

# BOARD OF RETIREMENT SPECIAL MEETING AND AGENDA 6-10-10

## LACERA

300 N. Lake Ave., Suite 810  
Pasadena, CA 91101

9:00 AM

### I. CALL TO ORDER

### II. PLEDGE OF ALLEGIANCE

### III. APPROVAL OF THE MINUTES OF THE SPECIAL MEETING OF MAY 6, 2010

### IV. OTHER COMMUNICATIONS

#### A. For Information

1. May 2010 All Stars
2. Service Award
3. Chief Executive Officer's Report (Memo dated June 2, 2010)

### V. NON-CONSENT AGENDA

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

Adopt the LACERA Fiscal Year 2010-2011 Administrative and Retiree Health Care Benefits Budgets. (Memo dated June 2, 2010.)

#### B. Recommendation as submitted by Yves Chery, Chair, Travel Policy Committee:

That the Board adopt the changes to the Education and Travel Policy, with the changes to become effective July 1, 2010. (Memo dated June 1, 2010.)

#### C. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits & Legislative Committee:

That the Board adopt a "watch" position on SB 1271 which would require posting a conflict of interest code appendix on the Internet Web Site. (Memo dated May 24, 2010.)

#### D. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Board continue its "watch" position on AB 1667 relating to reduced safety retirement benefits for Alameda County. (Memo dated May 24, 2010.)

#### E. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Board continue its "watch" position on AB 2253 relating to a rebuttable cancer presumption for specified members. (Memo dated June 1, 2010.)

#### F. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Board continue its "watch" position on SB 414 relating to the process of filling Board Member vacancies. (Memo dated May 27, 2010.)

#### G. Information only as submitted by Cynthia Lau, Legislative Affairs Officer, regarding AB 1987 — Pension "Spiking" and "Double Dipping". (Memo dated June 1, 2010.)

### VI. PUBLIC COMMENT

### VII. GOOD OF THE ORDER

(For discussion purposes only.)

### VIII. ADJOURNMENT

*Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Retirement that are distributed to members of the Board of Retirement less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Retirement Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.*

*Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling **Cynthia Guider** at (626)-564-6000, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date.*

MINUTES OF THE MEETING OF THE BOARD OF RETIREMENT  
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA

9:00 A.M., JUNE 10, 2010

PRESENT: Les Robbins, Chair  
Simon S. Russin, Vice Chair  
Yves Chery, Secretary  
Edward L. Blecksmith  
William de la Garza  
Ed C. Morris (Alternate Retired)  
William R. Pryor  
Mark J. Saladino

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer  
Robert Hill, Assistant Executive Officer  
Robb Van Der Volgen, Chief Counsel  
Earl W. Buehner, Senior Staff Counsel  
Cynthia Lau, Legislative Affairs Officer

I. CALL TO ORDER

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

II. PLEDGE OF ALLEGIANCE

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

III. APPROVAL OF THE MINUTES OF THE SPECIAL MEETING OF MAY 6, 2010

A motion was made by Mr. Chery, seconded by Mr. Morris, to approve the minutes of the special meeting of May 6, 2010. The motion passed unanimously.

IV. OTHER COMMUNICATIONS

A. For Information

1. May 2010 All Stars

Mr. Hill announced the eight winners for the month of May, (Miriam DeLeon, Patricia Nunez, Margaret Francis, Ana Ronquillo, Sandra Cortez, Blanca Medina, Linda Martin, and Michael Pihoda) for the Employee Recognition Program. Roberta VanNortrick was the winner of LACERA's Web Watcher Award. Theodora Byers, Bernard Edwards,

#### IV. OTHER COMMUNICATIONS (Continued)

Michael Mabry, and Everett Scott were the winners of LACERA's RideShare Program.

Additionally, Mr. Hill gave special recognition to the outreach staff for servicing the largest amount of members ever to register at the LACERA service counter.

##### 2. Service Award

Mr. Rademacher presented a 30 year service award to Felisa Valdepenas. Upon her retirement Ms. Valdepenas' name will be placed on LACERA's honor roll plaque.

##### 3. Chief Executive Officer's Report (Memo dated June 2, 2010)

Mr. Rademacher provided a brief overview of his Chief Executive Officer's Report with emphasis on the State Association of County Retirement Systems (SACRS) Spring Conference. The Board's choice for the SACRS slate of officers was approved at the SACRS Spring Conference. SACRS Officers for the 2010-11 year are: Rich White (Orange CERS), President; Tim Barrett (San Bernardino CERS), Vice President; and Darryl Walker (Alameda CERA), Secretary. The Treasurer position remains vacant.

#### IV. OTHER COMMUNICATIONS (Continued)

The Board of Supervisors approved several classification studies for LACERA's Quality Assurance and Metrics positions. In addition, the salary adjustment range for the Retiree Health Care Director was also approved.

Retiree Health Care Director interviews will take place on Wednesday, June 30th and Thursday, July 1<sup>st</sup>.

Mr. Rademacher reported that the L.A. County is close to implementing a replacement benefit plan which will help members comply with the internal revenue guidelines. This plan does not change benefit levels. A draft ordinance, which LACERA has reviewed, will be presented to the Board upon completion.

Mr. Rademacher reported that AB 1902, a LACERA sponsored bill that would add and amend various provisions of the County Employees Retirement Law regarding noncontributory Plan E, is set to be heard June 21, 2010. Mr. Rademacher will fly to Sacramento on June 15 and 21 where he will speak with committee members and testify on the bill.

V. NON-CONSENT AGENDA

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: Adopt the LACERA Fiscal Year 2010-2011 Administrative and Retiree Health Care Benefits Budgets. (Memo dated June 2, 2010.)

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

Mr. Rademacher thanked the Board for attending the April 29 and May 19, 2010 budget hearings. Minutes of both budget hearing dates were distributed to the Board Members.

Mr. Rademacher thanked Shamila Freeman and Kaelyn Ung, LACERA's budget team, for their hard work and dedication in putting together the Budgets. Additionally, Mr. Rademacher recognized and thanked LACERA's Communications and Management Team for all their help and input.

Mr. Rademacher provided an executive summary of the presentations made during the budget hearings. There were no changes made to the spending plan as a result of the budget hearings. The Board of Investments approved the Budgets at its June 9<sup>th</sup> meeting.

A brief discussion followed with the final vote being made:

The motion passed unanimously.

V. NON-CONSENT AGENDA (Continued)

- B. Recommendation as submitted by Yves Chery, Chair, Travel Policy Committee: That the Board adopt the changes to the Education and Travel Policy, with the changes to become effective July 1, 2010. (Memo dated June 1, 2010.)

A motion was made by Mr. Saladino, seconded by Mr. Morris, to approve the Policy as amended.

Mr. Chery addressed the Board noting that the Education and Travel Committee did not get an opportunity to review changes made to Section 705.13 of the Education and Travel Policy that came before the Board for approval at its present meeting. These changes were recommended to staff after the Education and Travel Policy Committee had met on May 6, 2010. Therefore, Mr. Chery made the following substitute motion:

A substitute motion was made by Mr. Chery, seconded by Mr. Russin, to refer the proposed amendments to the Educational and Travel Policy back to the Committee to discuss the new changes made to Section 705.13.

Mr. Saladino noted that the changes made were minor technical corrections designed to simply correct a technical mistake in the original policy, as approved by the Committee. Additionally, it is the end of the Fiscal Year, thereby, making it difficult to have a Committee meeting prior to

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V. NON-CONSENT AGENDA (Continued)

July 1, 2010, when the policy will take effect.

After a brief discussion among the Board, the following action took place:

Messrs. Chery and Russin withdrew their motion.

The motion to approve the recommendation passed unanimously.

- C. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits & Legislative Committee: That the Board adopt a “watch” position on SB 1271 which would require posting a conflict of interest code appendix on the Internet Web Site. (Memo dated May 24, 2010.)

**SB 1271**

Existing law requires each state and local government agency to adopt and promulgate a conflict of interest code. The code must establish conflict of interest standards for designated officials and employees of the agency and requires these individuals to file periodic statements of economic interest (SEIs) disclosing specified personal financial information.

Senate Bill 1271, sponsored by AFSCME, requires a public retirement board, commission or agency to attach an appendix to its conflict of interest code

V. NON-CONSENT AGENDA (Continued)

that lists each position for which an individual occupying that position is required to file an SEI as a public official who manages public investments, as defined. The bill further requires the board, commission or agency to post the appendix on its Internet Web site.

In summary, LACERA has an appendix in its conflict of interest code with these designations. Posting it on LACERA's website would be required if this bill is enacted. The bill does not change the filing methodology for Board members and employees.

A motion was made by Mr. Pryor, seconded by Mr. Morris, to adopt a "watch" position on SB 1271. The motion passed unanimously.

- D. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer: That the Board continue its "watch" position on AB 1667 relating to reduced safety retirement benefits for Alameda County. (Memo dated May 24, 2010.)

**AB 1667**

This bill 1667 is sponsored by Alameda County and adds new Government Code Section 31485.16 to authorize the Board of Supervisors of Alameda County to adopt a resolution to require a safety employee hired after approval

V. NON-CONSENT AGENDA (Continued)

of the resolution to elect between two benefit formulas within 45 days of employment. It also provides that once an election is made, it may not be changed by the employee.

The bill also reaffirms Alameda County's ability to provide a different formula or calculation of safety retirement benefits for new safety members in one bargaining unit than that which is provided for new safety members in different bargaining units or new unrepresented safety members.

This bill results from the memorandum of understanding between the Alameda County Deputy Sheriffs' Association and Alameda County which was adopted by the Alameda County Board of Supervisors earlier this year. The new contract, among other provisions, eliminates the current "3% at 50" safety pension arrangement for new deputies after April 17, 2010.

The Board adopted a "Watch" position on AB 1667 on May 6, 2010. Recent amendments corrected an incorrect code reference and specifies that this bill

V. NON-CONSENT AGENDA (Continued)

is urgency legislation which would be effective upon signature of the Governor.

A motion was made by Mr. Russin, seconded by Mr. Saladino, to adopt a “watch” position on AB 1667. The motion passed unanimously.

- E Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer: That the Board continue its “watch” position on AB 2253 relating to a rebuttable cancer presumption for specified members. (Memo dated June 1, 2010.)

**AB 2253**

Existing workers’ compensation law extends a rebuttable cancer presumption to specified members following termination of service for a period of three (3) calendar months for each full year of the requisite service, but not to exceed five years (60 months) in any circumstance, commencing with the last date actually worked in the specified capacity.

The Board adopted a “Watch” position on AB 2253 on April 15, 2010. At that time, the bill replaced the current law provision that extends three months of presumption for each year of service, and replaced this provision with year-

V. NON-CONSENT AGENDA (Continued)

for-year presumption credit. It also changed the five-year cap to a 15 year cap.

The bill was subsequently amended on May 28, 2010 to resort back to existing law of extending the presumption for a period of three (3) calendar months for each full year of the requisite service, but substituted the five-year cap with a 10-year cap.

A motion was made by Mr. Morris, seconded by Mr. Saladino, to take a “watch” position on AB 2253. The motion passed unanimously.

- F. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer: That the Board continue its “watch” position on SB 414 relating to the process of filling Board Member vacancies. (Memo dated May 27, 2010.)

**SB 414**

Senate Bill 414 is sponsored by California Retired County Employees Association (CRCEA) and addresses the process of filling vacancies on boards of retirement and boards of investments in counties operating retirement systems under CERL.

V. NON-CONSENT AGENDA (Continued)

The Board adopted a “Watch” position on SB 414 at the June 11, 2009 meeting and a continued “Watch” position on April 15, 2010 (please see attached March 25, 2010 memo).

The bill was subsequently amended on May 19, 2010 to:

1. Specify that the alternate retired member may participate in the deliberations of any of its committees to which the alternate member has been appointed.
2. Specify that the alternate seventh member may participate in the deliberations of any of its committees to which the alternate seventh member has been appointed.
3. Require the Board of Retirement or Board of Investments (in the case of an elected-member vacancy) to cause an election to be held at the earliest possible date.

In summary, with respect to the alternate retired member and alternate seventh member having the ability to only participate in deliberations of

V. NON-CONSENT AGENDA (Continued)

committees to which they have been appointed, this does not impact LACERA's board members since its Committee meetings are considered a joint meeting of the Committee and the Board of Retirement.

A staff member in the Board of Supervisors Executive Office raised concerns with the phrase "cause an election" under Sections 7 and 8 of the bill. He believes that this language could be interpreted to shift responsibility for holding elections from the Board of Supervisors to the Board of Retirement/Board of Investments. CRCEA reports that this is not the intent and that the phrase "cause an election" does not mean "call an election". However, new language may be forthcoming.

A motion was made by Mr. Saladino, seconded by Mr. Morris, to continue its "watch" position on SB 414. The motion passed unanimously.

- G. Information only as submitted by Cynthia Lau, Legislative Affairs Officer, regarding AB 1987 – Pension "Spiking" and "Double Dipping". (Memo dated June 1, 2010.)

Ms. Lau addressed Mr. Saladino's question, raised at the May 6, 2010 Board of Retirement meeting, regarding the new "Payrate" definition under

V. NON-CONSENT AGENDA (Continued)

Section 5 of the bill and its impact on flexible benefit contributions made by the County.

Staff checked with the committee consultant of the Assembly Public Employees, Retirement and Social Security Committee whose understanding is that contributions made by the employer as a percentage of pay which are currently non-pensionable would remain non-pensionable under the provisions of AB 1987.

The amendment to Section 31461 (line 1 of page 8) which makes reference to “participation in a flexible benefits program” is intended to mean that any amount that an employee pays out of their own pocket which is deducted from their salary towards benefits is part of their pay rate (such as a flexible spending account or amount over and above what the employer contributes towards benefits).

Ms. Lau informed the Board that the last paragraph of her memo contained a typographical error. The memo states “The amendment to Section **31641**” when it should read “The amendment to Section **31461**”.

VI. PUBLIC COMMENT

None

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VII. GOOD OF THE ORDER  
(For discussion purposes only.)

Green Folder Information (Information distributed in each Board  
Members Green Folder at the beginning of the meeting.)

1. LACERA Legislative Report –Bills Amending CERL.  
(Dated June 7, 2010)
2. LACERA Legislative Report – Other. (Dated June 7, 2010)
3. LACERA Legislative Report – PERS/STRS Bills.  
(Dated June 7, 2010)

VIII. ADJOURNMENT

There being no further business to come before the Board, the meeting  
was adjourned at 10:04 a.m.

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YVES CHERY, SECRETARY

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LES ROBBINS, CHAIR