



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 13

MEETING DATE: April 18, 2018

SUBJECT: Delegation of Authority for Contracts and Claims Policy

SUBMITTED FOR: ___ Consent X Deliberation and Action ___ Receive and File

RECOMMENDATION

Staff recommends the Board affirm the consolidated policy for delegation of authority to the CEO for contracts and claims settlements in the new SCERS policy format.

PURPOSE

To combine and update three separate current delegations of authority into one policy as part of the current project to collect, reformat, affirm, and organize all Board policies in one central location to ensure proper administration of all SCERS Board policies.

DISCUSSION

There are currently three distinct delegations of authority from the Board to the Chief Executive Officer:

1. Authority for securing the services and service providers that the CEO deems necessary and appropriate to properly process and evaluate disability retirement applications, to incur the costs therefor, and to designate an appropriate staff member to review the need for and approve such activities, including the reasonable and necessary payment for such services. (Resolution 2004-06)
2. Authority to enter into contracts on behalf of SCERS in an amount up to \$50,000 in a fiscal year without the Board President's written approval, and up to \$100,000 in a fiscal year with the Board President's written approval. (Resolution 2010-12)
3. Authority to allow, deny, compromise, or settle claims provided the amount to be paid does not exceed \$50,000, SCERS' Counsel concurs, and the action is not subject to the terms of an insurance policy. (Resolution 2013-06)

The proposed Delegation of Authority for Contracts and Claims Settlements Policy combines these three delegations into one policy, with the following updates:

- Specifies that the dollar limits on the delegation for entering into contracts applies to the total amount of the contract for the full term of the contract, rather than on a fiscal year basis.
- Clarifies that the authority to enter into contracts with a total amount of up to \$100,000 with written approval of the Board President is not conditioned upon time constraints preventing submission of the contract to the Board in advance.
- Updates the reporting requirement to establish that the CEO will provide a quarterly report to the Board of any contract entered into for an amount greater than \$5,000 and any claim settled pursuant to the delegation policy.

The proposed delegation retains the current requirements that any contracts entered into pursuant to the delegation shall comply with the budget adopted by the Board, and that the General Counsel shall review any contracts entered into of an amount or complexity, as the CEO determines, that warrant such review, and any claims settled pursuant to the policy.

The Board resolutions containing the current delegations are provided as attachments to this agenda item so the Board can confirm that the rest of the revisions are predominantly consolidation and format changes. If adopted, this policy will supersede all previous delegations of authority for these purposes.

BACKGROUND

In June 2001, the Board adopted Resolution 2001-02 that delegated authority to the CEO to incur and pay expenses necessary to the administration of SCERS and to enter into contracts for services for amounts not to exceed \$25,000 and subject to approval as to legal sufficiency by SCERS' legal counsel. The policy required the CEO to report semi-annually to the Board regarding all expenses and contracts entered into during the preceding semi-annual period, and retain related records for three years.

The resolution was initiated following the change in Sacramento County's charter that combined the offices of the elected Auditor-Controller with the office of the Treasurer-Tax Collector, establishing the appointed Director of Finance as the head of the Department of Finance. The new Director of Finance at that time recommended the Retirement Board delegate specific authorities to the CEO, require semi-annual, rather than monthly, reports to the Retirement Board, and that related records be maintained for a period of three years.

In 2004, the Board adopted Resolution 2004-06 that delegated authority to the CEO to secure the services and service providers, and incur the related costs on behalf of SCERS, that the CEO deems necessary and appropriate to properly process and evaluate disability retirement applications, and authorize the CEO to designate a SCERS staff member to review the need for and approve such activities. This resolution was proposed in response to the Department

of Finance's heightened level of review of the payments it processes, and its need for documentation specifically authorizing the various activities and payment of costs associated with SCERS disability evaluation process.

In 2010, the Board adopted Resolution 2010-12 that amended the delegated contracting authority to increase the dollar amount to \$50,000 in a fiscal year without written approval by the Board President, provided delegation for contracts up to \$100,000 in a fiscal year with written approval by the Board President, required the CEO to timely report such contracts to the Board, and clarified it is not the intent to alter the selection of third party service providers which have traditionally been selected by the Board itself, such as SCERS' auditor, actuary, investment consultants, and investment managers.

In 2013, the Board adopted Resolution 2013-06 authorizing the CEO to allow, deny, compromise, or settle any claims provided the amount to be paid does not exceed \$50,000, the Board's Counsel has reviewed and concurred with the action, and the action is not subject to the terms of an insurance policy.

ATTACHMENTS

Delegation of Authority for Contracts and Claims Settlements Policy
Resolution 2013-06 Delegation of Claims Settlement Authority
Resolution 2010-12 Amended Delegation of Contract Authority
Resolution 2004-06 Delegation of Contract Authority for Services for
Disability Retirement Application Processing and Evaluation

Prepared by:

/S/

Annette St. Urbain
Assistant Retirement Administrator

/S/

Robert Gaumer
General Counsel

Reviewed by:

/S/

Eric Stern
Chief Executive Officer



DELEGATION OF AUTHORITY FOR CONTRACTS AND CLAIMS POLICY

Revision Date: April 18, 2018

Policy Number: 007

Revision Number: 2

PURPOSE

The purpose of this Policy is to provide for the efficient and effective management of SCERS by delegating authority from the Board to the SCERS Chief Executive Officer (CEO) to enter into contracts and to settle or otherwise dispose of claims as specified.

POLICY

The Board hereby delegates and/or confirms its delegation of authority to the CEO as follows:

A. Contract Authority

The CEO is authorized, on behalf of and in the name of SCERS, to enter into contracts for such goods and services as the CEO shall determine to be reasonably necessary for:

1. Securing the services and service providers that the CEO deems necessary and appropriate to properly process and evaluate disability retirement applications, to incur the costs therefor, and to designate an appropriate staff member to review the need for and approve such activities, including the reasonable and necessary payment for such services.
2. The administration of SCERS consistent with the budget adopted by the Board and as otherwise limited by this Policy, as follows:
 - a. Without written approval of the Board President, the CEO may enter into contracts or contract amendments that do not obligate SCERS to pay more than \$50,000 in total for the term of the contract.
 - b. With written approval of the Board President (which may include approval by electronic mail or facsimile transmission), the CEO may enter into contracts that do not obligate SCERS to pay more than \$100,000 in total for the term of the contract. The Board hereby authorizes the Board President to grant or deny such written approval in his or her sole discretion as the most senior officer of the Board duly elected by the members of the Board.

In delegating such authority to the CEO, it is not the intent of the Board to alter the selection of certain third party service providers that have traditionally been selected by the

Board itself by long-standing practice (e.g., SCERS' actuary, auditor, investment consultants or investment managers).

B. Claims Authority

The Board hereby delegates to the CEO authority, on behalf of and in the name of SCERS, to allow, deny, compromise, or settle any claims, litigation, demands, actions, liabilities, losses, damages, injuries, and expenses (including attorneys' fees and defense costs) in any matter involving the SCERS Board of Retirement or its officers and/or members, or SCERS employees, provided that:

1. The amount to be paid pursuant to such claim, allowance, compromise, or settlement does not exceed \$50,000. If the amount to be paid exceeds \$50,000, the allowance, compromise, or settlement must be approved by the Board of Retirement.
2. The claim, allowance, compromise or settlement is with the concurrence of the General Counsel; and,
3. The claim, allowance, compromise or settlement is not subject to the terms of an insurance policy wherein the insurer is granted the authority to allow, deny, compromise, or settle claims or actions within the scope of such policy.

APPLICATION

Any contracts or contract amendments entered into pursuant to Section A.2. of this delegation shall comply with the budget adopted by the Board.

General Counsel shall review any contracts entered into pursuant to this delegation of an amount or complexity, as determined by the CEO or his or her designee, to warrant such review, and any claims settled pursuant to this delegation.

The CEO shall provide a quarterly report to the Board of any contracts entered into pursuant to Section A.2. of this delegation for an amount greater than \$5,000 and any claims settled pursuant to this delegation.

BACKGROUND

The CEO has been appointed by the Board in accordance with Government Code Sections 31522.1 and 31522.2 and is responsible for the management of SCERS including the retirement fund, operating budget, appointment and management of personnel, and the other day-to-day activities of the retirement system.

The CEO serves as Secretary of the Retirement Board in its management of the retirement system. Pursuant to Government Code Sections 31522.2 and 31590, the CEO has authority on behalf of the Board: to sign or authorize all warrants, checks, and electronic fund transfers drawn on the retirement fund, and to sign all documents, including contracts, necessary to carry out any decision, including investment decisions, made or approved by the Board; to negotiate and sign contracts with vendors, consultants, and payees of the

system as required by contract or applicable law; and any other decision made or approved by the CEO pursuant to a delegation of authority granted by the Board to the CEO for such decision.

RESPONSIBILITIES

Executive Owner: Chief Executive Officer

POLICY HISTORY

Date	Description
04-18-2018	<i>Board to combine and amend all three delegations in revised policy format</i>
04-17-2013	Board approved Delegation of Claims Settlement Authority in Resolution 2013-06
07-15-2010	Amended Delegation of Contract Authority in Resolution 2010-12
10-21-2004	Board approved Delegation of Contract Authority for Services for Disability Retirement Application Processing and Evaluation in Resolution 2004-06
06-21-2001	Board approved Delegation of Contract Authority in Resolution 2001-02

RESOLUTION NO. SCERS 2013-06

**RESOLUTION OF THE BOARD OF RETIREMENT
OF THE SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
TO AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO SETTLE CLAIMS**

WHEREAS, the Board has previously authorized the Chief Executive Officer ("CEO") to enter into agreements on behalf of, and in the name of, the Sacramento County Employees' Retirement System ("SCERS") to incur and pay expenses necessary to the administration of SCERS in an amount not to exceed \$50,000, and with written approval of the Board President (which may include approval by electronic mail or facsimile transmission), under circumstances where time constraints for obtaining the necessary goods and services will not permit a delay until the next meeting of the Board, to enter into contracts that do not obligate SCERS to pay more than \$100,000 in any fiscal year (Resolution No. SCERS 2010-12); and,

WHEREAS, the Board has determined that it would be in the best interest of SCERS to give the CEO authority on behalf of the Board of Retirement to allow, deny, compromise, or settle any claims, litigation, demands, actions, liabilities, losses, damages, injuries, and expenses as provided in this Resolution;

THEREFORE, BE IT RESOLVED AND ORDERED that, effective immediately:

The CEO shall have the authority on behalf of the Board of Retirement to allow, deny, compromise, or settle any claims, litigation, demands, actions, liabilities, losses, damages, injuries, and expenses (including, without limitation, attorneys' fees and defense costs) in any manner involving the Board of Retirement, the Sacramento County Employees' Retirement System, or its trustees, officers, or employees, provided that:

- (a) The amount to be paid pursuant to such claim, allowance, compromise or settlement does not exceed \$50,000.00. If the amount to be paid exceeds \$50,000.00, the allowance, compromise or settlement must be approved by the Board of Retirement;
- (b) The claim, allowance, compromise or settlement is reviewed by the Board's Counsel; and
- (c) The claim, allowance, compromise or settlement is not subject to the terms of an insurance policy wherein the insurer is granted the authority to allow, deny, compromise or settle claims or actions within the scope of such policy.

Resolution No. SCERS 2013-06
April 17, 2013
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On motion made by Member O'Neil, Seconded by Member Fowler, the foregoing Resolution was passed and adopted by the Board of the Sacramento County Employees' Retirement System this 17th day of April, 2013, by the following vote:

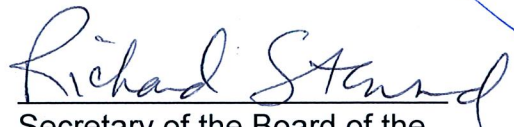
AYES: Diepenbrock, Kelly, DeVore, Fowler, Gin, O'Neil,
Pittman, Valverde, Conneally

NOES: None

ABSTAIN: None

ABSENT: Wolford-Landers, DeBord


President of the Board of the
Sacramento County Employees'
Retirement System

ATTEST: 
Secretary of the Board of the
Sacramento County Employees'
Retirement System

RESOLUTION NO. SCERS 2010-12

**RESOLUTION OF THE BOARD OF RETIREMENT
OF THE SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
TO INCREASE AND CLARIFY CONTRACT AUTHORITY DELEGATED TO THE
CHIEF EXECUTIVE OFFICER**

WHEREAS, the Board has previously authorized the Chief Executive Officer ("CEO") to enter into agreements on behalf of, and in the name of, the Sacramento County Employees' Retirement System ("SCERS") to incur and pay expenses necessary to the administration of SCERS in an amount not to exceed \$25,000 (Resolution No. SCERS 2001-02); and,

WHEREAS, the Board has determined that it would be in the best interest of SCERS to increase the dollar limitation per contract per fiscal year in its delegation of authority to the CEO as provided in this Resolution;

THEREFORE, BE IT RESOLVED AND ORDERED that, effective immediately:

1. The Board hereby delegates to the CEO authority, on behalf of and in the name of SCERS, to enter into contracts for such goods and services as the CEO shall determine to be reasonably necessary for the administration of SCERS consistent with the budget adopted by the Board and as otherwise limited by this Resolution.
2. Without written approval by the President, the CEO may enter into contracts that do not obligate SCERS to pay more than \$50,000 in any fiscal year.
3. With written approval by the President (which may include approval by electronic mail or facsimile transmission), under circumstances where time constraints for obtaining the necessary goods and services will not permit a delay until the next meeting of the Board, the CEO may enter into contracts that do not obligate SCERS to pay more than \$100,000 in any fiscal year.
4. All such contracts shall be approved as to legal form by the General Counsel and comply with the budget adopted by the Board.
5. The CEO shall make a timely report of such contracts to the Board.
6. In delegating such authority to the CEO, it is not the intent of the Board to alter the selection of certain third party service providers which have traditionally been selected by the Board itself by long-standing practice (e.g., the system's Auditor, actuary, investment consultant and investment managers).

On motion made by Member DeVore, Seconded by Member Hickox, the foregoing Resolution was passed and adopted by the Board of the Sacramento County Employees' Retirement System this 15th day of July, 2010, by the following vote:

AYES: Diepenbrock, DeVore, Kelly, Valverde, Hickox, Johnson, O'Neil
Wolford-Landers, Woods

NOES: None

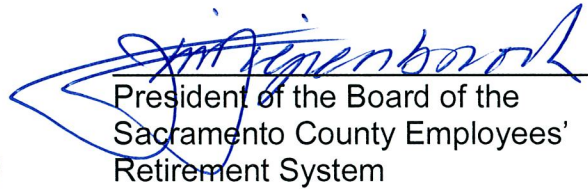
ABSTAIN: None

ABSENT: None

ATTEST:



Secretary of the Board of the
Sacramento County Employees'
Retirement System


President of the Board of the
Sacramento County Employees'
Retirement System

RESOLUTION NO. 2004-06

**RESOLUTION OF THE BOARD OF RETIREMENT OF THE
SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
DELEGATING AUTHORITY TO THE CHIEF EXECUTIVE OFFICER
TO SECURE SERVICES AND SERVICE PROVIDERS
AND TO INCUR REASONABLE AND NECESSARY COSTS FOR
PROCESSING AND EVALUATING
DISABILITY RETIREMENT APPLICATIONS**

BE IT RESOLVED AND ORDERED that the President and Board of Retirement of the Sacramento County Employees' Retirement System (SCERS) hereby authorizes the Chief Executive Officer of SCERS to secure the services and service providers that he deems necessary and appropriate to properly process and evaluate disability retirement applications and to incur the costs for such services and service providers; and further authorizes the Chief Executive Officer to designate an appropriate staff member to review the need for and approve such activities, including the reasonable and necessary payments for such services.

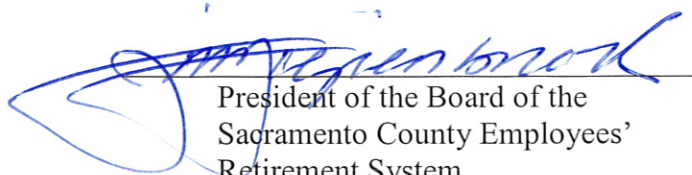
On a motion by Member Wolford-Lander seconded by Member Cox, the foregoing Resolution was passed and adopted by the Board of the Sacramento County Employees' Retirement System, this 21st day of October, 2004, by the following vote, to wit.

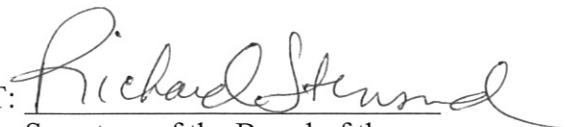
AYES: Diepenbrock, Suter, Cox, DeVore, Wolford-Landers and Woods

NOES: None

ABSENT: Kelly, Norris, Hickox, Johnson and Soto

ADOPTED: October 21, 2004


President of the Board of the
Sacramento County Employees'
Retirement System

ATTEST: 
Secretary of the Board of the
Sacramento County Employees'
Retirement System