



June 23, 2019

**APPROVED
JULY 3, 2019
BOARD OF RETIREMENT**

TO: Each Member
Board of Retirement

FROM: Steven P. Rice *SPR*
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FOR: July 3, 2019, Board of Retirement Meeting

SUBJECT: CHANGE OF BOARD MEETING SCHEDULE POLICY

RECOMMENDATION

IT IS RECOMMENDED that:

1. Beginning August 2019, the Board of Retirement permanently move its Administrative meeting from the second Thursday of the month to the first Wednesday of the month.
2. Beginning August 2019, the Board of Retirement permanently move its Disability meeting from the first Wednesday of the month to the second Thursday of the month.
3. Beginning August 2019, the Board of Retirement permanently move its Operations Oversight Committee meeting to the first Wednesday of the month, following the Board's Administrative meeting.
4. Beginning August 2019, the Board of Retirement permanently move its Disability Procedures and Services Committee meeting to the second Thursday of the month, following the Board's Disability meeting.

INTRODUCTION

The Board of Retirement Chair has expressed a desire to permanently switch the Board's Administrative Meeting, currently held on the second Thursday of the month, with the Disability Meeting, currently held on the first Wednesday of the month. This request would also involve permanently scheduling the Board's Committee meetings as follows:

- Operations Oversight Committee (OOC): First Wednesday, after Administrative meeting.
- Insurance, Benefits and Legislative Committee (IBLC): Second Thursday, after the Disability meeting.
- Disability Procedures and Services Committee (DPSC): Second Thursday, after the Disability meeting.

LEGAL AUTHORITY

The Board of Retirement has the plenary authority and fiduciary responsibility to administer the retirement system, and holds executive, legislative, and quasi-judicial powers. In administering its duties, the Board has the authority to promulgate rules, regulations, and policies.¹

BOARD REGULATIONS

Under the Regulations of the Board of Retirement:

Regular meetings of the Board of Retirement shall be held on the first Wednesday and the Thursday following the second Wednesday in each month at 9:00 a.m. (Regulations, Section II.1.)

The Regulations do not state the subject matter of each meeting. However, presently and for many years in the past, the Board's regular Disability meetings are held on the first Wednesday and the Board's regular Administrative meetings are held on the second Thursday. The Board's policy approving this schedule was adopted at the Board's April 3, 2002 meeting.

The Board's Regulations also provide, "The order of business shall be determined by formal action of the Board of Retirement." (Regulations, Section II.3(b).) Therefore, the Board may change the business conducted at each of its monthly meetings.

Because the Board of Investments meets on the second Wednesday of each month, the current Board of Retirement meeting schedule results in the Board's administrative meeting taking place the day after Board of Investments meetings. This schedule means that, when both Boards must act on a matter, the Board of Investments generally acts first. Matters on which both Boards must act under the County Employees Retirement Law (CERL) include approval of LACERA staff positions and salaries (Cal. Gov't Code §§ 31522.1, 31522.2, 31522.4) and approval of the annual budget (Cal. Gov't Code § 31580.2).

¹ Cal. Const. art. XVI, Sec. 17, subd. (a) and (b): Cal. Gov't Code §§ 31525-31527.

The Board of Retirement has statutory responsibility for "the management of the retirement system." (Cal. Gov't Code § 31520.) Given that the Board of Retirement has overall administrative responsibility for the fund, it may be generally appropriate for that Board to express its views and take action on the joint areas of positions, salaries, and budget before the Board of Investments. Such a change in the Board of Retirement's calendar will not reduce the Board of Investments' independent and co-equal power and responsibility to exercise its own separate judgment to approve, disapprove, or modify proposals that require joint action. LACERA cannot take action in any of the joint areas unless and until there is identical action from both Boards.

COMMITTEE MEETINGS

By Board action taken on April 3, 2002, the DPSC meets after the Board of Retirement's monthly Disability meetings; and the IBLC and OOC meet after the Board's Administrative meetings.

If the Board approves a change in the order of the monthly Board meetings, the committee meeting schedule should also change. Meetings of the DPSC should be changed to follow the new Board Disability meetings, and meetings of the OOC should be changed to follow the new Board Administrative meetings.

While it might appear appropriate to also move meetings of the IBLC, staff requests that meetings of that committee remain on the second Thursday because monthly data presented to the IBLC is not available in time for an earlier meeting, and further because staff of LACERA's healthcare consultant, Segal, who attends every IBLC meeting, is not available on the first Wednesday of the month due to a conflict with meetings of another client system. The addition of IBLC meetings to follow the Board's Disability meetings will lengthen the overall time of those meeting days.

CURRENT STAFF PROCESSES FOR PRESENTING DISABILITY RETIREMENT APPLICATIONS TO THE BOARD OF RETIREMENT

The following is a brief summary of processes involved for disability retirement applications both before and after the Board's Disability meeting. These processes primarily involve Disability Retirement Services and the Benefits Division.

Disability Retirement Services (DRS)

- **Before the meeting**

Once a disability-application has been approved by staff for presentation to the Board of Retirement for a decision, it is placed on a final agenda. "Board Packets," which include a Disability Retirement Evaluation Report, panel-physician report, and application, are delivered to Board members two weeks before the scheduled meeting. Ten days before

the meeting, applicants and their attorneys are notified by letter that their applications will be heard by the Board at the next meeting, and the final agenda is posted publicly on LACERA's website.

- **After the meeting**

Board actions are entered into Workspace and posted on LACERA's website within 48 hours of the Board meeting. Notice of Board Actions are sent to each member within seven days of the Board meeting. If the Board grants a disability retirement, a Board Action Summary is prepared and sent to the Benefits Division to initiate payment.

Benefits Division

Within 45 days from the date DRS sends out the Notice of Board Action, Benefits must contact the member to begin the process of placing the member on LACERA payroll. During this process, the member's effective date of disability retirement is established. Benefits staff reach out to the member's department to coordinate leave benefits and to confirm whether there are any corrections or adjustments needed to the member's time on the books. After counseling members about various topics, staff obtains a signed disability election form stating the retirement date. Advanced Payroll then places the member on payroll.

IMPACT OF PROPOSED CHANGES

The following is a description of the impact of the proposed changes.

Benefits and Systems Divisions

The ratification of service retirements, survivor benefit applications, and reciprocal disability retirements will continue to be placed on the first meeting of the month, so the change in meeting dates will not impact these applications.

There may be a one-month delay for some members in processing payment of their disability retirement during the first month (August 2019) of the changed schedule, depending on the member's department's cut-off date for payroll processing and service separation. After the first month, there should be no further delays.

Disability Retirement Service (DRS)

The change will have little impact on Disability Retirement Services. It will continue to have two mailings per month. Disability cases will be delivered two weeks prior to the scheduled meeting and information for the Miscellaneous Agenda will be delivered one week prior to the scheduled meeting. Appropriate pre and post-board meeting notices will be mailed in conjunction with the new meeting dates.

Retiree Health Care (RHC) and IBLC

The IBLC meetings will continue to be scheduled for the second Thursday of the month which will mean that the meeting would take place after the Board's Disability meeting, not the Administrative meeting. One concern for RHC is that if the Board's Disability meeting runs long, Committee members may not be available for the entire IBLC meeting due to schedule conflicts. This may affect Committee discussions on issues presented at the meeting or potentially raise quorum issues. One solution to these concerns is to hold the IBLC meeting immediately after the Board's Disability meeting, when the Board meeting is running long.

Disability Litigation

The change will have little impact on Disability Litigation. Appropriate pre and post-board meeting notices will be mailed in conjunction with the new meeting dates.

COMMUNICATION TO MEMBERS, COUNTY DEPARTMENTS, AND AFFILIATES

It is necessary to notify members, County departments, and other affiliates such as applicant attorneys, that meeting dates have changed. This information will be communicated through letters to our members, the human resource offices for each of the County departments, and the applicant attorneys included in Disability Retirement's list of attorneys. Notification of the date changes will also be posted on LACERA's website (lacera.com) as well as LACERA's website Human Resources Professionals (HR Pros).

CONCLUSION

For these reasons, it is recommended that beginning August 2019, the Board of Retirement permanently move its Administrative meeting from the second Thursday of the month to the first Wednesday of the month and permanently move its Disability meeting from the first Wednesday of the month to the second Thursday of the month. It is also recommended that beginning August 2019, the Board permanently move its Operations Oversight Committee meeting to the first Wednesday of the month, following the Board's Administrative meeting and permanently move its Disability Procedures and Services Committee meeting to the second Thursday of the month, following the Board's Disability meeting.

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