

MCERA RETIREMENT BOARD MEETING AGENDA
THURSDAY, JULY 12, 2018
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
3199 M STREET, MERCED, CA 95348

Please turn your cell phone or other electronic device to non-audible mode and please refrain from using them during the Board meeting.

CALL TO ORDER: 8:15 A.M.

- ROLL CALL.
- APPROVAL OF MINUTES – June 28, 2018.

PUBLIC COMMENT

Members of the public may comment on any item under the Board's jurisdiction. Matters presented under this item will not be discussed or acted upon by the Board at this time. For agenda items, the public may make comments at the time the item comes up for Board consideration. Persons addressing the Board will be limited to a maximum of five (5) minutes in total. Please state your name for the record.

CLOSED SESSION

As provided in the Ralph M. Brown Act, Government Code sections 54950 et seq., the Board may meet in closed session with members of its staff, county employees and its attorneys. These sessions are not open to the public and may not be attended by members of the public. The matters the Board will meet on in closed session are identified below. Any public reports of action taken in the closed session will be made in accordance with Government Code sections 54957.1.

(1) DISABILITY RETIREMENT APPLICATIONS: PERSONNEL EXCEPTION

(Govt. Code § § 54957, 31532; Cal Const. art. I, § 1)

1. Disability update and possible action:

- a. Arroyo, Elizabeth
- b. Estep, Jason
- c. Ramirez, Linda
- d. Ramirez, Rosalva
- e. Smith, Derrell
- f. Valizan, Matthew
- g. Winder, Trudy

(2) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

(Govt. Code § 54956.9(a))

Hernandez-Guzman v. MCERA, Merced County Superior Court case no. 18CV-00874.

RETURN TO OPEN SESSION

Report on any action taken in closed session.

CONSENT CALENDAR

Consent matters are expected to be routine and may be acted upon, without discussion, as one unit. If an item is taken off the Consent Calendar for discussion, it will be heard as the last item(s) of the Board Action/Discussion as appropriate.

RETIREMENTS: Pursuant to Govt. Code § 31663.25 or § 31672

All items of earnable compensation for service or disability retirements listed below are in compliance with the pay code schedule approved by the Board of Retirement. The retirement is authorized; however, administrative adjustments may be necessary to alter the amount due to: audit, late arrival of data, court order, etc.

a. Lucas, Thomas	Health	5 Yrs. Svc.	Eff. 06/19/2018
b. Gallegos, George W.	Probation	16 Yrs. Svc.	Eff. 06/29/2018
c. Baker, James	Solid Waste	1 Yrs. Svc.	Eff. 07/01/2018
d. Thomas Jr., Carrol P.	Fire	3 Yrs. Svc.	Eff. 07/05/2018
e. Parreira-Alberti, Patrice	Spring Fair	12 Yrs. Svc.	Eff. 07/07/2018
f. Ward, Kissy (SCD)	Risk Management	8 Yrs. Svc.	Eff. 01/25/2016 *
g. Ruiz, Luis	BH/Alch & Drug	16 Yrs. Svc.	Eff. 06/08/2018
h. Brown, Anthony	Sheriff	16 Yrs. Svc.	Eff. 06/18/2018
i. Gonzalez, Jose M.	BH/Alch & Drug	6 Yrs. Svc.	Eff. 07/13/2018
j. Wall, Nichol (SCD)	Sheriff/Coroner	8 Yrs. Svc.	Eff. 01/12/2018*
k. Stanford, Lorinda	BHRS	1 Yrs. Svc.	Eff. 06/07/2018**

* Added to prior fiscal years

**2nd Retirement

YTD fiscal year 2018/2019 retirees: 009

YTD fiscal year 2017/2018 retirees: 098

YTD fiscal year 2016/2017 retirees: 082

REFUND OF SERVICE PURCHASE: None.

DEATH BENEFIT: None.

MONTHLY BUDGET REPORT: None.

REGULAR CALENDAR

BOARD ACTION¹/DISCUSSION

1. Election of MCERA Board of Retirement Officers (Chair, Vice Chair, Secretary) for FY 2018/2019 – Chair.
2. Update trustee compliance records for MCERA’s Conflict of Interest and Board Governance Policy - Staff.
3. Review and possible action on Legislative Update – Staff.
4. Review calendar of any training sessions and authorize expenditures for Trustees and Plan Administrator. Pursuant to Govt. Code § 31522.8 and MCERA’s Trustees Education and Training Policy requirements. Examples of upcoming training and educational sessions:

¹ “Action” means that the Board may dispose of any item by any action, including but not limited to the following acts: approve, disapprove, authorize, modify, defer, table, take no action, or receive and file.

- a. CALAPRS Principles of Pension Management for Trustees, August 27-30, 2018, Malibu, CA.
- b. CALAPRS Benefits and Attorney Round Table and Course in Disability Administration, September 20-21, 2018, Glendale, CA.
- c. CALAPRS Administrators Institute, September 26-28, 2018, Carmel, CA.
- d. SACRS Fall Conference, November 13-18, 2018, Indian Wells, CA.

INFORMATION ONLY

ADJOURNMENT

All supporting documentation is available for public review in the office of the Merced County Employees' Retirement Association, 3199 M Street, Merced, California, 95348 during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Friday.

The Agenda is available online at www.co.merced.ca.us/retirement

Any material related to an item on this Agenda submitted to the Merced County Employees' Retirement Association, after distribution of the Agenda packet is available for public inspection in the office of the Merced County Employees' Retirement Association.

Persons who require accommodation for a disability in order to review an agenda, or to participate in a meeting of the Merced County Employees' Retirement Association per the American Disabilities Act (ADA), may obtain assistance by requesting such accommodation in writing addressed to Merced County Employees' Association, 3199 M Street, Merced, CA 95348 or telephonically by calling (209) 726-2724. Any such request for accommodation should be made at least 48 hours prior to the scheduled meeting for which assistance is requested.

**MCERA RETIREMENT BOARD MEETING MINUTES
THURSDAY, JUNE 28, 2018
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
3199 M STREET, MERCED, CA 95348**

ROLL CALL: 8:15 A.M.

Board Members Present: Darlene Ingersoll, Ryan Paskin, Karen Adams, David Ness, Michael Rhodes, Jerald O'Banion, Sandy Teague, Janey Cabral, Al Peterson, and Samuel Spangler. **Counsel:** Forrest Hansen. **Staff:** Kristen Santos, Angelo Lamas, Mark Harman, Michelle Lee, Sheri Villagrana, Brenda Mojica. **Other:** Kathy Barchick, Cliffwater; Mika Malone, Paola Nealon, Meketa.

Absent: Jason Goins.

APPROVAL OF MINUTES: June 14, 2018.

Motion to approve the June 14, 2018 meeting minutes.

Teague/O'Banion U/A (9-0)

PUBLIC COMMENT

No public comment.

CLOSED SESSION

The meeting went into closed session.

RETURN TO OPEN SESSION

(1) DISABILITY RETIREMENT APPLICATIONS: PERSONNEL EXCEPTION

(Govt. Code § § 54957, 31532; Cal Const. art. I, § 1)

1. Informal Hearing with possible action:

a. Nichol Wall

Motion to approve a service connected disability and deny a nonservice connected disability for Nichol Wall.

Ness/Paskin U/A (9-0)

(2) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

(Govt. Code § 54956.9(a))

Hernandez-Guzman v. MCERA, Merced County Superior Court case no. 18CV-00874

No action.

(3) DISCUSSION AND POSSIBLE ACTION REGARDING INVESTMENTS IN RECOMMENDED FUNDS, ROLL CALL VOTE REQUIRED.

(Govt. Code § 54956.81)

Discussion and possible adoption of two private equity investment manager and fund recommendations – Cliffwater.

MCERA Board of Retirement voted to approve an investment of \$5MM in Accel-KKR Growth Capital Partners Fund III and \$5MM in TCV X, LP pending legal review of all documents and delegate authority to Plan Administrator to execute all fund documents.

Paskin/Adams U/A (9-0)

Roll Call Vote:

Yes – Peterson, Adams, Cabral, Teague, Spangler, O’Banion, Ness, Paskin, Ingersoll.

REGULAR CALENDAR

BOARD ACTION¹/DISCUSSION

1. Presentation and possible action on Cliffwater Quarterly performance as of December 31, 2017 – Cliffwater.
No action.
2. Presentation and discussion of the May 2018 Monthly Flash Investment Performance Report and market update with possible board action on any funds – Meketa Investment Group.
No action.
3. Presentation and possible action to approve functional asset allocation categorization and Phase II asset allocation review – Meketa Investment Group.
No action.
4. Discussion and possible action to adopt the proposed interest crediting rates for the reserve balances for active, retiree, and employer on June 30, 2018 – Staff.
Motion to adopt the recommended interest crediting rates of 0.74% to Active reserves and 3.56% to Retiree and Employer reserves.
Ness/Peterson U/A (9-0)
5. Update on additional 160 vacation payout hours and implementation – Staff.
No action.
6. Review calendar of any training sessions and authorize expenditures for Trustees and Plan Administrator. Pursuant to Govt. Code § 31522.8 and MCERA’s Trustees Education and Training Policy requirements. Examples of upcoming training and educational sessions:
 - a. SACRS UC Berkeley Program, July 15-18, 2018, Berkeley, CA.
 - b. CALAPRS Principles of Pension Management for Trustees, August 27-30, 2018, Malibu, CA.
 - c. CALAPRS Benefits and Attorney Round Table and Course in Disability Administration, September 20-21, 2018, Glendale, CA.
 - d. CALAPRS Administrators Institute, September 26-28, 2018, Carmel, CA.
 - e. SACRS Fall Conference, November 13-18, 2018, Indian Wells, CA.**Approval for Board Members Adams, Cabral and Rhodes to attend the SACRS Fall Conference in Indian Wells, CA on November 13-18, 2018.**
Paskin/O’Banion U/A (9-0)

¹ “Action” means that the Board may dispose of any item by any action, including but not limited to the following acts: approve, disapprove, authorize, modify, defer, table, take no action, or receive and file.

INFORMATION ONLY

Plan Administrator reported that Board Members' payments are due for Fiduciary Insurance July 2018.

Mark Harman informed the Board that there will be no monthly nor quarterly budget reports provided during the July meetings because MCERA will be in the midst of closing year-end expenses. The next report will be in September.

ADJOURNMENT

The meeting adjourned at 10:43 a.m.

Respectfully submitted,

Darlene Ingersoll, Chair

Al Peterson, Secretary

Date

**MERCED EMPLOYEES' RETIREMENT ASSOCIATION
RESOLUTION NO. 2007-03
PERTAINING TO Conflict of Interest and Board Governance**

WHEREAS, the Merced County Employees' Retirement Association ("MCERA") is an independent fiduciary board whose members function as pension trustees under the authority of the County Employees Retirement Law of 1937 (Government Code Title 3, Division 4, Sections 31450-31899.10), governed by the principles of Article 16, Section 17 of the California Constitution ("Proposition 162").

WHEREAS, MCERA was established July 1, 1950, as an organization that was created to administer retirement benefits; and,

WHEREAS, the actions of MCERA affect County officials, employee members, retired members and government sponsors; and,

WHEREAS, the Board desires that the Conflict of Interest Board Governance Policy be formally recognized as an MCERA Board of Retirement Resolution.

NOW THEREFORE, IT IS HEREBY RESOLVED by the Board of Retirement of MCERA that in furtherance of its duties as fiduciaries and Trustees responsible for MCERA, the following Board Governance Policy is adopted as follows:

FIDUCIARY DUTIES:

- A) Irrespective of their other capacities, Trustees shall discharge their duties with respect to the retirement system solely in the interests of, and for the exclusive purposes of, providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system, with the duty to the participants and beneficiaries taking precedence over any other duty.
- B) Trustees shall execute their duties as set forth in the County Employees' Retirement Law of 1937, as amended, with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- C) The members of the retirement board shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.
- D) Trustees shall avoid activities which may impair the ability to exercise independent judgment in the discharge of official duties.

- E) Trustees and designated staff shall comply with the gift limitation provisions and the prohibition on acceptance of honoraria under California Government Code Sections 89500 et seq.
- F) As part of their fiduciary responsibilities and conduct, Trustees shall act in a professional and appropriate manner at all times. Accordingly, Trustees shall never misuse or abuse their influence. Engagement in any criminal activity is prohibited and grounds for dismissal, subject to applicable law. Safeguarding the trust of fund beneficiaries is paramount. Conflicts of interest, gifts, favors, payments, or other forms of compensation, which subordinate the responsibilities of Trustees owed to MCERA in favor of private gains, are unacceptable.
- G) In those situations where the law is not clear, the best interests of the fund beneficiaries must be served. Conscience is critical. Good ends never justify immoral means.
- H) Trustees shall provide fair and equal treatment for all persons and matters coming before the Board or any Board committee.
- I) In the conduct of Trustee business, Trustees shall refrain from abusive or disruptive conduct, personal charges or verbal attacks upon the character, motives, ethics, or morals of others. Moreover, Trustees have an obligation to report to the appropriate authority or venue any activities of others that they believe may be inappropriate in the conduct of MCERA affairs.
- J) No Board member shall receive special consideration, treatment or advantage from the Retirement Board or Retirement Board staff beyond that which is available to every other individual.
- K) Trustees should direct questions on plan benefits to the Retirement Administrator. Trustees shall not provide specific advice or counsel to plan members with respect to the rights or benefits to which a plan member may be entitled.
- L) Board members shall not individually direct the work of Board staff or Counsel, unless authorized by the Board, nor shall any attempt to influence the content of reports from staff or consultants.
- M) No Trustee shall use his or her official position to secure a special privilege or exemption for him or herself, or on the behalf of others.
- N) No Trustee shall obtain or use for personal reasons or for private gain any confidential information acquired as a result of his or her position as a Trustee.

BOARD MEETING:

- A) Each member to the MCERA Board shall diligently attend to the business of the Board on which he or she serves, and shall not leave to the other members of the Board control over the administration of the affairs of such Board.
- B) In recognition of their fiduciary duty, which supersedes all other duties (with respect to the operation of the Plan), all Board members shall prepare for, attend and participate in all Board meetings unless unable to do so because of compelling reasons. Generally, scheduling conflicts is not compelling reasons excusing Board members attendance. Board members should schedule vacations and personal business to accommodate Board meetings and, where conflicts arise, provide sufficient notice so that Board meetings could be rescheduled if necessary. Wherever possible, the Board shall accommodate the calendars of individual Board members when scheduling special Board meetings.
- C) Board members shall listen courteously to all discussions at meetings and avoid interrupting other speakers, including other Board members, staff or committee members, except as may be permitted by established Rules of Order.
- D) Trustees shall abide by the provisions of Government Code Section 54963, which prohibits the disclosure of confidential information acquired during authorized closed sessions. No one shall obtain or use any confidential information for personal reasons or for private gain for one's self or for another.
- E) Violation of this Code of Conduct is grounds to remove the offender from the position of Chair or Vice-Chair of the Retirement Board or from any Retirement Board Committee, or from any other assignment on behalf of the Retirement Board, and may also subject the offender to censorship by the Retirement Board.

CONFLICT:

- A) Trustees shall abide by the provisions of California Government Code Sections 1090 et seq., which prohibit Board Members from being financially interested, directly, or indirectly, in any contract made by the Board.
- B) Trustees shall be accountable for recognizing a potential or actual conflict of interest and for disqualifying themselves from making, participating in, or attempting to influence Board decisions which may affect any of their financial interests or those of a family member.
- C) Trustees shall not become an endorser, surety, or obligor on, or have any personal interest, direct or indirect, in the making of any investment for the Board, or in the gains or profits accruing there from.

D) No Trustee shall engage in any employment, activity, or enterprise for compensation which is inconsistent, incompatible or in conflict with his or her duties as a member of the Board, nor represent themselves as a MCERA representative at any events or functions unless their attendance is approved by the MCERA Board or they have been designated to act on behalf of the Board.

E) Each member of the MCERA Board shall comply with California Government Code Section 87100 that prohibits a MCERA Board member from attempting in any way to influence a MCERA decision in which the Board member has a financial interest. An MCERA Board member is deemed to have a financial interest if all of the following are present:

- 1) It is reasonably foreseeable that the decision will have a financial effect;
- 2) The anticipated financial effect is on a financial interest of the Board member;
- 3) The anticipated financial effect is material; and
- 4) The decision's financial effect on the Board member's financial interest is Distinguishable from its effect on the public generally.

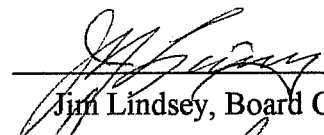
RESOLVED, that this Resolution is PASSED AND APPROVED by Board of Retirement of the Merced County Employees' Retirement Association on the 9 day of November, 2007 and shall be effective on the 9 day of November 2007.

AYES: Baker, Kinchloe, Busby, Adams, Gilsdorf, Rodriguez, and Ness

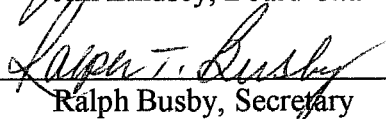
NOES:

ABSTAIN:

ABSENT: Lindsey and Crookham

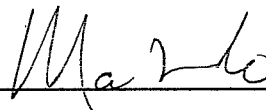


Jim Lindsey, Board Chair



Ralph Busby, Secretary

I hereby certify that on the 9 day of November 2007, the Board of Retirement of MercedCounty Employees' Retirement Association made and adopted this Resolution.



Maria L. Arevalo, MCERA Plan Administrator

MCERA
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

3199 M Street • Merced, California 95348 • Telephone 209-726-2724 • Fax 209-725-3637
www.co.merced.ca.us/retirement

July 12, 2018

Acknowledgement

Pursuant to the terms of the Merced County Employees' Retirement Association (MCERA) Conflict of Interest and Board Governance Policy, members of the Board will on an annual basis, review and acknowledge the terms of the policy.

I acknowledge that I have received a copy of the Board of Retirement Resolution 2007-03 pertaining to Conflict of Interest and Board Governance.

I understand it is my responsibility to read and understand said Resolution and I further acknowledge that I will, to the best of my ability, adhere to the provisions herein.

Signature

Date

Legislative Review of Proposed Legislation for 1937 Act Systems

June 25, 2018

State Legislation

AB 283, Cooper. County employees' retirement: permanent incapacity.

Re: Amends section 31720 of the Government Code.

Status: Hearing canceled at the request of author – July 10, 2017.

This bill would require, for purposes of determining permanent incapacity for any member who is employed in a position classified as a peace officer under Section 830 of the Penal Code, that in determining permanent incapacity pursuant to subdivision (a), the member, based on the standards specified in Section 1031, shall be evaluated by the existing procedure established by the retirement system, to determine if that member can perform all of the usual and customary duties of a peace officer who is described under Section 830 of the Penal Code.

AB 526, Cooper. County employees' retirement.

Re: Amends sections 31468, 31522.5, 31522.7, 31522.9, 31528, 31529.9, 31535, 31557.3, and 31580.2 of, and adds section 31522.75 to the Government Code.

Status: Hearing canceled at the request of the author – July 10, 2017.

This bill would define the Sacramento County retirement system as a district under CERL. The bill would authorize the board to adopt, by resolution, specified administrative provisions that would classify various personnel of the retirement system as employees of the retirement system and not employees of the county. Latest amendment was to section 31522.75 g (5), which deals with transferring leave balances for those county employees who become retirement system employees.

AB 2076, Rodriquez. County employees' retirement: disability: date of retirement.

Re: Adds Section 31541.1 to the Government Code.

Status: In Senate. Com. on P. E. & R.

This bill would authorize a county retirement system in Los Angeles County to correct a prior board decision determining the date of retirement for a member permanently

incapacitated for disability that was made between January 1, 2013, and December 31, 2015, and was based upon an error of law existing at the time of the decision, as specified. The bill would authorize a member seeking correction under these provisions to file an application with the board no later than one year from the date these provision, become operative.

AB 2085, Cooley. Retirement systems: surviving spouse.

Re: Adds Section 31480.1 to the Government Code.

Status: Re-referred to Com. on P.E., R., & S.S. on March 21, 2018. Hearing canceled at the request of the author.

This bill would define surviving spouse, for purposes of CERL, as a person legally married to the member, who is neither divorced nor legally separated at the time of the member's death and who meets other relevant requirements, as specified.

AB 2571, Fletcher. Public employee retirement systems: investments: race and gender pay equity.

Re: Adds Section 7513.76 to and amends Section 16642 of the Government Code.

Status: Amended April 11, 2018. Referred to Com. on P.E., R., & S.S. on April 12, 2018. Hearing canceled at the request of the author.

This bill, if consistent with fiduciary responsibilities of a public investment fund as determined by its board, would require a public investment fund to require an alternative investment to report at least certain information concerning specified hospitality employers relating to race and gender pay equity and sexual harassment. The bill would require a public investment fund to disclose race and gender pay equity and sexual harassment information provided to it pursuant to the bill at least once annually in a report presented at a meeting open to the public and would require the fund to provide the report upon request to a member of the Legislature. The bill would authorize the Department of Fair Employment and Housing to issue regulations for the implementation of these reporting requirements. The bill would define terms for purposes of the reporting provisions and repeal the reporting provisions on January 1, 2022.

AB 3084, Levine. Public employees: other postemployment benefits: annual report.

Re: Adds Section 7514.8 to the Government Code.

Status: In Com. on APPR on May 25, 2018. Held under submission.

This bill would require each governing body of a public agency that provides postemployment benefits to, in an annual financial statement submitted to the Controller, in a form prescribed by the Controller, show that the public agency has met, or if it has not met, detail why it has not met and what the public agency is doing to meet, specified parameters related to the provision of other postemployment benefits:

- (a) Making targeted prefunding contributions on a timely basis.
- (b) Depositing contributions in an irrevocable qualified trust for the exclusive benefit of plan members.
- (c) Investing contributions in excess of any pay-as-you-go amounts in a diversified investment portfolio with a defined investment policy.
- (d) Ensuring that the discounted rate used to develop the actuarial account liability and normal cost recognizes the expected return of the entire portfolio.

AB 3150. Brough. Public employees' retirement: annual audits.

Re: Amends Section 7512 of the Government Code.

Status: Referred to Com. on P.E., R., & S.S. on March 12, 2018.

This bill would also require each state and local pension or retirement system to post a concise annual audit of the information described above on that system's Internet Web site no later than the 90th day following the audit's completion. By imposing new duties on local retirement systems, the bill would impose a state-mandated local program.

ACA 15, Brough. Public employee retirement benefits.

Re: Adds Section 24 to Article XVI, to the California Constitution.

Status: Introduced: Read first time – May 10, 2017.

The measure would prohibit a government employer from enhancing employee pension benefits, as defined, without approval by the voters of the jurisdiction, and would prohibit a government employer from enrolling a new government employee, as defined, in a defined benefit pension plan without approval by the voters of the jurisdiction.

PUBLIC PENSION CONSULTANTS

6510 A South Academy Blvd., #283 Colorado Springs, CO 80906
Tel: (719) 999-5941, E-mail: Lance@kjeldgaard-ppc.com

The measure also would prohibit a government employer from paying more than $\frac{1}{2}$ of the total cost of retirement benefits, as defined, for new government employees without approval by the voters of the jurisdiction.

The measure would prohibit retirement boards from imposing charges or other financial conditions on a government employer that proposes to close a defined benefit pension plan to new members unless the voters or the sponsoring government employer approve those charges or conditions.

The measure would require challenges to the legality of actions taken by a government employer or a retirement board to comply with its provisions to be brought in state or federal courts.

The measure would prohibit its provisions from being interpreted to modify or limit disability benefits provided for government employees or death benefits for families of government employees, even if provided as part of a retirement benefits system, or from requiring voter approval of disability or death benefits.

The measure would prescribe various requirements and prohibitions regarding its interpretation and the effect of any other competing measures, among other things.

SB 1031, Moorlach. Public employees' retirement: cost-of-living adjustments: prohibitions.

Re: Adds Section 7522.45 to the Government Code.

Status: Referred to Com. on P.E. & R. Amended in Senate on April 5, 2018. Failed in committee, and reconsideration was granted on April 23, 2018.

The bill would prohibit a public retirement system, as defined, from making a cost-of-living adjustment to any allowance payable to, or on behalf of, a person retired under the system who becomes a new member on or after January 1, 2019, or to any survivor or beneficiary of that member or person retired under the system, for any year in which the unfunded actuarial liability of that system is greater than 20%. The bill would require that the determination of unfunded actuarial liability be based on a specified financial report and would apply the prohibition on cost-of-living adjustments, if any, to the calendar year following the fiscal year upon which the report is based.

SB 1244, Wieckowski. Public records: disclosure.

Re: Amends Section 6259 of the Government Code.

Status: Referred to Com, on JUD.

The California Public Records Act requires a public agency, defined to mean a state or local agency, to make its public records available for public inspection and to make copies available upon request and payment of a fee, unless the public records are exempt from disclosure. The act makes specified records exempt from disclosure and provides that disclosure by a state or local agency of a public record that is otherwise exempt constitutes a waiver of the exemptions.

The act, when it appears to a superior court that certain public records are being improperly withheld from a member of the public, requires the court to order the officer or person charged with withholding the records to disclose the public record or show cause why he or she should not do so. The act requires the court to award court costs and reasonable attorney fees to the plaintiff if the plaintiff prevails in litigation filed pursuant to these provisions, and requires the court to award court costs and reasonable attorney fees to the public agency if the court finds that the plaintiff's case is clearly frivolous. This bill would replace "plaintiff" with "requester" in that provision.

SB 1270, Vidak. County employees' retirement: system personnel.

Re: Amends Section 31522.3 of the Government Code.

Status: In Assembly on April 23, 2018. Read second time. Ordered to consent calendar.

The County Employees Retirement Law of 1937 (CERL) authorizes counties to establish retirement systems pursuant to its provisions in order to provide pension benefits to their employees. CERL authorizes the retirement boards of 5 specified counties to appoint assistant administrators and chief investment officers who, following appointment, are outside county charter, civil service, and merit system rules, except as specified. CERL provides that these administrators and officers are employees of the county, as specified, while serving at the pleasure of the appointing boards, and that they may be dismissed without cause.

This bill would apply these provisions to any county if the board of supervisors for that county, by resolution adopted by majority vote, makes those provisions applicable in the county.

SB 1413, Nielsen. Public employees retirement.

Re: Adds Chapter 19 (commencing with Section 21710) to Part 3 of Division 5 of Title 2 of the Government Code, relating to public employees' retirement, and making appropriations therefor.

Status: In Assembly. Read second time and amended on June 20, 2018. Re-referred to Comp. APPR.

This bill would enact the *California Employers' Pension Prefunding Trust Program* and establish the *California Employers' Pension Prefunding Trust Fund* to allow state and local public agency employers that provide a defined benefit pension plan to their employees to prefund their required pension contributions.

The bill would authorize an employer, upon terms and conditions set by the board, to elect to participate in the prefunding plan, and would require the governing body of that employer to enter into a contract with the board relative to the prefunding plan. The bill would require the board to offer participating employers, as defined, specified cost-effective, diversified investment portfolios. The bill would require each participating employer to pay an amount, determined by the board, for administrative and asset management costs of the prefunding plan to the fund and would grant the board the sole and exclusive control of the administration and investment of the fund. The bill would also set the terms under which a prefunding plan contract could be terminated or transferred. The bill would specify that all moneys in the fund would be continuously appropriated to the board for the purposes of these provisions.

SB 1433, Moorlach. County employees' retirement: Deferred Retirement Option Program.

Re: Amends Section 31770 of the Government Code.

Status: Re-referred to Com. on P.E. & R. Failed passage in committee and reconsideration was granted on April 24, 2018.

This bill, on and after January 1, 2019, would prohibit a county or district from allowing a member to participate in a Deferred Retirement Option Program who was not participating in the program on or before December 31, 2018. The bill would also prohibit a county or district from establishing a new or additional Deferred Retirement Option Program.

SCA 8, Moorlach. Public employee retirement benefits.

Re: Adds Article XVI, Section 17.5 to the California Constitution.

Status: First hearing canceled at the request of author – June 20, 2017.

This measure would permit a government employer to reduce retirement benefits that are based on work not yet performed by an employee regardless of the date that the employee was first hired, notwithstanding other provisions of the California Constitution or any other law. The measure would prohibit it from being interpreted to permit the reduction of retirement benefits that a public employee has earned based on work that has been performed, as specified. The measure would define government employer and retirement benefits for the purposes of its provisions.

SCA 10, Moorlach. Public employee retirement benefits.

Re: Adds Article XVI, Section 17.3 to the California Constitution.

Status: First hearing canceled at the request of author – June 20, 2017.

This measure would prohibit a government employer from providing public employees any retirement benefit increase until that increase is approved by a $2/3$ vote of the electorate of the applicable jurisdiction and that vote is certified. The measure would define retirement benefit to mean any postemployment benefit and would define benefit increase as any change that increases the value of an employee's retirement benefit. The measure would define a government employer to include, among others, the state and any of its subdivisions, cities, counties, school districts, special districts, the Regents of the University of California, and the California State University.

CALIFORNIA LEGISLATIVE CALENDAR:

2018:

- Jan. 1 Statutes take effect
Jan. 3 Legislature reconvenes
Jan. 10 Budget must be submitted by Governor
Jan. 12 Last day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house in the odd-numbered year
Jan. 19 Last day for any committee to hear and report to the Floor bills introduced in that house in the odd-numbered year.
Last day to submit bill requests to the Office of Legislative Counsel.
Jan. 31 Last day for each house to pass bills introduced in that house in the odd-numbered year
Feb. 16 Last day for bills to be introduced
Mar. 22 Spring Recess begins upon adjournment Apr. 2
Legislature reconvenes from Spring Recess
Apr. 27 Last day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house
May 11 Last day for policy committees to hear and report to the Floor non-fiscal bills introduced in their house
May 18 Last day for policy committees to meet prior to June 4
May 25 Last day for fiscal committees to hear and report to the Floor bills introduced in their house. Last day for fiscal committees to meet prior to June 4.
May 29 - June 1 Floor session only. No committee may meet for any purpose except for Rules Committee and Conference Committees
June 1 Last day for each house to pass bills introduced in that house
June 15 Budget Bill must be passed by midnight
June 28 Last day for a legislative measure to qualify for the Nov. 6 General Election ballot
June 29 Last day for policy committees to hear and report fiscal bills to fiscal committees
July 6 Last day for policy committees to meet and report bills Summer Recess begins on adjournment, provided Budget Bill has been passed
Aug. 6 Legislature reconvenes from Summer Recess
Aug. 17 Last day for fiscal committees to meet and report bills
Aug. 20 – 31 Floor session only. No committee may meet for any purpose except Rules Committee, and Conference Committees
Aug. 24 Last day to amend on Floor
Aug. 31 Last day for each house to pass bills Final Recess begins on adjournment
Sept. 30 Last day for Governor to sign or veto bills passed by the Legislature before September 1 and in the Governor's possession on or after Sept. 1
Oct. 1 Bills enacted on or before this date take effect January 1, 2019
Nov. 6 General Election
Nov. 30 Adjournment *sine die* at midnight.
Dec. 3 2019-20 Regular Session convenes for Organizational Session at 12 noon

2019:

- Jan. 1 Statutes take effect

.....
(Original Signature of Member)

114TH CONGRESS
2D SESSION

H. R. 4822

To amend the Internal Revenue Code of 1986 to provide for reporting and disclosure by State and local public employee retirement pension plans.

IN THE HOUSE OF REPRESENTATIVES

Mr. NUNES introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide for reporting and disclosure by State and local public employee retirement pension plans.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Public Employee Pen-
5 sion Transparency Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

1 (1) Pursuant to clauses 1 and 3 of section 8 of
2 article I of the Constitution of the United States,
3 the Congress has the authority to condition the con-
4 tinuation of certain specified Federal tax benefits
5 upon State or local government employee pension
6 benefit plans on the provision of meaningful disclo-
7 sure under section 4980J of the Internal Revenue
8 Code of 1986, as added by this Act.

9 (2) State and local government employee pen-
10 sion benefit plans have promised pension benefits to
11 approximately 20,000,000 Americans who are active
12 employees of these entities. An additional 7,000,000
13 retirees and their dependents currently receive bene-
14 fits from State or local government employee pen-
15 sion benefit plans. The interests of participants in
16 many of such plans are in the nature of property
17 rights under State law.

18 (3) State and local government employee pen-
19 sion benefit plans are substantially facilitated by the
20 favorable tax treatment of participants and bene-
21 ficiaries, investment earnings, and employee con-
22 tributions with respect to such plans provided by the
23 Federal Government under the Internal Revenue
24 Code of 1986.

1 (4) The investment of State or local govern-
2 ment employee pension benefit plan assets, the dis-
3 tribution of benefits under such plans, and other re-
4 lated financial activities are facilitated through the
5 use of instrumentalities of, and substantially affect,
6 interstate commerce. These activities, which are
7 interstate in nature and have a substantial impact
8 on the national economy, affect capital formation,
9 regional growth and decline, the national markets
10 for insurance, and the markets for securities and the
11 trading of securities of State and local governments.

12 (5) The financial status of State or local gov-
13 ernment employee pension benefit plans also has a
14 direct impact on the national markets for insurance
15 and trading of securities of State and local govern-
16 ments.

17 (6) State or local government employee pension
18 benefit plans additionally have a substantial impact
19 on interstate commerce as a consequence of the
20 interstate movement of participants.

21 (7) State or local government employee pension
22 benefit plans are becoming a large financial burden
23 on certain State and local governments and have al-
24 ready resulted in tax increases and the reduction of
25 services.

1 (8) In fact, a soon to be published study has
2 determined that as of 2014, the present value of the
3 already promised pension liabilities of the 50 States
4 and major municipalities, calculated using the meth-
5 odology prescribed by this bill, is
6 \$7,019,627,000,000 with unfunded liabilities at
7 \$3,412,587,000,000. These amounts are substan-
8 tially higher than those reported by pension funds
9 using the Governmental Accounting Standards
10 Board's (GASB) revised standards (total liabilities
11 of \$4,798,075,000,000 and unfunded liabilities of
12 \$1,191,035,000,000).

13 (9) Some economists and observers have stated
14 that the extent to which State or local government
15 employee pension benefit plans are underfunded is
16 obscured by governmental accounting rules and
17 practices, particularly as they relate to the valuation
18 of plan assets and liabilities. This results in a
19 misstatement of the value of plan assets and an un-
20 derstatement of plan liabilities, a situation that
21 poses a significant threat to the soundness of State
22 and local budgets.

23 (10) There currently is a lack of meaningful
24 disclosure regarding the value of State or local gov-
25 ernment employee pension benefit plan assets and li-

1 abilities. This lack of meaningful disclosure poses a
2 direct and serious threat to the financial stability of
3 such plans and their sponsoring governments, im-
4 pairs the ability of State and local government tax-
5 payers and officials to understand the financial obli-
6 gations of their government, and reduces the likeli-
7 hood that State and local government processes will
8 be effective in assuring the prudent management of
9 their plans. The status quo also constitutes a serious
10 threat to the future economic health of the Nation
11 and places an undue burden upon State and local
12 government taxpayers, who will be called upon to
13 fully fund existing, and future, pension promises.

14 (11) State or local government employee pen-
15 sion benefit plans affect the national public interest
16 and meaningful disclosure of the value of their as-
17 sets and liabilities is necessary and desirable in
18 order to adequately protect plan participants and
19 their beneficiaries and the general public. Meaning-
20 ful disclosure would also further efforts to provide
21 for the general welfare and the free flow of com-
22 merce.

1 **SEC. 3. REPORTING OF INFORMATION WITH RESPECT TO**
2 **STATE OR LOCAL GOVERNMENT EMPLOYEE**
3 **PENSION BENEFIT PLANS TREATED AS A TAX**
4 **EXEMPTION, ETC., REQUIREMENT FOR STATE**
5 **AND LOCAL BONDS.**

6 (a) IN GENERAL.—Subpart B of part IV of sub-
7 chapter B of chapter 1 of the Internal Revenue Code of
8 1986 is amended by adding at the end the following new
9 section:

10 **“SEC. 149A. REPORTING WITH RESPECT TO STATE OR**
11 **LOCAL GOVERNMENT EMPLOYEE PENSION**
12 **BENEFIT PLANS.**

13 “(a) IN GENERAL.—In the case of a failure to satisfy
14 any requirement of subsection (a) or (b) of section 4980J
15 with respect to any plan maintained with respect to em-
16 ployees of one or more States or political subdivisions of
17 one or more States, no specified Federal tax benefit shall
18 be allowed or made with respect to any specified bond
19 issued by any such State or political subdivision (or by
20 any bonding authority acting on behalf, or for the benefit,
21 of such State or political subdivision) during the non-
22 compliance period.

23 “(b) NONCOMPLIANCE PERIOD.—For purposes of
24 this section, the term ‘noncompliance period’ means, with
25 respect to any State or political subdivision in connection
26 with any failure described in subsection (a), the period be-

1 ginning on the date that the Secretary notifies such State
2 or political subdivision of such failure and ending on the
3 date that such failure is cured (as determined by the Sec-
4 retary).

5 “(c) SPECIFIED BOND.—For purposes of this section,
6 the term ‘specified bond’ means—

7 “(1) any State or local bond within the meaning
8 of section 103,

9 “(2) any qualified tax credit bond within the
10 meaning of section 54A, and

11 “(3) any build America bond within the mean-
12 ing of section 54AA.

13 “(d) SPECIFIED FEDERAL TAX BENEFIT.—For pur-
14 poses of this section, the term ‘specified Federal tax ben-
15 efit’ means—

16 “(1) any exemption from gross income allowed
17 under section 103 (relating to interest on State and
18 local bonds),

19 “(2) any credit allowed under section 54A (re-
20 lating to credit to holders of qualified tax credit
21 bonds),

22 “(3) any credit allowed under section 54AA (re-
23 lating to build America bonds), and

1 “(4) any credit or payment allowed or made
2 under section 6431 (relating to credit for qualified
3 bonds allowed to issuer).”.

4 (b) REPORTING REQUIREMENTS.—Chapter 43 of
5 such Code is amended by adding at the end the following
6 new section:

7 **“SEC. 4980J. FAILURE OF STATE OR LOCAL GOVERNMENT**
8 **EMPLOYEE PENSION BENEFIT PLANS TO**
9 **MEET REPORTING REQUIREMENTS.**

10 “(a) ANNUAL REPORT.—For purposes of section
11 149A, the requirements of this subsection are as follows:

12 “(1) IN GENERAL.—The plan sponsor of a
13 State or local government employee pension benefit
14 plan shall file with the Secretary, in such form and
15 manner as shall be prescribed by the Secretary, a re-
16 port for each plan year beginning on or after Janu-
17 ary 1, 2017, setting forth the following information
18 with respect to the plan, as determined by the plan
19 sponsor as of the end of such plan year:

20 “(A) A schedule of funding status, which
21 shall include a statement as to the current li-
22 ability of the plan, the amount of plan assets
23 available to meet that liability, the amount of
24 the net unfunded liability (if any), and the
25 funding percentage of the plan.

1 “(B) A schedule of contributions by the
2 plan sponsor for the plan year, indicating which
3 are or are not taken into account under sub-
4 paragraph (A).

5 “(C) Alternative projections which shall be
6 specified in regulations of the Secretary for
7 each of the next 60 plan years following the
8 plan year of the cash flows associated with the
9 current liability, together with a statement of
10 the assumptions used in connection with such
11 projections. The Secretary shall specify in such
12 regulations the projection assumptions to be
13 used as necessary to achieve comparability
14 across plans.

15 “(D) A statement of the actuarial assump-
16 tions used for the plan year, including the rate
17 of return on investment of plan assets and as-
18 sumptions as to such other matters as the Sec-
19 retary may prescribe by regulation.

20 “(E) A statement of the number of partici-
21 pants who are each of the following—

22 “(i) those who are retired or sepa-
23 rated from service and are receiving bene-
24 fits,

1 “(ii) those who are retired or sepa-
2 rated and are entitled to future benefits,
3 and

4 “(iii) those who are active under the
5 plan.

6 “(F) A statement of the plan’s investment
7 returns, including the rate of return, for the
8 plan year and the 5 preceding plan years.

9 “(G) A statement of the degree to which,
10 and manner in which, the plan sponsor expects
11 to eliminate any unfunded current liability that
12 may exist for the plan year and the extent to
13 which the plan sponsor has followed the plan’s
14 funding policy for each of the preceding 5 plan
15 years. The Secretary shall prescribe by regula-
16 tion the specific criteria to be used for meeting
17 the requirements of this paragraph.

18 “(H) A statement of the amount of pen-
19 sion obligation bonds outstanding.

20 “(I) A statement of the current cost of the
21 plan for the plan year.

22 “(2) TIMING OF REPORT.—The plan sponsor of
23 a State or local government employee pension ben-
24 efit plan shall make the filing required under para-
25 graph (1) for each plan year not later than 210 days

1 after the end of such plan year (or within such time
2 as may be required by regulations prescribed by the
3 Secretary in order to reduce duplicative filing).

4 “(b) ADDITIONAL REPORTING REQUIREMENTS.—
5 For purposes of section 149A, the requirements of this
6 subsection are as follows:

7 “(1) SUPPLEMENTARY REPORTS.—In any case
8 in which, in determining the information filed in the
9 annual report for a plan year under subsection (a)—

10 “(A) the value of plan assets is determined
11 using a standard other than fair market value,
12 or

13 “(B) the interest rate or rates used to de-
14 termine the value of liabilities or as the dis-
15 count value for liabilities are not the interest
16 rates described in paragraph (3), the plan spon-
17 sor shall include in the annual report filed for
18 such plan year pursuant to subsection (a) the
19 supplementary report for such plan year de-
20 scribed in paragraph (2) of this subsection.

21 “(2) USE OF PRESCRIBED VALUATION METHOD
22 AND INTEREST RATES.—A supplementary report for
23 a plan year filed for a plan year pursuant to this
24 subsection shall include the information specified as
25 required in the annual report under subparagraphs

1 (A), (F), (G) and (I) of subsection (a)(1), deter-
2 mined as of the end of such plan year by valuing
3 plan assets at fair market value and by using the in-
4 terest rates described in paragraph (3) to value li-
5 abilities and as the discount value for liabilities.

6 “(3) INTEREST RATES BASED ON U.S. TREAS-
7 URY OBLIGATION YIELD CURVE RATE.—

8 “(A) IN GENERAL.—The interest rates de-
9 scribed in this subsection are, with respect to
10 any day, the rates of interest which shall be de-
11 termined by the Secretary for such day on the
12 basis of the U.S. Treasury obligation yield
13 curve for such day.

14 “(B) U.S. TREASURY OBLIGATION YIELD
15 CURVE.—For purposes of this subsection, the
16 term ‘U.S. Treasury obligation yield curve’
17 means, with respect to any day, a yield curve
18 which shall be prescribed by the Secretary for
19 such day on interest-bearing obligations of the
20 United States.

21 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
22 poses of this section—

23 “(1) STATE OR LOCAL GOVERNMENT EM-
24 PLOYEE PENSION BENEFIT PLAN.—The terms ‘State
25 or local government employee pension benefit plan’

1 and ‘plan’ mean any plan, fund, or program, other
2 than a defined contribution plan (within the mean-
3 ing of section 414(i)), which was heretofore or is
4 hereafter established or maintained, in whole or in
5 part, by a State, a political subdivision of a State,
6 or any agency or instrumentality of a State or polit-
7 ical subdivision of a State, to the extent that by its
8 express terms or as a result of surrounding cir-
9 cumstances such plan, fund, or program—

10 “(A) provides retirement income to em-
11 ployees, or

12 “(B) results in a deferral of income by em-
13 ployees for periods extending to the termination
14 of covered employment or beyond, regardless of
15 the method of calculating the contributions
16 made to the plan, the method of calculating the
17 benefits under the plan, or the method of dis-
18 tributing benefits from the plan.

19 “(2) FUNDING PERCENTAGE.—The term ‘fund-
20 ing percentage’ for a plan year means the ratio (ex-
21 pressed as a percentage) which—

22 “(A) the value of plan assets as of the end
23 of the plan year bears to

24 “(B) the current liability of the plan for
25 the plan year.

1 “(3) CURRENT LIABILITY.—The term ‘current
2 liability’ of a plan for a plan year means the present
3 value of all benefits accrued or earned under the
4 plan as of the end of the plan year.

5 “(4) PRESENT VALUE.—

6 “(A) IN GENERAL.—The present value of
7 an accrued benefit shall be determined by dis-
8 counting its future cash flows in accordance
9 with subsection (b)(3). The present value of all
10 benefits accrued for a participant shall be cal-
11 culated as the sum of the present value of the
12 accrued benefit for each exit event multiplied by
13 the probability of the associated exit event.

14 “(B) EXIT EVENT.—An ‘exit event’ occurs
15 when the employment of a plan participant ter-
16 minates. For each currently employed plan par-
17 ticipant as of the measurement date, there are
18 one or more potential future exit events. Each
19 exit event is associated with a termination date,
20 a cause of termination (e.g., retirement, death,
21 disability, quit, etc.), a contractual benefit, and
22 a probability that the participant will exit em-
23 ployment via the particular event.

24 “(5) ACCRUED BENEFIT.—

1 “(A) IN GENERAL.—An ‘accrued benefit’ is
2 determined for each exit event as the projected
3 benefit multiplied by service earned as of the
4 measurement date divided by service projected
5 to be earned by the event date. For participants
6 retired or separated from service as of the
7 measurement date, the accrued benefit equals
8 the projected benefit.

9 “(B) PROJECTED BENEFIT.—As of the
10 measurement date, a ‘projected benefit’ (con-
11 sisting of future cash flows) is calculated for
12 each possible exit event using service projected
13 to be earned to the event date and salary as of
14 the measurement date. Such projected benefit
15 shall reflect any cost-of-living adjustments pay-
16 able in the future based on the law in effect as
17 of the measurement date.

18 “(6) MEASUREMENT DATE.—The term ‘meas-
19 urement date’ means the date as of which the value
20 of the pension obligation is determined (sometimes
21 referred to as the ‘valuation date’).

22 “(7) CURRENT COST.—The term ‘current cost’
23 of a plan for a plan year means the present value
24 as of the end of the plan year of all benefits accrued
25 or earned under the plan during the plan year.

1 “(8) PLAN SPONSOR.—The term ‘plan sponsor’
2 means, in connection with a State or local govern-
3 ment employee pension benefit plan, the State, polit-
4 ical subdivision of a State, or agency or instrumen-
5 tality of a State or a political subdivision of a State
6 which establishes or maintains the plan.

7 “(9) PARTICIPANT.—

8 “(A) IN GENERAL.—The term ‘participant’
9 means, in connection with a State or local gov-
10 ernment employee pension benefit plan, an indi-
11 vidual—

12 “(i) who is an employee or former em-
13 ployee of a State, political subdivision of a
14 State, or agency or instrumentality of a
15 State or a political subdivision of a State
16 which is the plan sponsor of such plan, and

17 “(ii) who is or may become eligible to
18 receive a benefit of any type from such
19 plan or whose beneficiaries may be eligible
20 to receive any such benefit.

21 “(B) BENEFICIARY.—The term ‘bene-
22 ficiary’ means a person designated by a partici-
23 pant, or by the terms of the plan, who is or
24 may become entitled to a benefit thereunder.

1 “(10) PLAN YEAR.—The term ‘plan year’
2 means, in connection with a plan, the calendar or
3 fiscal year on which the records of the plan are kept.

4 “(11) STATE.—The term ‘State’ includes any
5 State of the United States, the District of Columbia,
6 the Commonwealth of Puerto Rico, the United
7 States Virgin Islands, American Samoa, Guam, and
8 the Commonwealth of the Northern Mariana Is-
9 lands.

10 “(12) FAIR MARKET VALUE.—The term ‘fair
11 market value’ has the meaning of such term under
12 section 430(g)(3)(A) (without regard to section
13 430(g)(3)(B)).

14 “(d) MODEL REPORTING STATEMENT.—The Sec-
15 retary shall develop model reporting statements for pur-
16 poses of subsections (a) and (b). Plan sponsors of State
17 or local government employee pension plans may elect, in
18 such form and manner as shall be prescribed by the Sec-
19 retary, to utilize the applicable model reporting statement
20 for purposes of complying with requirements of such sub-
21 sections.

22 “(e) TRANSPARENCY OF INFORMATION FILED.—The
23 Secretary shall create and maintain a public Web site,
24 with searchable capabilities, for purposes of posting the
25 information received by the Secretary pursuant to sub-

1 sections (a) and (b). Any such information received by the
2 Secretary (including any updates to such information re-
3 ceived by the Secretary) shall be posted on the Web site
4 not later than 60 days after receipt and shall not be treat-
5 ed as return information for purposes of this title.”.

6 (c) CLERICAL AMENDMENTS.—

7 (1) The table of sections for subpart B of part
8 IV of subchapter B of chapter 1 of such Code is
9 amended by adding at the end the following new
10 item:

“Sec. 149A. Reporting with respect to State or local government employee pen-
sion benefit plans.”.

11 (2) The table of sections for chapter 43 of such
12 Code is amended by adding at the end the following
13 new item:

“Sec. 4980J. Failure of State or local government employee pension benefit
plans to meet reporting requirements.”.

14 **SEC. 4. GENERAL PROVISIONS AND RULES OF CONSTRUC-**
15 **TION.**

16 (a) LIMITATIONS ON FEDERAL RESPONSIBILITIES
17 RELATING TO PLAN OBLIGATIONS AND LIABILITIES.—

18 The United States shall not be liable for any obligation
19 related to any current or future shortfall in any State or
20 local government employee pension plan. Nothing in this
21 Act (or any amendment made by this Act) or any other
22 provision of law shall be construed to provide Federal Gov-
23 ernment funds to diminish or meet any current or future

1 shortfall in, or obligation of, any State or local government
2 employee pension plan. The preceding sentence shall also
3 apply to the Federal Reserve.

4 (b) NO FEDERAL FUNDING STANDARDS.—Nothing
5 in this Act (or any amendment made by this Act) shall
6 be construed to alter existing funding standards for State
7 or local government employee pension plans or to require
8 Federal funding standards for such plans.

9 (c) DEFINITIONS.—Terms used in this section which
10 are also used in section 4980J of the Internal Revenue
11 Code of 1986 shall have the same meaning as when used
12 in such section.