

BOARD OF RETIREMENT MINUTES 2-11-10

PRESENT

- Les Robbins, Chair
- Simon S. Russin, Vice Chair
- Yves Chery, Secretary
- Edward L. Blecksmith
- James P. Harris (Alternate Member)
- Ed C. Morris (Alternate Retired)
- William R. Pryor
- Mark J. Saladino

ABSENT

- William de la Garza

STAFF ADVISORS AND PARTICIPANTS

- Gregg Rademacher, Chief Executive Officer
- Robert Hill, Assistant Executive Officer
- Janice Golden, Assistant Executive Officer
- Robb Van Der Volgen, Chief Counsel
- Cynthia Lau, Legislative Affairs Officer
- Nai-len Ishikawa, Acting Manager, Financial & Accounting Services
- Stephen Gibbs, Claims Processing Division
- Beulah S. Canevari, Section Manager, Retired Member Services
- Fern M. Billingsy, Senior Staff Counsel

1. CALL TO ORDER

The meeting was called to order by Chair Robbins at 9:00 a.m., in the Board Room of Gateway Plaza.

2. PLEDGE OF ALLEGIANCE

Mr. Harris led the Board Members and staff in reciting the Pledge of Allegiance.

3. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF JANUARY 14, 2010

A motion was made by Mr. Chery, seconded by Mr. Morris, to approve the minutes of the regular meeting of January 14, 2010.

The motion passed unanimously.

4. OTHER COMMUNICATIONS

1. For Information

1. January 2010 All Stars

Mr. Hill announced the eight winners for the month of January, (Tami Hammell, Albert Robles, Rey Sare, Pol Magsino, Eduardo Ascencio, Roberta VanNortrick, Jay Fullwood, and Raymond Boncato) of the Employee Recognition Program. Koreana Wong was the winner of

LACERA's Web Watcher Award. Norma Minjarez, Michael Umeda, Nai-Len Ishikawa, and Liz Gonzalez were the winners of LACERA's RideShare Program.

2. Service Award

Mr. Rademacher presented a 30 year service award to Darla Davis.

3. Chief Executive Officer's Report (Memo dated February 3, 2010)

Mr. Rademacher thanked staff from the Disability Retirement Division and Disability Litigation for all their hard work and effort in coordinating a referee roundtable.

Mr. Rademacher highlighted several pending legislative bills. Assembly Member Anthony Portantino representing Pasadena has agreed to author LACERA's bill regarding Plan E. At present Legislative Counsel is reviewing the bill's language. Additionally, Mr. Rademacher will meet with Assembly Member Portantino next Tuesday in Sacramento to brief him on the bill. AB 1658 (Lieu) has been introduced relating to the consolidation of the Office of Public Safety with the Sheriff's Department. The bill would allow the county police officers the ability to convert any or all of their prior general service to safety service after becoming safety members. In addition, SB 414 (Correa) has been amended regarding the rights of Alternate Board Members on Pension Boards.

Mr. Rademacher reminded the Board of those Board meeting dates that were changed at the Board Off-site on January 26, 2010. Those changes are: March 11, 2010, Administrative Board of Retirement Meeting was moved to Thursday, March 4, 2010; May 13, 2010, Administrative Board of Retirement Meeting was moved to Thursday, May 6, 2010; and November 11, 2010, Administrative Board of Retirement Meeting was moved to Thursday, November 4, 2010.

5. CONSENT AGENDA

The following agenda items were placed on the consent agenda and unanimously approved on a motion by Mr. Morris, seconded by Mr. Chery.

1. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer:

Approve attendance of Board Members, and staff as designated by the Chief Executive Officer, at the State and Local Government Benefits Association 2010 National Conference to be held in Indianapolis, Indiana from April 18-21, 2010; and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated January 21, 2010.)

2. Recommendation as submitted by Christine Roseland, Staff Counsel:

Approve attendance of Board Members, and staff as designated by the Chief Executive Officer, at the American Bar Association's 11th Annual Conference on Emerging Issues in Healthcare Law to be held in Phoenix, Arizona from February 17-19, 2010; and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated February 2, 2010.)

6. NON-CONSENT AGENDA

1. Recommendation as submitted by Nai-len Ishikawa, Acting Manager, Financial & Accounting Services:

That the Board determine the Consumer Price Index changed by 1.8% for the year ending December 2009, and approve cost-of-living increases and respective COLA Accumulation

adjustments for retired LACERA members and beneficiaries, based on retirement plan and date of retirement or death, to become effective April 1, 2010 in accordance with applicable California Government Code Sections. (Memo dated January 19, 2010.)

A motion was made by Mr. Chery, seconded by Mr. Russin, to approve the recommendation.

The motion passed unanimously.

2. Recommendation as submitted by Nai-len Ishikawa, Acting Manager, Financial & Accounting Services:

That the Board determine the Consumer Price Index changed by 1.9% for the last two calendar years ending December 2009, and adjust the compensation for the review and analysis of disability retirement cases to \$102 per day for an eight-hour day. The new compensation amount is to become effective April 1, 2010. (Memo dated January 19, 2010.)

A motion was made by Mr. Saladino, seconded by Mr. Morris, to approve the recommendation.

The motion passed unanimously.

3. Recommendation as submitted by Stephen Gibbs, Claims Processing Division:

That the Board: 1) Determine, based upon medical evaluation conducted October 23, 2009, that Deborah A. Smith is not incapacitated for the duties assigned to her in the position of Intermediate Typist Clerk; and 2) Grant the application of Ms. Smith for reinstatement to active membership. (Memo dated January 11, 2010.)

A motion was made by Mr. Morris, seconded by Mr. Russin, to approve the recommendation.

The motion passed unanimously.

4. Recommendation as submitted by Fern M. Billingsy, Senior Staff Counsel:

That the Board: 1) Adopt the resolution specifying that K-9 Pay earned on and after October 5, 2006, by deputies of the Narcotics Bureau and the Arson Explosives Unit of the Sheriff's Department, qualifies as compensation earnable; 2) Instruct staff to implement this change by coordinating with the County Auditor-Controller to remit member and employer contributions; and 3) Instruct staff to collect arrears contributions for K-9 Pay in accordance with the Board's policy regarding implementation of new pensionable pay items. (Memo dated February 1, 2010.)

A motion was made by Mr. Chery, seconded by Mr. Morris, to approve the recommendation.

Ms. Canevari addressed the board and was available for questions regarding K-9 handlers within the Sheriff's Department. Ms. Canevari verified with a staff member from the Sheriff's Employee Relations Department that canine handlers assigned to the Arson Explosives Unit and Narcotics Bureau are responsible for the care and maintenance of their patrol dogs. These duties are part of the normal work schedule of the deputies. Based on these facts, the Legal Office has determined that the additional compensation received by the deputies does qualify as compensation and should be included in the definition of compensation earnable.

The motion passed unanimously.

5. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board: 1) Approve the salary level for the Director, Retiree Health Care position as Tier 1 MAPP, Range 14; and 2) Delegate authority to the Chief Executive Officer the flexibility to set salary in the fourth quartile of the salary range. (Memo dated February 3, 2010.)

A motion was made by Mr. Pryor, seconded by Mr. Blecksmith, to approve the recommendation.

Mr. Rademacher addressed the Board providing a brief overview of his memo with emphasis on steps to ensure and improve LACERA's success in attracting and retaining a qualified Retiree Health Care Director. To ensure LACERA's ability to attract and retain qualified candidates it was evident, based on compensation studies, discussions with a professional recruiting firm and a comparison with staff compensation at the County of Los Angeles, that having the flexibility to offer a higher salary range was vital. Additionally, Mr. Rademacher suggested that it would serve.

LACERA to have the Retiree Health Care Director report directly to the CEO, rather than to the Assistant Executive Officer as in the past. On that note, Mr. Rademacher thanked Mr. Hill for all his help in stepping in and ensuring the smooth continuation and completion of all Retiree Health Care projects. Mr. Rademacher said that he would like to use the same interview format used when hiring LACERA's Chief Counsel. Therefore, Mr. Rademacher asked that the Board Chair select four (4) members to assist Messrs. Rademacher, Hill, and Ms. Golden in interviewing candidates.

After a brief discussion among the Board the motion was voted on.

The motion passed with Mr. Russin voting no.

6. Recommendation as submitted by Robert R. Hill, Assistant Executive Officer:

That the Board: 1) Terminate the Request for Proposal (RFP) and reject any or all proposals submitted for consultant services for the Retiree Health Care Benefits Program; and 2) Authorize and instruct the Chief Executive Officer to execute an agreement with Mercer to provide consultant services for the Retiree Health Care Benefits Program for a period not to exceed two years. (Memo dated January 28, 2010.) Mr. Hill addressed the Board and discussed the possibility of terminating the Request for Proposal (RFP) and rejecting all proposals submitted for consultant services for the Retiree Health Care Benefits Program as a result of LACERA's Retiree Health Care Director accepting a promotional position with another organization effective February 1, 2010. Additionally, staff believes that retaining its current consultant would provide stability in LACERA's ongoing projects until a new Retiree Health Care Director can be hired.

After a brief discussion the following motion was made: A motion was made by Mr. Saladino, seconded by Mr. Pryor, that the Board only terminate the RFP if an agreement can be reached with Mercer to extend the existing contract for two years to include existing, or more favorable terms. If Mercer does not agree then the Board will proceed with the RFP.

The motion passed unanimously.

7. Recommendation as submitted by the Insurance, Benefits and Legislative Committee:

That the Board support San Bernardino CERA's efforts to amend Internal Revenue Code Section 401 (a) (24) to allow commingled investment of retirement benefit plan and retiree healthcare benefit plan trust assets. (Memo dated January 28, 2010.) California Senate Bill 11, sponsored by San Bernardino County Employees Retirement Association (SBCERA), chaptered and effective January 1, 2010, authorizes the SBCERA Board of Retirement to create a trust fund for the sole purpose of prefunding retiree health benefits and allows other public agencies to participate in the fund. The fund will be a separate legal entity from the retirement system. According to SBCERA, current federal law does not permit assets of qualified retirement plans to be "commingled for investment" with assets held for other purposes, such as assets held in trust for retiree healthcare. Requiring retiree healthcare fund assets be invested separately may increase investment expense and reduce investment return. Absent an amendment to the Internal Revenue Code, SBCERA risks losing its tax qualified status if it accepts retiree health benefit funds and commingles those assets with SBCERA's retirement plan assets for investment purposes. The proposed Internal Revenue

Code amendment could be beneficial in Los Angeles County should the County establish and fund a retiree healthcare trust with LACERA as the trust fund's investing agent. The proposed amendment would not mandate commingling, but would allow the flexibility to do so. Therefore, staff recommends that we support SBCERA's effort.

A motion was made by Mr. Russin, seconded by Mr. Pryor, to approve the recommendation.

The motion passed unanimously.

7. PUBLIC COMMENT

8. GOOD OF THE ORDER

(For discussion purposes only.)

9. EXECUTIVE SESSION

1. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

(Subdivisions (b) and (c) of California Government Code Section 54956.9.)

1. One Case This item was pulled off the agenda at the request of staff.

Informational items distributed along with the Board agenda.

1. Memo dated January 28, 2010, from Cynthia Lau, Legislative Affairs Officer regarding: Proposed Ballot Initiatives.

Green Folder Information

(Information distributed in each Board Member's Green Folder at the beginning of the meeting.)

1. Informational sheet regarding: 2010 Medicare Benefits Chart - Medicare Part A: Hospital Covered Services.

2. Pamphlet regarding: How your Anthem Blue Cross Plans I, II, and III Benefits Coordinate with Medicare. Effective January 1, 2010.

10. ADJOURNMENT

 PROVIDE | Our services begin the moment a new hire becomes a LACERA member and continue throughout the member's career to retirement... and beyond.

3/9/10