

# AGENDA

## MEETING OF THE BOARD OF RETIREMENT

### LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., MARCH 15, 2012

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF MINUTES
  - A. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF FEBRUARY 1, 2012
  - B. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF FEBRUARY 9, 2012
- IV. CONSENT AGENDA
  - A. Ratification of Service Retirement Application Approvals.
  - B. Ratification of Survivor Benefit Application Approvals.
  - C. Recommendation to dismiss pending cases and request retroactive benefits
- V. OTHER COMMUNICATIONS
  - A. For Information
    - 1. February 2012 All Stars
    - 2. Service Awards
    - 3. Chief Executive Officer's Report  
(Memo dated March 7, 2012)

VI. NON-CONSENT AGENDA

- A. Recommendation as submitted by Cassandra Smith, Director, Retiree Health Care Division: That the Board approve the rate renewal proposals and benefit changes for LACERA's 2012-2013 Retiree Health Care Benefits Program, listed by carrier, and administrative fees. (Memo dated March 5, 2012.)
- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board review the 2012 meeting calendar and reschedule meeting dates as needed. (Memo dated February 29, 2012.)
- C. Recommendation as submitted by James J. Castranova, Senior Staff Counsel: Policy discussion regarding Government Code Sections 31663.1, 31663.15, Cadre of Administrative Reserve Personnel Program (CARP), and Disability Retirements. (Memo dated February 13, 2012.)
- D. 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 2012 CVS Caremark Client Forum, to be held in Orlando, Florida from April 11-13, 2012; and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated March 1, 2012.)
- E. Information only as submitted by Robert Van Der Volgen, Chief Counsel and Cynthia Lau, Legislative Affairs Officer, regarding Governor's 12-Point Reform Plan. (Memo dated March 7, 2012.)

VII. PUBLIC COMMENT

VIII. GOOD OF THE ORDER

(For discussion purposes only.)

IX. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

March 15, 2012

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X. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

- A. Applications for Disability
- B. Referee Reports (Closed Session)
- C. Recommendation to dismiss pending cases and request retroactive benefits

XII. 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.*

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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., FEBRUARY 9, 2012

PRESENT: Les Robbins, Chair  
Simon S. Russin, Vice Chair  
Yves Chery, Secretary  
Marvin Adams  
Sadonya Antebi  
John M. Barger (Left at 1:25 p.m.)  
William de la Garza  
Shawn R. Kehoe (Alternate Member)  
Ed C. Morris (Alternate Retired)  
William R. Pryor (Left at 12:57 p.m.)  
Mark J. Saladino

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

STAFF ADVISORS AND PARTICIPANTS

James J. Castranova, Senior Staff Counsel

Cassandra Smith, Director, Retiree Health Care

Beulah S. Auten, Chief Financial Officer

Stephen Gibbs, Claims Processing Division

John Nogales, Director, Human Resources

Maurice Mellul

Deloitte Consulting LLP

David Lusk, Engagement Principal, L.A.

Isabelle Wang, Manager, Actuarial & Financial Lead, L.A.

Grant Ruttinger, Specialist Leader, Communications,  
Detroit

Diep Stephan, FSA, Senior Consultant,  
Actuarial & Financial, L.A.

Michael Maniccia, Specialist Leader, Strategy,  
Health & Wellness, L.A.

Aon Hewitt

Kirby Bosley, Strategic Lead

Ken Lowman, Health & Benefits Client Lead

Helen Batsalkin, Client Financial Consultant

Gary Shutler, Lead Communication Strategist

Jill Carson, Lead Compliance Consultant

Debbie Donaldson, Lead Actuary

John Grosso, Retiree Health Care Design &  
Strategy/Medicare Part D Subject Matter Expert

Michael Cryer, Medical Director

Mercer Human Resource Consulting

E. Clay Levister, Associate Principal, Client Liaison

Laurie Silva, Lead Health & Benefits Consultant

Chuck Hartwig, Sr. Partner

Kathy Slothour, Principal

Erin Ward, Principal

Mike Sinkeldam, Principal

Bill Scott, Principal

T.J. Stevko, Principal

Stephanie Kop, Associate

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

III. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF JANUARY 12, 2012

A motion was made by Mr. Chery, seconded by Mr. Morris, to approve the minutes of the regular meeting of January 12, 2012. The motion passed unanimously.

#### IV. OTHER COMMUNICATIONS

##### A. For Information

##### 1. January 2012 All Stars

Mr. Hill announced the eight winners for the month of January; Beulah Auten, Ana Chang, Cassandra Smith, Debbie Goldasich, Irene Ballestero, Michael Prihoda, Margo McCabe, and Ruby Minjares for the Employee Recognition Program. David Escamilla was the winner of LACERA's Web Watcher Award. Ted Granger, Andrea Ellison, Gordon Pacana, and Virginia Carrillo were the winners of LACERA's RideShare Program.

##### 2. Chief Executive Officer's Report (Memo dated February 2, 2012)

Mr. Rademacher provided a brief overview of his Chief Executive Officer's Report with a brief update on what transpired at the previous day's Board of Investments meeting. (Board of Investments minutes are available to view on LACERA's Website [www.lacera.com](http://www.lacera.com).)

Mr. Rademacher thanked staff from Claims Processing, Member Services, Systems, and QA & Metrics for all their help during a very busy March Madness Season. There is a yearly increase of members contacting

#### IV. OTHER COMMUNICATIONS (Continued)

LACERA for retirement information due to the eligibility for the cost-of-living increase deadline of March 31.

Mr. Rademacher reported that in connection with a public records request by the Los Angeles Times Superior Court Judge Chalfant has given LACERA direction on releasing member data, set to be released to the L.A. Times by February 15, 2012. LACERA members have been notified of this action.

LACERA has also received a public records request from the Bay Area News Group. LACERA is working with them on their request and have, in fact, offered to share with them the data file that has been compiled for the L.A. Times. To date, the Bay Area News Group has not taken LACERA up on that offer.

Mr. Rademacher reported that the Board of Investments changed the Plan's funding assumptions. The Board lowered the CPI, which in turn lowered the wage assumption and the earnings rate assumption. The earnings rate assumption impacts how LACERA calculates Additional Retirement Credit (ARC) and service credit purchases, thus requiring LACERA to notify its members of this change.



#### IV. OTHER COMMUNICATIONS (Continued)

Susan MoonJean is the new DC Plan Director for Los Angeles County. Messrs. Rademacher and Hill met with Ms. MoonJean and discussed developing new employee communication materials that would combine information from both DC Plans and LACERA Plan Benefits.

Mr. Rademacher recognized Ms. Golden who will be retiring at the end of March, 2012. He thanked her for all her hard work and outstanding contributions to LACERA.

Additionally, Mr. Rademacher discussed the 12 point pension reform plan that Governor Brown is introducing. Staff will produce a written report explaining his plan and forward to the Board for their information.

Chair Robbins said the Board would handle item VI. PUBLIC COMMENT first.

#### VI. PUBLIC COMMENT

Mr. Mellul spoke about his uncashed LACERA pension checks. Staff will provide a report to the Board on Mr. Mellul's request for replacement checks.

V. NON-CONSENT AGENDA

- A. Recommendation as submitted by Cassandra Smith, Director, Retiree Health Care: That the Board select one healthcare consulting firm to provide Retiree Healthcare Consultation Services to the Retiree Healthcare Benefits Program. (Memo dated January 26, 2012.)

Mr. Pryor recused himself from discussion or voting on the above agenda item. Mr. Pryor left the room at 9:41 a.m. and returned after this agenda item was handled.

Ms. Smith addressed the Board and gave a brief summary of the Request for Proposal (RFP) process and the selection process that identified the three finalist to perform Retiree Healthcare Program consulting services for the period of July 1, 2012 through June 30, 2017. The RFP Evaluation Committee Team, comprised of Retiree Healthcare, Internal Audit, and Legal Services staff, reviewed a total of seven bids that were submitted to LACERA by consulting firms. The following three firms were chosen and the presentations followed.

Deloitte Consulting LLP

David Lusk, Principal, Engagement Leader

Isabelle Wang, Manager, Actuarial & Financial Lead

Grant Ruttinger, Specialist Leader, Communications, Detroit

Diep Stephan, FSA, Senior Consultant, Actuarial & Financial

Michael Maniccia, Specialist Leader, Strategy,

Health & Wellness

V. NON-CONSENT AGENDA (Continued)

Mr. Lusk introduced his colleagues and noted that Dan Coyle, Engagement Manager, Program Services was unable to attend the meeting due to a prior client commitment.

A question and answer period was conducted after Deloitte Consulting's presentation.

Aon Hewitt

Kirby Bosley, Strategic Lead

Ken Lowman, Health & Benefits Client Lead

Helen Batsalkin, Client Financial Consultant

Gary Shutler, Lead Communication Strategist

Jill Carson, Lead Compliance Consultant

Debbie Donaldson, Lead Actuary

John Grosso, Retiree Health Care Design &

Strategy/Medicare Part D Subject Matter Expert

Michael Cryer, Medical Director

Ms. Bosley introduced her colleagues who, if chosen, would be working directly with LACERA.

A question and answer period was conducted after Aon Hewitt's presentation.

V. NON-CONSENT AGENDA (Continued)

Mercer

E. Clay Levister, Associate Principal, Client Liaison

Laurie Silva, Lead Health & Benefits Consultant

Chuck Hartwig, Sr. Partner

Kathy Slothour, Principal

Erin Ward, Principal

Mike Sinkeldam, Principal

Bill Scott, Principal

T.J. Stevko, Principal

Stephanie Kop, Associate

Mr. Levister introduced his colleagues and conducted Mercer's presentation.

A question and answer period followed the presentation.

After a discussion among Board Members and staff the following motion was made:

A motion was made by Mr. Barger, seconded by Mr. Adams, to select Aon Hewitt consulting firm to provide Retiree Healthcare Consultation Services to the Retiree Healthcare Benefits Program. The motion passed unanimously.

(The Board went on break at which time Mr. Pryor left at 12:57 p.m.)

Chair Robbins said the Board would handle items E and G.

V. NON-CONSENT AGENDA (Continued)

- E. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board review the 2012 meeting calendar and reschedule meeting dates as needed. (Memo dated January 30, 2012.)

A motion was made by Mr. Barger seconded by Mr. Kehoe, to handle this agenda item at the March 15, 2012 Board of Retirement Meeting. The motion passed unanimously.

- G. Recommendation as submitted by the CEO Performance Committee: That the Board approve the CEO Performance Committee's salary recommendation for LACERA's Chief Executive Officer.

John Nogales, Director, LACERA Human Resources and Annette Cleary, Sr. Human Resources Analyst, provided an executive summary on the proposed recommendation. A brief discussion followed and the Board commended the CEO Performance Committee and staff on their reports and presentation.

Mr. Nogales noted that at the previous day's Board of Investments meeting, the Board of Investments approved the recommendation, with Chair Santos and Mr. Saladino voting no.

V. NON-CONSENT AGENDA (Continued)

A motion was made by Mr. Barger, seconded by Mr. Kehoe to approve the recommendation . The motion passed with Messrs. Saladino, Chery, Russin and Adams voting no.

A second motion was made by Mr. Barger, seconded by Mr. de la Garza, to approve March 1, 2012, as the effective date of the salary change. The motion passed unanimously (roll call).

- B. Recommendation as submitted by Beulah S. Auten, Chief Financial Officer: That the Board determine the Consumer Price Index changed by 2.2% for the year ended December 2011, 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, 2012 in accordance with applicable California Government Code Sections. (Memo dated January 26, 2012.)

Mrs. Auten was present for questions.

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

V. NON-CONSENT AGENDA (Continued)

- C. Recommendation as submitted by Beulah S. Auten, Chief Financial Officer: That the Board determine the Consumer Price Index changed by 3.6% for the last two calendar years ended December 2011, and adjust the compensation for the review and analysis of disability retirement cases to \$106 per day for an eight-hour day. The new compensation amount is to become effective April 1, 2012. (Memo dated January 26, 2012.)

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

- D. Recommendation as submitted by Stephen Gibbs, Claims Processing Division: That the Board 1) Determine, based upon the medical evaluation conducted August 3, 2011, that Chia Mei Jui is not incapacitated for the duties assigned to her in the position of Court Reporter; and 2) Grant the application of Ms. Jui for reinstatement to active membership. (Memo dated February 2, 2012.)

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

(Mr. Barger left at 1:24 p.m.)

The motion passed with Ms. Antebi, and Mr. Saladino voting no.

- F. Recommendation as submitted by James J. Castranova, Senior Staff Counsel: Policy discussion regarding Government Code Sections 31663.1, 31663.15, Cadre of Administrative Reserve Personnel Program (CARP), and Disability Retirements. (Memo dated February 2, 2012.)

V. NON-CONSENT AGENDA (Continued)

Mr. Castranova noted that a word was left out of the first paragraph on page three (3) of his memo. The last sentence currently reads as follows:

“Failing to comply with Section 31663.15 may viewed as an attempt to circumvent the retirement law for the purpose of enhancing the retirement benefits of a selected group of administrators.” But should be changed to read as follows: “Failing to comply with Section 31663.15 may **be** viewed as an attempt to circumvent the retirement law for the purpose of enhancing the retirement benefits of a selected group of administrators.”

After a brief discussion among the Board and Mr. Castranova a redraft will be written to include the concerns and changes of some Board Members.

Mr. Castranova will bring this item back before the Board at its next Board of Retirement Meeting.

- H. 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, to attend the 5<sup>th</sup> Annual Pension Trustee Round Up to be held in Los Angeles, California on February 27 and 28, 2012; and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy. (Memo dated February 2, 2012.)



V. NON-CONSENT AGENDA (Continued)

A motion was made by Mr. Chery, seconded by Mr. Adams, to approve the recommendation. The motion passed unanimously.

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 February 6, 2012.)
2. LACERA Legislative Report – Other. (Dated February 6, 2012.)
3. LACERA Legislative Report – Federal (Dated February 6, 2012.)
4. LACERA Fact Sheet (single sheet) regarding Interest.

VIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:45 p.m.

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YVES CHERY, SECRETARY

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LES ROBBINS, CHAIR