



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 12

MEETING DATE: May 21, 2025

SUBJECT: Sacramento County Department of Finance-Division of Revenue Recovery Memorandum of Understanding

SUBMITTED FOR: X Action Information

RECOMMENDATION

Approve Memorandum of Understanding between SCERS and the County Department of Finance-Division of Revenue Recovery regarding overpayment collection processes and procedures and authorize the Chief Executive Officer to execute the document on behalf of SCERS.

PURPOSE

This item supports Strategic Management Plan goals regarding stakeholder relations by promoting transparent policies and communications to members and employers about roles and responsibilities.

DISCUSSION

The County's Department of Finance-Division of Revenue Recovery (DRR) collects court-ordered fines, restitution payments, overpayments and other obligations for the County and other government entities. SCERS has historically utilized these services, particularly in the area of inadvertent overpayments to members and beneficiaries, without the benefit of written guidelines governing the roles and responsibilities of SCERS and DRR during the collections process.

SCERS and DRR staff have collaborated in the creation of a Memorandum of Understanding (MOU) for consideration by the Board of Retirement and the Board of Supervisors. The proposed MOU documents existing practices and clarifies the processes and procedures to be followed when SCERS refers the collection of an outstanding debt to DRR. Should the Board of Retirement approve this item, the MOU is scheduled to be considered by the Board of Supervisors in July 2025.

ATTACHMENTS

- Board Order
- MOU

Prepared by:

/S/

Jason R. Morrish
General Counsel

Reviewed by:

/S/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

**Before the Board of Retirement
June 18, 2025**

AGENDA ITEM:

**Sacramento County Department of Finance-Division of Revenue
Recovery Memorandum of Understanding**

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to approve Memorandum of Understanding between SCERS and the County Department of Finance-Division of Revenue Recovery regarding overpayment collection processes and procedures and authorize the Chief Executive Officer to execute the document on behalf of SCERS.

I HEREBY CERTIFY that the above order was passed and adopted on June 18, 2025 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:
(Present but not voting)

James Diepenbrock
Board President

Eric Stern
Chief Executive Officer and
Board Secretary

**MEMORANDUM OF UNDERSTANDING
BETWEEN
SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
AND
SACRAMENTO COUNTY, DEPARTMENT OF FINANCE
DIVISION OF REVENUE RECOVERY**

This is a Memorandum of Understanding (MOU) entered into between the Sacramento County Employees' Retirement System (SCERS) and the Sacramento County Department of Finance, Division of Revenue Recovery (DRR).

I. Purpose

The purpose of this MOU is to establish and maintain an effective working relationship between SCERS and DRR for the referral and collection of delinquent debt owed to SCERS. DRR is the centralized billing and collection authority for the County of Sacramento approved by BOS Resolution #99-0158. DRR provides professional and specialized collection services, including:

- A. Billing, cashiering, and general collection.
- B. Assessing ability to pay and collectability of debts.
- C. Obtaining and enforcing judgments on delinquent accounts.
- D. Consulting on ways to improve collections prior to referral.

II. Term

This MOU shall be in effect from the latest date of execution by the parties until otherwise terminated by either party upon sixty (60) days' written notice. Upon any such termination, DRR shall receive equitable compensation for such services as have been satisfactorily performed up to the date of termination.

III. Amendments

This MOU may be modified at any time only by written amendment executed by both parties.

IV. SCERS' Responsibilities and Obligations

- A. SCERS will refer unpaid debts on a case-by-case basis (Referrals) to DRR at SCERS' discretion.
- B. At the time of the Referral, SCERS will provide DRR with supporting documentation for DRR to collect the debt. This includes communications, calculations, etc. SCERS will reasonably cooperate with any request for additional information from DRR to aid in the debt collection process.
- C. SCERS will provide DRR with any status changes, balance changes or other updates regarding a particular debt/account after the original Referral so that DRR can maintain accurate billing records.

V. DRR Responsibilities and Obligations

- A. As the collection agent for SCERS, DRR will promote compliance with all ethical standards, applicable statutes and financial/ accounting principles when exercising authority over the collection and disbursement of public monies.
- B. DRR will utilize all legal means available to collect the receivable on behalf of SCERS in accordance with governing laws, rules and regulations.
 - Initial billing notices
 - Billing statements
 - Skip tracing through various sources
 - Phone calls/emails
 - Payment plans
 - Final demands
 - Settlement negotiations
 - Bankruptcy tracking
 - Deceased/In-Custody tracking
 - Legal action if warranted and pre-approved by SCERS via Superior Court or Small Claims depending on the size of the debt
 - If a judgment is obtained through the Court, the following enforcement may be utilized:
 - a. Referral to Franchise Tax Board's Tax Intercept Program (which includes the interception of personal

- state income tax, lottery winnings and/or unclaimed property)
 - b. Abstract of judgment
 - c. Garnishment of wages
 - d. Bank levy
- C. DRR agrees that any payment plans agreed upon with the debtor prior to the filing of a legal action: (1) will be subject to DRR's minimum monthly payment standards, and (2) will be promptly reported and paid to SCERS pursuant to Section VII, below.
- D. DRR and/or its counsel will take reasonable steps to keep SCERS informed of facts and developments concerning Referrals and will not enter into any settlement or compromise agreement without the express approval of SCERS' General Counsel.

VI. Confidentiality

All records, documents, and collection files not designated as public records or specifically covered by the Federal Freedom of Information Act and/or California Public Records Act shall be maintained as confidential. Notwithstanding the foregoing, DRR acknowledges that the individual records of SCERS' retirees are expressly confidential and may not be disclosed except as authorized by California Government Code Section 31532. DRR will not use or disclose such information except as necessary or appropriate to effectuate the purposes of the MOU on a need-to-know basis, and will further treat such information with the same degree of care accorded its own confidential information. Accordingly, DRR will confer with SCERS' General Counsel prior to producing any SCERS-related records, documents or files in response to any request.

If DRR, or a third-party with whom DRR shares data or information in the performance of this MOU, experiences, identifies or is informed of actual or suspected unauthorized use of or access to any of its facilities or systems which may involve or relate to any information or data related to this MOU (an "Incident"), DRR will at its own cost and expense: (a) immediately notify SCERS via telephone and e-mail; (b) immediately investigate the Incident; (c) promptly provide to SCERS in writing all initial information known about the Incident, the information or data affected, and

the steps taken by that party to prevent the recurrence of such Incident and to mitigate the risk to the other party; (d) provide SCERS with prompt and thorough updates; and (e) fully cooperate with SCERS' handling of such matter, including any investigation, reporting and other obligations required by applicable law or regulation.

Notwithstanding Section XII, below, DRR shall indemnify, defend, and hold harmless SCERS, its Board, officers, agents, and employees from and against any and all third-party claims, liabilities, losses, injuries, suits, costs, charges, judgments, fines, penalties, liens, expenses (including defense costs and reasonable attorneys' fees) and claims for damages resulting from an Incident. SCERS shall give DRR prompt notice of any claim for which SCERS is entitled to indemnification. The terms of this paragraph shall survive the termination of this MOU.

VII. Reporting and Payment

- A. DRR will provide annual revenue and cost projections for budget preparation.
- B. DRR may deduct from debts collected on behalf of SCERS the administrative and legal costs incurred in collecting the debts. Costs will be based upon DRR's Revenue Recovery Cost Allocation Overview, attached hereto as Exhibit A and incorporated by reference herein.
- C. DRR will provide SCERS with monthly reports to include all collections, costs, referrals, and inventory. DRR agrees to provide SCERS with monthly collection and cost reporting and will process a journal voucher for posting using the procedures set forth in Sacramento County's accounting system (COMPASS). SCERS will specify the fund center, cost center, and appropriate account coding used to record the transactions.
- D. In the event that DRR collection costs exceed thirty-five percent (35%) of the total collections recovered for SCERS in any fiscal year, DRR and SCERS will meet and confer about their respective Responsibilities and Obligations in Sections IV and V, above, with the aim of reducing those costs.

IX. Refunds

If an account that DRR is handling results in a credit balance, DRR will process the refund directly to the debtor, which refund will be reported to SCERS pursuant to Section VII.

X. Uncollectible Accounts

If DRR determines a debt to be uncollectible, they will return it to SCERS including the reason for the return. These reasons can include deceased, bankruptcy, uneconomical, debt is too small to pursue, statute of limitations has expired and unable to locate debtor and/or assets.

XI. Record Retention

DRR shall maintain appropriate financial records that reflect costs of services provided under this MOU, and SCERS shall have reasonable access for purpose of audit. Such records shall be retained and available for audit purposes for three years in arrears.

XII. Mutual Hold Harmless

SCERS shall be responsible for damages caused by the acts or omissions of its officers, employees and agents occurring in the performance of this MOU. DRR shall be responsible for damages caused by the acts or omissions of its officers, employees and agents occurring in the performance of this MOU. It is the intention of SCERS and DRR that the provisions of this paragraph be interpreted to impose on each party, responsibility for the acts of their respective officers, employees and agents. It is also the intention of SCERS and DRR that, where comparative negligence is determined to have been contributory, principles of comparative negligence will be followed and each party will bear the proportionate cost of any damage attributable to the negligence of that party, its officers, employees and agents.

Each party to this MOU agrees to provide the other party written notification within thirty (30) days of receipt of any claim or lawsuit arising from this MOU.

XIII. Contacts and Notice

- A. SCERS' primary contact person under this MOU:

Jason Morrish, General Counsel
morrishj@saccounty.gov
Phone: (916) 874-5706

- B. DRR's primary contact person under this MOU:

Melina Turpin, Assistant Director Revenue Recovery
turpinm@saccounty.gov
Phone: (916) 875-0022

Any formal notice, demand, request, consent, or approval that either party hereto may be or is required to give the other pursuant to this MOU shall be in writing, shall be e-mail to the contact person identified in Section XIII(A), above, and shall be either personally delivered or sent by mail, addressed as follows:

TO SCERS:

Sacramento County Employees' Retirement System
(SCERS)
980 9th Street, Suite 1900
Sacramento, CA 95814
Phone: (916) 874-5657

TO DRR:

Sacramento County Department of Finance
Division of Revenue and Recovery
10481 Armstrong Avenue, Suite 200
Mather, CA 95655
Phone: (916) 875-7500

- C. Either party may change the address to which subsequent notice and/or other communications can be sent by giving written notice designating a change of address to the other party, which shall be effective upon receipt.

XIV. Interpretation

This MOU shall be deemed to have been prepared equally by both of the parties, and the MOU and its individual provisions shall not be construed or interpreted more favorably for one party on the basis that the other party prepared it.

XV. Board Approval and Future Amendments

To be effective, this MOU shall have been duly adopted by resolutions of the SCERS Board of Retirement and the County Board of Supervisors, respectively, and duly executed by both parties below. It shall remain in full force and effect from the effective date stated in Section II, above, unless or until it is terminated by either party pursuant to that section. The resolutions adopting this MOU shall authorize SCERS' Chief Executive Officer and the County's Director of the Department of Finance, respectively, to execute the MOU and further authorize those individuals to amend or modify this MOU in the future only by written agreement signed by each of them. A failure on the part of either party to enforce any provision of this MOU shall not be construed as a waiver of the right to compel enforcement of such provision or provisions.

XVI. Entire Memorandum of Understanding

This MOU constitutes the entire contract between SCERS and DRR regarding the subject matter of this MOU. Any prior MOUs, whether oral or written, between SCERS and DRR regarding the subject matter of this MOU are hereby terminated effective immediately upon full execution of this MOU.

IN WITNESS HEREOF, the parties have executed this MOU as of the latest date written below.

Eric Stern, CEO
SCERS

Chad Rinde, Director
Department of Finance

Date_____

Date_____

Approval as to form:

Approval as to form:

Jason Morrish,
General Counsel

Susan R. Masarweh,
Deputy County Counsel