John Gobel, Assistant Secretary



RETIREMENT BOARD STAFF REPORT

DATE: July 28, 2021 Agenda Item: 3
TO: Sacramento Regional Transit Retirement Board – IBEW
FROM: John Gobel - Manager, Pension and Retirement Services
SUBJ: Approval of Disability Retirement Application by Ryan Johnston - IBEW

RECOMMENDATION

Adopt the attached Resolution approving the Disability Retirement Application of Ryan Johnston (hereinafter “Applicant”).

RESULT OF RECOMMENDED ACTION

Subject to final determination by the IBEW Retirement Board, Applicant will be awarded a Disability Retirement and receive a lifetime Disability Retirement Allowance from the Retirement Plan Between International Brotherhood of Electrical Workers Local Union 1245, AFL-CIO and Sacramento Regional Transit District (hereinafter the “IBEW Plan”).

FISCAL IMPACT

The IBEW Plan provides Disability Retirement and Service Retirement benefits to members who meet the applicable criteria. Absent a Disability Retirement award, Applicant will not be eligible to request or receive a comparable Retirement Allowance until July 2032.

DISCUSSION

Background: Applicant was hired by the Sacramento Regional Transit District in October 2014 and has held his current job classification, Light Rail Vehicle Technician, from his date of hire to the present. Applicant remains employed by SacRT and has been on an approved leave of absence since September 2019. Applicant submitted a Disability Retirement Application on December 17, 2020.

In accordance with the Policy for Processing Disability Retirements for all Retirement Boards, Staff contacted the Retirement Plans’ newly-engaged disability examination firm, National Disability Evaluations, in May 2021 and scheduled a virtual independent medical examination (“IME”) for June 2021. Thereafter, the examining physician reviewed the evidentiary catalog compiled by Staff (which included Applicant’s job description,

accommodation records, and approximately 600 pages of medical records), interviewed Applicant, and issued a written report with responses to standard questions from Staff.

Eligibility: Applicant is a member of the IBEW Plan pursuant to Article 3 of the plan document.

Vesting: Applicant has completed at least 5 Years of Service and achieved full vesting pursuant to Article 5 of the plan document.

Status: Applicant is an Eligible Employee under Article 2 of the plan document.

Disability: Michael G. Klassen, M.D., examined Applicant on June 30, 2021 and Staff received the IME report on July 9, 2021. Therein, Dr. Klassen concluded that the condition(s) asserted as part of the Disability Retirement Application are permanent and render Applicant incapable of performing the duties of his position as a Light Rail Vehicle Technician. Consistent with these conclusions, Dr. Klassen also recommended the granting of a Disability Retirement.

Allowance: Upon approval by the Retirement Board, Staff will direct the IBEW Plan's actuary to prepare a benefit calculation and quantify the Disability Retirement Allowance payable to Applicant.

RESOLUTION NO. 21 07- _____

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors of the Retirement Plan Between International Brotherhood of Electrical Workers Local Union 1245, AFL-CIO and Sacramento Regional Transit District on this date:

July 28, 2021

Approve Disability Retirement Application for Ryan Johnston

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT FOR EMPLOYEES WHO ARE MEMBERS OF THE IBEW LOCAL UNION 1245, AFL-CIO AS FOLLOWS:

THAT, the Board of Directors of the Retirement Plan Between International Brotherhood of Electrical Workers Local Union 1245, AFL-CIO and Sacramento Regional Transit District (Retirement Board) hereby approves the disability retirement application for Ryan Johnston.

CONSTANCE BIBBS, Chair

ATTEST:

Henry Li, Secretary

By:

John Gobel, Assistant Secretary