

NOTICE OF SPECIAL MEETING AND AGENDA

BOARD OF RETIREMENT

A SPECIAL MEETING OF THE BOARD OF RETIREMENT OF THE
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
WILL BE HELD AS FOLLOWS:

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

9:00 A.M., SEPTEMBER 6, 2012

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF AUGUST 9, 2012
- IV. OTHER COMMUNICATIONS
 - A. For Information
 - 1. August 2012 All Stars
 - 2. Chief Executive Officer's Report
(Memo dated August 30, 2012)
- V. CONSENT AGENDA
 - A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board Members and staff, as designated by the Chief Executive Officer, at the National Business Coalition on Health's 17th Annual Conference to be held in Washington, D.C. on November 12-14, 2012; and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated August 27, 2012.)

V. CONSENT AGENDA (Continued)

- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board Members and staff, as designated by the Chief Executive Officer, at NCPERS 2012 Public Safety Employees Pension & Benefits Conference to be held in New Orleans, Louisiana on October 7-10, 2012; and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated August 30, 2012.)

VI. NON-CONSENT AGENDA

- A. Recommendation as submitted by Robert Van Der Volgen, Chief Counsel: That the Board adopt the changes to the Education and Travel Policy. (Memo dated August 24, 2012.)
- B. Recommendation as submitted by Cassandra Smith, Director, Retiree Healthcare Division: That the Board authorize the Retiree Healthcare Director to issue a Request for Proposal (RFP) for Medicare Part D Retiree Drug Subsidy Audit Services. (Memo dated August 28, 2012.)
- C. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer: That the Board approve the legislative proposal to SACRS which would allow members to perform telephone transactions with county retirement systems. (Memo dated August 28, 2012.)
- D. Information only as submitted by Robert Van Der Volgen, Chief Counsel and Cynthia Lau, Legislative Affairs Officer, regarding: Pension Reform Plan.

VII. PUBLIC COMMENT

VIII. GOOD OF THE ORDER

(For discussion purposes only.)

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IX. EXECUTIVE SESSION

A. CONFERENCE WITH LABOR NEGOTIATORS
(Government Code Section 54957.6)

Agency designated representatives:

Gregg Rademacher, Chief Executive Officer

Robert Hill, Assistant Executive Officer

JJ Popowich, Assistant Executive Officer

John Nogales, Director, Human Resources

Employee organization:

Service Employees International Union (SEIU), Local 721

X. 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 SPECIAL MEETING OF THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., SEPTEMBER 6, 2012

PRESENT: Les Robbins, Chair
Simon S. Russin, Vice Chair
Yves Chery, Secretary
Marvin Adams
Sadonya Antebi
William de la Garza
Shawn R. Kehoe (Alternate Member)
Ed C. Morris (Alternate Retired)
Mark J. Saladino

ABSENT: John M. Barger
William R. Pryor

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer
Robert Hill, Assistant Executive Officer
JJ Popowich, Assistant Executive Officer
Robb Van Der Volgen, Chief Counsel

STAFF ADVISORS AND PARTICIPANTS

Cassandra Smith, Director, Retiree Healthcare Division

Kirby Bosley, LACERA Healthcare Consultant,
Aon Hewitt

Cynthia Lau, Legislative Affairs Officer

John Nogales, Director, Human Resources

David Farrar, Attorney at Law

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

III. APPROVAL OF THE MINUTES OF THE REGULAR
MEETING OF AUGUST 9, 2012

A motion was made by Mr. Chery,
seconded by Mr. Morris, to approve
the minutes of the regular meeting of
August 9, 2012. The motion passed
unanimously.

IV. OTHER COMMUNICATIONS

A. For Information

1. August 2012 All Stars

Mr. Hill announced the eight winners for the month of August; Mamie Kwan, Vladimir Meyliker, Bernard Edwards, Alice Yen, Mureen Tsang, Mary Phillips, Regina Harris, and Earl Buehner for the Employee Recognition Program. Carlos Alonso was the winner of LACERA's Web Watcher Award. Sevan Simonian, Robert Santos, Ruby Grundy, and Allene Davis were the winners of LACERA's RideShare Program.

2. Chief Executive Officer's Report (Memo dated August 30, 2012)

Mr. Rademacher provided a brief overview of his Chief Executive Officer's Report with an emphasis on LACERA's new employee development program called the Leadership Development Project established to fill the vacated Member Services Division Manager position.

Mr. Rademacher reported on his presentations. At the request of David Muir, Chief of Retirement Security for CRCEA, Mr. Rademacher told LACERA's story to the Palos Verdes Peninsula Democratic Club. Additionally, he gave an update on Pension Reform at the Los Angeles County Human Resources Conference.

IV. OTHER COMMUNICATIONS (Continued)

Mr. Rademacher also reported that several meetings have been held between staff from the County CEO's office and LACERA to discuss the Public Employees' Pension Reform Act (PEPRA). There will be an extremely short implementation time frame for the changes mandated by PEPRA, many of which are to take effect on January 1, 2013. This will be even more challenging given that many of the issues raised by PEPRA are still unresolved.

V. CONSENT AGENDA

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

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board Members and staff, as designated by the Chief Executive Officer, at the National Business Coalition on Health's 17th Annual Conference to be held in Washington, D.C. on November 12-14, 2012; and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated August 27, 2012.)
- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board Members and staff, as designated by the Chief Executive Officer, at NCPERS 2012 Public Safety Employees Pension & Benefits Conference to be held in New Orleans, Louisiana on October 7-10, 2012; and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated August 30, 2012.)

VI. NON-CONSENT AGENDA

- A. Recommendation as submitted by Robert Van Der Volgen, Chief Counsel: That the Board adopt the changes to the Education and Travel Policy. (Memo dated August 24, 2012.)

Mr. Van Der Volgen reported that the proposed policy before the Board accurately reflects the proposed changes adopted at the July 11, 2012, meeting of the Travel Policy Committee.

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

After a brief discussion the motion was voted on.

The motion passed unanimously.

- B. Recommendation as submitted by Cassandra Smith, Director, Retiree Healthcare Division: That the Board authorize the Retiree Healthcare Director to issue a Request for Proposal (RFP) for Medicare Part D Retiree Drug Subsidy Audit Services. (Memo dated August 28, 2012.)

A motion was made by Mr. de la Garza, seconded by Mr. Adams, to approve the recommendation.

Ms. Smith addressed the Board noting that the Board of Supervisors, at their meeting of August 28, 2012, requested that the Los Angeles County Chief Executive Officer work with LACERA in auditing the Medicare Retiree Drug Subsidy (RDS) claims that are submitted by LACERA's administered insurance plan carriers on LACERA's behalf.

VI. NON-CONSENT AGENDA (Continued)

LACERA participates and files for RDS drug subsidies under the Medicare RDS Program and has been since the program's implementation in 2005.

While LACERA believes that its carriers have been providing accurate data on its behalf, staff believes auditing the RDS claim submissions will determine if LACERA has received the maximum RDS subsidy amount. Therefore, staff is seeking the Board's permission to issue a Request for Proposal (RFP) for Medicare Part D Retiree Drug Subsidy Audit Services.

Mr. Farrar, attorney for Part D. Advisors, Inc., addressed the Board regarding auditing RDS claims data for plan sponsors.

After a lengthy discussion, the Board directed staff to issue an RFP and work with the plan consultant to protect LACERA's ability to re-open 2006-2007 claims.

The motion passed with Ms. Antebi voting no.

- C. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer: That the Board approve the legislative proposal to SACRS which would allow members to perform telephone transactions with county retirement systems. (Memo dated August 28, 2012.)

Ms. Lau addressed the Board noting that advances in technology and the need for costs savings and greater efficiency in service delivery have led county retirement systems to incorporate the use of paperless technology by allowing

VI. NON-CONSENT AGENDA (Continued)

members to perform and execute various functions through their respective websites. However, many of these functions, such as beneficiary designations, retirement elections, and service purchases require the member's signature.

In 2011, the Board of Retirement approved a legislative proposal to amend Government Code Section 31527 of the County Employees Retirement Law (CERL) to allow county retirement systems to adopt, at their election, regulations allowing for the use and acceptance of a member's electronic signature with the same force and effect as a manual signature, provided it meets the requirements of that system.

Assembly Bill 2664 was subsequently sponsored by the State Association of County Retirement Systems (SACRS), signed by Governor Brown, and is effective January 1, 2013. After the Board approves regulations to implement Assembly Bill 2664 as well as the technology ensuring the integrity, security, and authenticity of a member's electronic signature, LACERA may begin accepting electronic signatures on requests which previously required signatures in writing.

Therefore, the Executive Office recommends amending existing Government Code

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VI. NON-CONSENT AGENDA (Continued)

Section 31527 of the County Employees Retirement Law (CERL) to allow county retirement systems to adopt, at their election, regulations allowing for the secure processing of member requests by telephone with the same force and effect as a manual signature.

Due to the September 7, 2012 deadline for submitting legislative proposals to SACRS for inclusion in their 2013 legislative platform, staff was unable to present this first to the Insurance, Benefits and Legislative Committee and is presenting this recommendation directly to the Board for consideration.

A motion was made by Mr. Kehoe, seconded by Mr. de la Garza, to approve the recommendation. The motion passed with Mr. Russin voting no.

- D. Information only as submitted by Robert Van Der Volgen, Chief Counsel and Cynthia Lau, Legislative Affairs Officer, regarding: Pension Reform Plan.

Mr. Van Der Volgen and Mr. Rademacher provided a brief update on the proposed Public Employees Pensions Reform Act (PEPRA).

Ms. Lau was present to answer questions of the Board.

There was a lengthy question and answer period that ensued.

VI. NON-CONSENT AGENDA (Continued)

Mr. Van Der Volgen thanked Cynthia Lau, Fern Billingsy, Michael Herrera, and Executive staff for all their help reviewing and analyzing the bill. It is anticipated that by next month staff will provide the Board with more details about the statute's application to LACERA.

VII. PUBLIC COMMENT

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

IX. EXECUTIVE SESSION

A. CONFERENCE WITH LABOR NEGOTIATORS
(Government Code Section 54957.6)

Agency designated representatives:

Gregg Rademacher, Chief Executive Officer

Robert Hill, Assistant Executive Officer

JJ Popowich, Assistant Executive Officer

John Nogales, Director, Human Resources

Employee organization:

Service Employees International Union (SEIU), Local 721

The Board met in Executive Session pursuant to Government Code Section 54957.6 to discuss labor negotiations with Service Employees International Union (SEIU), Local 721. Mr. Rademacher said that there were no matters to report.

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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 September 5, 2012.)
2. LACERA Legislative Report – Other. (Dated September 5, 2012.)
3. LACERA Legislative Report –Federal. (Dated September 5, 2012.)
4. Ballot Initiatives Status Report (Dated September 5, 2012.)
5. Information on Assembly Bill 340

X. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:30 p.m.

YVES CHERY, SECRETARY

LES ROBBINS, CHAIR