Date: May 20, 2026
To: Board of Retirement
From: Doris L. Rentschler, Executive Director
Subject: Administrative Report

Administrative Update

California Supreme Court updates:

LACERA v County of Los Angeles Oral arguments were heard on Wednesday, May 6th. The *LACERA* case addresses the scope and applicability of the California Constitution's grant of plenary authority over and fiduciary responsibility for the administration of the retirement systems to public retirement system boards, which includes the question of whether a retirement board has the authority to determine its own staff classifications and compensation without having to get the approval of the County Board of Supervisors. A decision must be issued within 90 days of oral argument.

VCERA v Criminal Justice Attorney's Assoc. Oral arguments were also heard on Wednesday, May 6th. The *VCERA* case involves the application of the Court's seminal decision in the *Alameda* case to a subsequent dispute over the meaning of one of the amendments of the Public Employees' Pension Reform Act of 2013 (PEPRA) to the definition of "compensation earnable" (whether leave cash outs constitute pensionable compensation) in the County Employees Retirement Law of 1937 (CERL).

Mendoza v Board of Retirement of Ventura County Employees Retirement Assoc. The Court denied a Petition for Review which applied the common law doctrine of mitigation in the context of disability retirement applications. This denial leaves the published Court of Appeal decision, *Mendoza v VCERA*, unchanged. *Mendoza* affirmed the denial of service-connected disability retirement based on the applicant's unreasonable refusal to undergo recommended medical treatment and clarified that the failure-to-mitigate analysis is conducted at the point the applicant refuses treatment, rather than at a later point when the medical condition has worsened because of the refusal.

MCERA joined with other CERL systems in the filing of an Amicus Brief in these three cases.

Superior Court Social Security Coverage

When the Superior Courts separated from the Counties, each Court became a new political subdivision which could impact Social Security coverage for their employees. Court employees are not considered part of the "absolute coverage group" of the State. The Court may be required to hold a vote to determine coverage for court employees. Whether the Court is required to vote depends on whether court employees participated in a referendum vote for Social Security coverage for participants in MCERA in 1959. MCERA is working with the tax counsel, the State Social Security Administrator, the Social Security Administration, and the Court to determine the appropriate resolution. If the Court is required to hold a referendum vote for coverage Social Security coverage (referred to as a Section 218 Agreement), MCERA may need to establish new pension tiers for Court employees that opt-out of Social Security coverage under a divided vote.

SACRS Legislative Update

Please see the attached legislative update.