

AGENDA

A REGULAR MEETING OF THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., WEDNESDAY, MARCH 2, 2016

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Regular Meeting of February 3, 2016
 - B. Approval of the Minutes of the Regular Meeting of February 11, 2016
- IV. REPORT ON CLOSED SESSION ITEMS
- V. OTHER COMMUNICATIONS
 - A. For Information
 - 1. January 2016 All Stars
 - 2. Chief Executive Officer's Report
(Memo dated February 22, 2016)
- VI. PUBLIC COMMENT
- VII. CONSENT AGENDA
 - A. Ratification of Service Retirement and Survivor Benefit Application Approvals.

VII. CONSENT AGENDA (Continued)

- B. Requests for an administrative hearing before a referee.
(Memo dated February 5, 2016)
- C. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board dismiss with prejudice the appeal for an earlier effective date in the case of **Michelle C. Canchola**. (Memo dated January 26, 2016)
- D. For Information Only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services, regarding the Application Processing Time Snapshot Reports. (Memo dated February 16, 2016)

VIII. NON-CONSENT AGENDA

- A. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a “Watch” position on Assembly Bill 1640, which indefinitely extends the exemption of certain public employees from the provisions of the California Public Employees’ Pension Reform Act of 2013.
(Memo dated February 22, 2016)
- B. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a “Watch” position on Assembly Bill 1692, which applies the terms and conditions of disability retirement under Tier Three of the Contra Costa Employees’ Retirement Association to nonsafety PEPRAs plan members for whom the Board of Supervisors of Contra Costa County is the governing body. (Memo dated February 22, 2016)
- C. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a “Watch” position on Senate Bill 24, which clarifies the treatment of pension benefits for employees who transfer from an employer to a joint powers authority. (Memo dated February 22, 2016)
- D. Recommendation as submitted by Cassandra Smith, Director, Retiree Healthcare: That the Board approve the FYE 2017-2019 Retiree Healthcare Strategic Plan. (Memo dated March 2, 2016)

VIII. NON-CONSENT AGENDA (Continued)

- E. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board receive and file the SACRS Nominating Committee's recommended officer slate notice and consider providing direction to SACRS on additional officer nominations. (Memo dated February 24, 2016)
- F. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board review the 2016 meeting calendar and consider rescheduling the Thursday, April 14, 2016 meeting. (Memo dated January 25, 2016)
- G. For Information Only as submitted by Francis J. Boyd, Senior Staff Counsel, regarding the Publication of Astorga v. Retirement of the Santa Barbara County Employees Retirement System. (Memo dated February 22, 2016)

IX. REPORT ON STAFF ACTION ITEMS

- X. GOOD OF THE ORDER
(For information purposes only)

XI. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

- A. Applications for Disability
- B. Referee Reports
- C. Staff Recommendations

- 1. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board reject the application of **Feira G. Villalba** for processing. (Memo dated February 22, 2016)

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

C. Staff Recommendations (Continued)

2. Recommendation as submitted by Vincent A. Lim, Chief Counsel, Disability Litigation: That the Board find that **Felicia Myers** delayed the filing of her application for disability retirement because she was unable to ascertain the permanency of her incapacity and that her application be deemed filed on the day after the last day of regular compensation in accordance with Government Code Section 31724.
(Letter dated February 10, 2016)
3. Recommendation as submitted by Vincent A. Lim, Chief Counsel, Disability Litigation: That the Board find that **Robert D. Campbell** delayed the filing of his application for disability retirement because he was unable to ascertain the permanency of his incapacity and that his application be deemed filed on the first day of incapacity, September 30, 2010.
(Letter dated February 2, 2016)
4. Recommendation as submitted by Vincent A. Lim, Chief Counsel, Disability Litigation: That the Board find **Danny Bullocks** permanently incapacitated for service-connected reasons and grant him a service-connected disability retirement.
(Letter dated January 29, 2016)

XIII. EXECUTIVE SESSION

- A. Conference with Legal Counsel - Existing Litigation
(Pursuant to Paragraph (1) of Subdivision (d) of California Government Code Section 54956.9)

1. Agneta Dobos v. Board of Retirement

XIV. 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 REGULAR MEETING OF THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., WEDNESDAY, FEBRUARY 3, 2016

PRESENT: Shawn R. Kehoe, Chair
Alan Bernstein, Vice Chair
William de la Garza, Secretary
Anthony Bravo
Yves Chery
Vivian H. Gray (Arrived at 9:25 a.m.)
David L. Muir (Alternate Retired)
Les Robbins
William Pryor (Alternate Member)
Ronald A. Okum

ABSENT: Joseph Kelly

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

JJ Popowich, Assistant Executive Officer

Steven Rice, Chief Counsel

STAFF ADVISORS AND PARTICIPANTS (Continued)

Dr. Vito Campese, Medical Advisor

Ricki Contreras, Division Manager
Disability Retirement Services

Vickie Neely, Specialist Supervisor
Disability Retirement Services

Francis J. Boyd, Senior Staff Counsel
Legal Division

Allison E. Barrett, Senior Staff Counsel
Disability Litigation

Thomas J. Wicke, Attorney at Law
Lewis, Marenstein, Wicke & Sherwin, LLP

Michael Treger, Attorney at Law

I. CALL TO ORDER

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

II. PLEDGE OF ALLEGIANCE

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

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of January 6, 2016

III. APPROVAL OF MINUTES (Continued)

Mr. Chery made a motion, Mr. Okum seconded, to approve the minutes of the regular meeting of January 6, 2016. The motion passed unanimously.

IV. REPORT ON CLOSED SESSION ITEMS

No items were reported.

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. CONSENT AGENDA

Mr. Bernstein made a motion, Chair Kehoe seconded, to approve the following agenda items. The motion passed unanimously.

- A. Ratification of Service Retirement and Survivor Benefit Application Approvals.
- B. Requests for an administrative hearing before a referee.
(Memo dated January 20, 2016)
- C. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board dismiss with prejudice the appeal for a service-connected disability retirement in the case of **Richard M. Fontenot**. (Memo dated January 13, 2016)
- D. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board dismiss with prejudice the appeal for a service-connected disability retirement in the case of **Lamberto R. Villarroel**. (Memo dated January 20, 2016)

VI. CONSENT AGENDA (Continued)

- E. Recommendation as submitted by Vivian H. Gray, Chair, Disability Procedures & Services Committee: That the Board approve Jason J. Chiu, M.D. – Board Certified Orthopedist to the LACERA Panel of Physicians for the purpose of examining disability retirement applicants. (Memo dated January 13, 2016)
- F. For information only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services regarding the Application Processing Time Snapshot Reports. (Memo dated January 20, 2016)

VII. GOOD OF THE ORDER

(For information purposes only)

On behalf of RELAC, Mr. de la Garza thanked the Board and staff for attending the RELAC Luncheon.

Mr. Rademacher introduced the Disability Retirement Secretary, Marilu Bretado, to the Board.

VIII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Law Enforcement
Service-Connected Disability Applications

On a motion by Chair Kehoe, seconded by Mr. de la Garza, the Board of Retirement approved a service-connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met the burden of proof:

APPLICATION NO.

NAME

435C

RANDY D. HANEY

VIII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Law Enforcement (Continued)
Service-Connected Disability Applications

<u>APPLICATION NO.</u>	<u>NAME</u>
436C*	MICHAEL E. JONES
437C*	ALEXANDER F. VAZIRI
438C**	MICHAEL D. COFIELD
439C	BERNADETTE G. GAMBINO

Safety-Fire, Lifeguard
Service-Connected Disability Applications

On a motion by Mr. Pryor, seconded by Mr. Bernstein, the Board of Retirement approved a service-connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met the burden of proof:

<u>APPLICATION NO.</u>	<u>NAME</u>
1729A	RICHARD M. DOMINGUEZ
1730A	LAYNE R. CONTRERAS
1731A	HOWARD J. KLINE, JR.
1732A	GREGORY C. LEE
1733A	RICARDO D. ORTIZ

* Granted SCD – Employer Cannot Accommodate

** Granted SCD – Retroactive

VIII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety-Fire, Lifeguard (Continued)
Service-Connected Disability Applications

<u>APPLICATION NO.</u>	<u>NAME</u>
1734A	ROBERT K. WILKINSON
1735A	MICHELE G. FIORENZA
1736A	JOSEPH WESTRUP
1737A*	RONALD S. REED

General Members
Service-Connected Disability Applications

On a motion by Mr. Chery, seconded by Mr. Bernstein, the Board of Retirement approved a service-connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met the burden of proof:

<u>APPLICATION NO.</u>	<u>NAME</u>
2591B*	GARY D. BARNETT
2592B	BETTY M. ESTRADA
2593B	WILLARD E. PUGH
2594B	LARRY G. SPEARS

* Granted SCD – Retroactive

VIII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR
(Continued)

General Members

Non-Service Connected Disability Applications

On a motion by Mr. Okum, seconded by Mr. Muir, the Board of Retirement approved a non-service connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met the burden of proof:

<u>APPLICATION NO.</u>	<u>NAME</u>
4339	MARIA R. ACOSTA
4340	KAREN D. GARRETT

IX. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability

<u>APPLICATION NO. & NAME</u>	<u>BOARD ACTION</u>
6867A – ISABELITO PADUA	Mr. Bernstein made a motion, Mr. de la Garza seconded, to grant a non-service connected disability retirement pursuant to Government Code Section 31720. The motion passed unanimously.
6868A – LILIANA V. RIVAS	Mr. Pryor made a motion, Mr. Chery seconded, to deny a service connected disability retirement and find the applicant not permanently incapacitated. The motion passed unanimously.

IX. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability (Continued)

<u>APPLICATION NO. & NAME</u>	<u>BOARD ACTION</u>
6869A – PAUL COOKE (Deceased)	<p>Mr. Okum made a motion, Mr. Chery seconded, to deny a service connected disability retirement with survivor benefit.</p> <p>Mr. Muir made a substitute motion, Mr. Pryor seconded, to refer back to staff for additional information. The motion passed unanimously.</p>
<p>(Ms. Gray arrived at 9:25 a.m.)</p>	
6870A – PHILLIP R. CHAVEZ*	<p>Mr. de la Garza made a motion, Mr. Bravo seconded, to grant a non-service connected disability retirement pursuant to Government Code Section 31720. The motion passed unanimously.</p>
6871A – ROSE R. CHACKO	<p>Mr. Bernstein made a motion, Mr. Pryor seconded, to deny without prejudice a service connected disability retirement. The motion passed unanimously.</p>
6872A – RICHARD L. CRANE	<p>Ms. Gray made a motion, Mr. Okum seconded, to grant a non-service connected disability retirement pursuant to Government Code Section 31720. The motion passed unanimously.</p>
6873A – TERESA R. ANDERSON	<p>Pulled from the Agenda at the request of staff.</p>

* Applicant Present

IX. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability (Continued)

APPLICATION NO. & NAME

BOARD ACTION

1542A – BRUCE D. DEAN*

Mr. de la Garza made a motion, Mr. Pryor seconded, to grant a service connected disability retirement pursuant to Government Code Section 31720. The motion passed unanimously.

B. Referee Reports

APPLICATION NO. & NAME

BOARD ACTION

Armando Carrillo – Michael Treger for applicant
Allison E. Barrett for respondent

Chair Kehoe made a motion, Mr. Bravo seconded, to refer back to staff. The motion passed unanimously.

Chair Kehoe requested that staff prepare a Nutshell with information pertaining to regular compensation.

Shawn P. Corbeil – Michael Treger for applicant
Allison E. Barrett for respondent

Chair Kehoe made a motion, Mr. Bravo seconded, to refer back to staff. The motion passed unanimously.

* Applicant Present

IX. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

B. Referee Reports (Continued)

APPLICATION NO. & NAME

BOARD ACTION

Michael J. Singer – Michael Treger for applicant
Allison E. Barrett for respondent

Mr. Chery made a motion, Mr. Bernstein seconded, to deny the option of an earlier effective date.

Mr. Pryor made a substitute motion, Chair Kehoe seconded, to refer back to staff for further information. The motion passed with Mr. de la Garza voting no.

Yvonne Dawson – Thomas J. Wicke for applicant
Eugenia W. Der for respondent

Mr. Okum made a motion, Chair Kehoe seconded, to deny a service connected disability retirement find the applicant not permanently incapacitated.

Ms. Gray made a substitute motion, Mr. Chery seconded, to refer back to staff for additional information. The motion passed (roll call) with Messrs. Bravo, Okum, Robbins, de la Garza, Chery, Chair Kehoe, and Ms. Gray voting yes; and Mr. Bernstein voting no.

IX. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

B. Referee Reports (Continued)

APPLICATION NO. & NAME

BOARD ACTION

Kenneth C. Ruffcorn – Thomas J. Wicke for applicant
Eugenia W. Der for respondent

Mr. Chery made a motion, Chair Kehoe seconded, to deny a service connected disability retirement and grant a non-service connected disability retirement.

Mr. Pryor made a substitute motion, Mr. Chery seconded, to refer back to staff for additional information. The motion passed unanimously.

Patricia Guy-Clarke – In Pro Per
Steven Tallant for respondent

Mr. Muir made a motion, Chair Kehoe seconded, to deny a service connected disability retirement find the applicant not permanently incapacitated. The motion passed unanimously.

C. Staff Recommendations

1. Recommendation as submitted by Vincent A. Lim, Chief Counsel, Disability Litigation: That the Board find that **Joseph Gagliardi** delayed the filing of his application for disability retirement because he was unable to ascertain the permanency of his incapacity and that his application be deemed filed on the day after the last day of regular compensation in accordance with Government Code Section 31724. (Letter dated January 12, 2016)

IX. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

C. Staff Recommendations (Continued)

Chair Kehoe made a motion, Mr. Chery seconded, to approve the recommendation. The motion passed unanimously.

2. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board adopt the Proposed Findings of Fact and Conclusions of Law granting **Dennis E. Cusino** for an earlier effective date pursuant to Government Code Section 31724. (Memo dated January 21, 2016)

Mr. Bernstein made a motion, Mr. Okum seconded, to approve the recommendation. The motion passed unanimously.

3. For Information Only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services regarding the 4th Quarter Report of Paid Invoices for October 1, 2015 – December 31, 2015. (Memo dated January 22, 2016)

Ms. Contreras was present to answer questions from the Board.

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

1. Retirement Board Listing dated February 3, 2016
2. Disability Retirement Evaluation Report Correction Memo – Rose R. Chacko (Memo dated February 3, 2016)

February 3, 2016

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X. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 11:08 a.m.

WILLIAM DE LA GARZA, SECRETARY

SHAWN R. KEHOE, CHAIR

MINUTES OF THE REGULAR MEETING OF THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., THURSDAY, FEBRUARY 11, 2016

PRESENT: Shawn R. Kehoe, Chair
Alan Bernstein, Vice Chair
William de la Garza, Secretary
Anthony Bravo
Yves Chery
Vivian H. Gray
Joseph Kelly
David L. Muir (Alternate Retired)
Les Robbins

ABSENT: Ronald A. Okum
William Pryor (Alternate Member)

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

JJ Popowich, Assistant Executive Officer

Steven Rice, Chief Counsel

Michael Herrera, Senior Staff Counsel

STAFF ADVISORS AND PARTICIPANTS (Continued)

Ted Granger, Assistant Financial Officer

Barry W. Lew, Legislative Affairs Officer

Richard Bendall, Chief Audit Executive

I. CALL TO ORDER

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

II. PLEDGE OF ALLEGIANCE

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

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of January 14, 2016

Mr. Chery made a motion, Ms. Gray seconded, to approve the minutes of the regular meeting of January 14, 2016. The motion passed unanimously.

IV. REPORT ON CLOSED SESSION ITEMS

No items were reported.

V. OTHER COMMUNICATIONS

A. For Information

1. December 2015 All Stars

V. OTHER COMMUNICATIONS (Continued)

A. For Information

1. December 2015 All Stars (Continued)

Mr. Popowich announced the eight winners for the month of December:

Ruby Grundy, Miriam De Leon, Bernard Edwards, Debra Rendon, Jay Lee, Freddie Verzosa, Joie Dang, and Julie Casey for the Employee Recognition Program and Bonnie Nolley for the Webwatcher Program. Sarah Marks, Albert Robles, Jeff Shevlowitz, and Claro Lanting were the winners of LACERA's RideShare Program.

2. Chief Executive Officer's Report
(Memo dated February 2, 2016)

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

Mr. Rademacher announced that the Los Angeles County Superior Court is considering establishing an OPEB Trust Fund which would allow it to prefund its Retiree Healthcare program. This would be in addition to continuing to fund the ongoing pay-as-you-go costs.

Lastly, Mr. Rademacher recognized and thanked Mr. Bernstein for his service to the Board. The Board of Supervisors is set to approve the appointment of Mr. Marvin Adams to the Board of Retirement at their February 16, 2016 meeting.

VI. PUBLIC COMMENT

There were no requests from the public to speak.

VII. NON-CONSENT AGENDA

- A. Recommendation as submitted by Joseph Kelly, Chair, Operations Oversight Committee: That the Board adopt the proposed Retirement Benefits Strategic Plan for Fiscal Years Ending 2017 through 2019. (Memo dated January 26, 2016)

Mr. Kelly made a motion, Mr. Muir seconded, to approve the recommendation. The motion passed unanimously.

- B. Recommendation as submitted by Ted Granger, Assistant Financial Officer: That the Board determine the Consumer Price Index changed by 2.03% (or when rounded to the nearest one-half of 1% as the COLA benefit rules require, 2.0%: the LACERA 2016 COLA Award), 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, 2016 in accordance with applicable California Government Code Sections. (Memo dated January 29, 2016)

Mr. Granger was present to answer questions from the Board.

Mr. Muir made a motion, Mr. Chery seconded, to approve the recommendation. The motion passed unanimously.

- C. Recommendation as submitted by Ted Granger, Assistant Financial Officer: That the Board determine the Consumer Price Index changed by 2.77% for the last two calendar years ended December 2015, and adjust the compensation for the review and analysis of disability retirement cases to \$112 per day for an eight-hour day, effective April 1, 2016. (Memo dated January 29, 2016)

Mr. Granger was present to answer questions from the Board.

VII. NON-CONSENT AGENDA (Continued)

Mr. Chery made a motion, Chair Kehoe seconded, to approve the recommendation. The motion passed unanimously.

- D. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Board approve and authorize staff to work with LACERA's legislative advocate to submit appropriate amendments to SACRS-sponsored legislation permitting 1937 Act county employees retirement systems to assume status as independent districts. (Memo dated February 1, 2016)

Mr. Lew was present to answer questions from the Board.

Mr. Chery made a motion, Ms. Gray seconded, to approve the recommendation. The motion passed unanimously.

- E. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board approve the ballot entitled "Powers and Duties of Retirement Board Members" to be included with the ballot materials for the election of the Seventh Member and Alternate Seventh Member of the Board of Retirement. (Memo dated February 1, 2016)

Chair Kehoe made a motion, Mr. Chery seconded, to approve the recommendation with the inclusion of the number of hours for Board and Committee meetings. The motion passed unanimously.

- F. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board review the 2016 meeting calendar and reschedule meeting dates as needed. (Memo dated January 25, 2016)

Mr. Rademacher addressed the Board noting conferences that could potentially create a conflict with the Board of Retirement's current scheduled meetings.

VII. NON-CONSENT AGENDA (Continued)

After a brief discussion among staff and Board Members, the following changes were made to the Board's regularly scheduled meeting dates. The Board of Retirement's March Disability and Administrative Meeting was combined and scheduled to meet on Wednesday, March 2; the Board of Retirement's May Disability and Administrative Meeting was combined and scheduled to meet on Thursday, May 5; and the Board of Retirement's November Disability and Administrative Meeting was combined and scheduled to meet on Wednesday, November 2.

- G. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board (1) Approve attendance of Board members to attend The Women in Institutional Investments Network Luncheon: Sustainable Investing, Governance, and Diversity – An Institutional Perspective on March 11, 2016 at the Luxe City Center in Los Angeles, CA and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy; and (2) waive the Education and Travel Policy section 705.00 Educational Content Requirement requiring the seminar to contain an average of five hours of substantive content per day. (Memo dated January 29, 2016) (Placed on the agenda at the request of Ms. Gray)

Mr. Chery made a motion, Ms. Gray seconded, to approve the recommendation. The motion passed unanimously.

- H. For Information Only as submitted by Richard Bendall, Chief Audit Executive and Darla Vidger, Internal Auditor regarding the Human Resources Compliance Audit- Liebert Cassidy Whitmore. (Memo dated January 26, 2016) (Report: Attorney-Client Privilege/Confidential)

Mr. Bendall was present to answer questions from the Board.

VIII. EXECUTIVE SESSION

- A. Conference with Legal Counsel - Anticipated Litigation Significant Exposure to Litigation (Pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9)

1. Administrative Appeal of Viveca Hazboun

The Board met in Executive Session pursuant to Government Code Section 54956.9 in regards to the anticipated litigation in which there is nothing to report at this time.

IX. GOOD OF THE ORDER (For information purposes only)

Board members and staff thanked Mr. Bernstein for his service and commitment to the Board of Retirement.

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

1. Semi-Annual Interest Crediting for Reserves as of December 31, 2015
(Dated January 27, 2016) (For Information Only)
2. LACERA Legislative Report - Bills Amending CERL/PEPRA
(Dated February 10, 2016)
3. LACERA Legislative Report – Other (Dated February 10, 2016)
4. LACERA Legislative Report – Federal (Dated February 10, 2016)

February 11, 2016

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X. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 10:20 a.m.

WILLIAM DE LA GARZA, SECRETARY

SHAWN R. KEHOE, CHAIR



February 22, 2016

TO: Each Member
Board of Retirement
Board of Investments

FROM: Gregg Rademacher 
Chief Executive Officer

SUBJECT: **CHIEF EXECUTIVE OFFICER'S REPORT**

I am pleased to present the Chief Executive Officer's Report that highlights a few of the operational activities that have taken place during the past month, key business metrics to monitor how well we are meeting our performance objectives, and an educational calendar.

March Madness

We refer to the period from December through the end of March as "March Madness" because retirements tend to spike during this period as members desire to retire in time to be eligible for any April 1st cost-of-living adjustment (COLA) that may be approved. We are continuing our commitment to share the annual March Madness statistics in the Chief Executive Officer's report. We track two key statistics during this time of year.

How well are we keeping up with our member's requests to retire? The chart below shows the total number of pending retirement elections. All incoming retirement requests are triaged by staff to facilitate processing those retirements with immediate retirement dates and those requiring special handling (i.e. legal splits and those with uncompleted service credit purchases).

Retirement Month	Retirement Elections
December 2015	3
January 2016	6
February 2016	14
March 2016	385
Total Pending Service Retirements	408
Pending Disability Retirements*	114
Total Pending Retirements	522

*The Pending Disability Retirements represent all outstanding disability retirement cases approved by the Board and in transition to payroll.

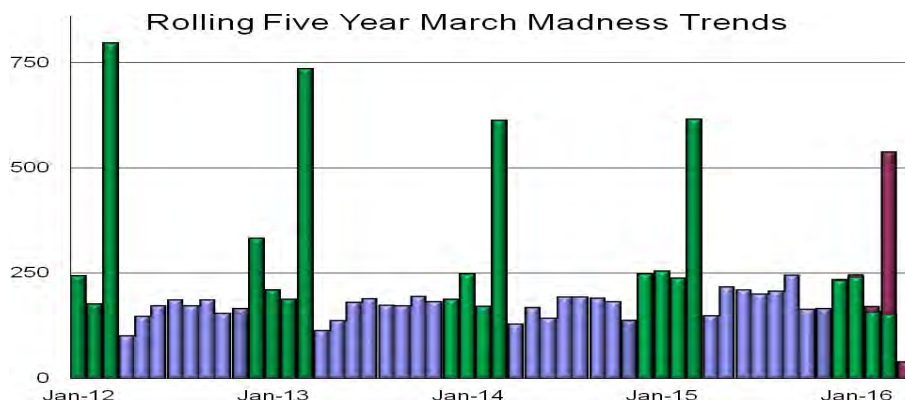
The following charts provide insight into why service and disability retirement requests are being processed after the requested retirement date.

Service Retirement Pending Reasons	
Last Minute Election	14
Dissolution Documents	4
Reciprocal Confirmation	3
Waiting for Member Clarification Regarding Beneficiary Data	1
Reviewing Member Request to Rescind Retirement Date	1

Disability Retirement Pending Reasons	
Waiting for Payroll/Last Date of Compensation	57
Waiting for Member's Retirement Option Election	29
Member Choosing to Run-Out Available Sick Time	13
LACERA Quality Assurance Review	8
Other Reasons	7

How well is staff coping with the volume of member's requests to retire? The volume of retirements gives us an indication of the severity of the stress being placed on our capacity to meet our various member service requests and demands placed upon our staff.

The following chart reflects processing statuses for retirement elections over the last five years. The green bars reflect completed status and the red bars reflect a pending status.



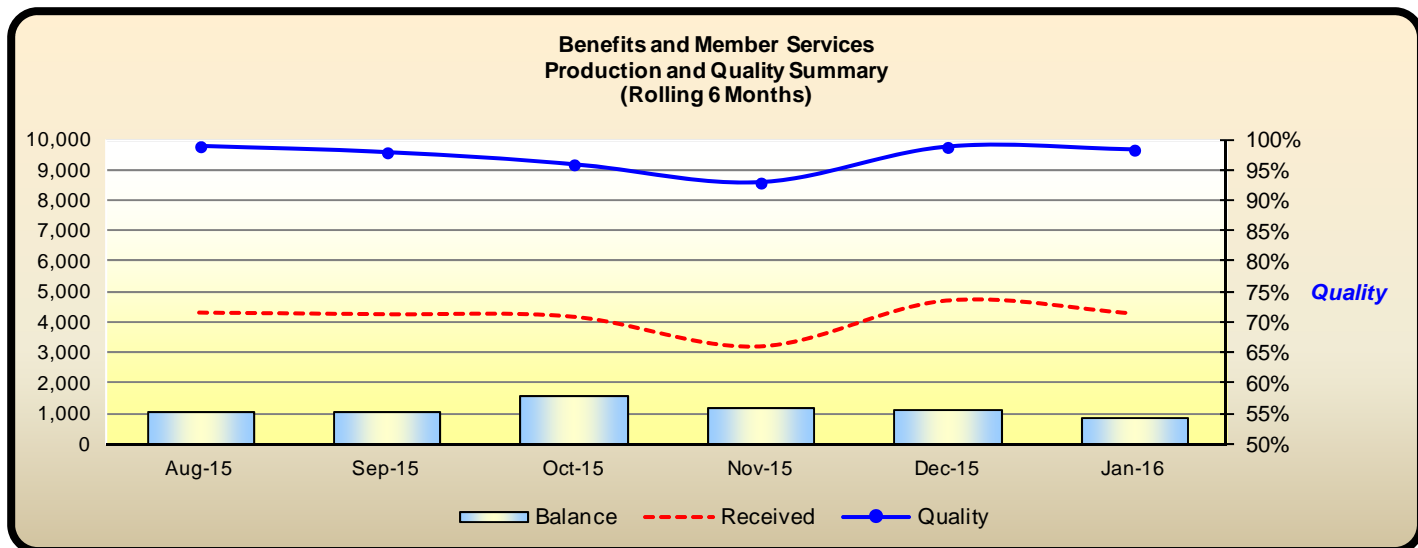
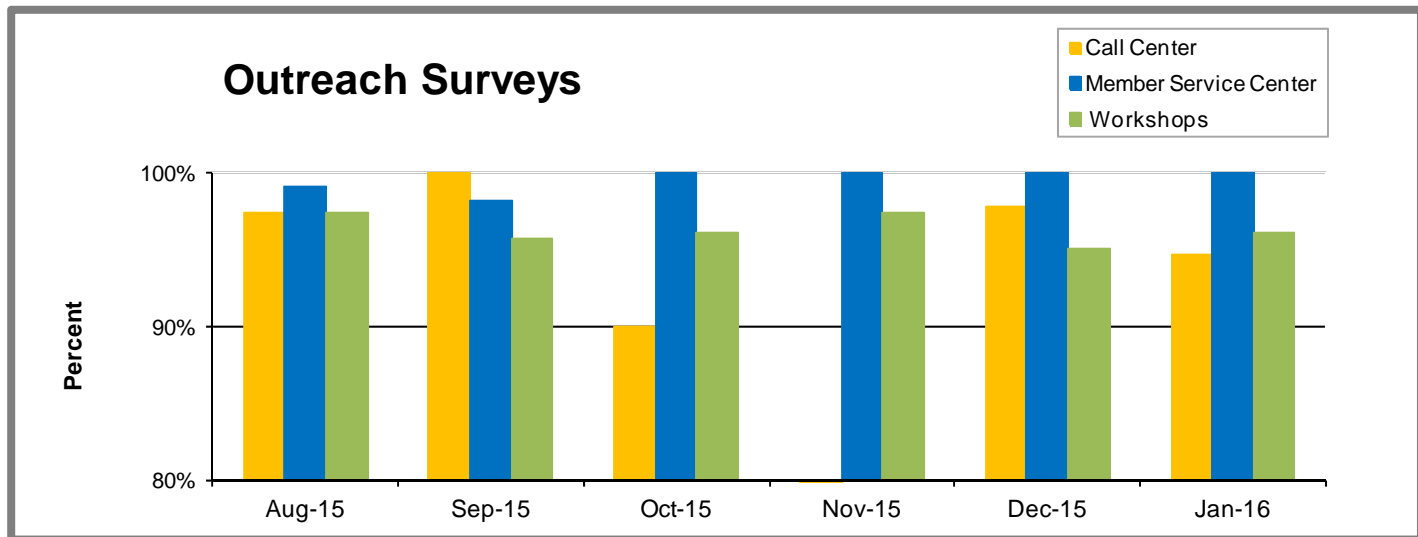
As of February 18, 2016, we have processed 781 out of 1,189 retirement elections received during this March Madness period. Putting this into perspective, during last year's March Madness 1,350 members retired, which was slightly higher than the rolling five year average.

Our commitment to members is to provide the first benefit payment within one payroll cycle of their elected retirement date. We expect to meet this goal for a majority of the members retiring during this March Madness period.

LACERA's KEY BUSINESS METRICS

OUTREACH EVENTS AND ATTENDANCE

Type	# of WORKSHOPS		# of MEMBERS	
	Monthly	YTD	Monthly	YTD
Benefit Information	12	102	378	3,614
Mid Career	1	7	90	308
New Member	7	79	157	1,598
Pre-Retirement	5	52	91	1,300
General Information	0	8	0	456
Retiree Events	1	4	55	190
Member Service Center	Daily	Daily	1,583	10,043
TOTALS	26	252	2,354	17,509



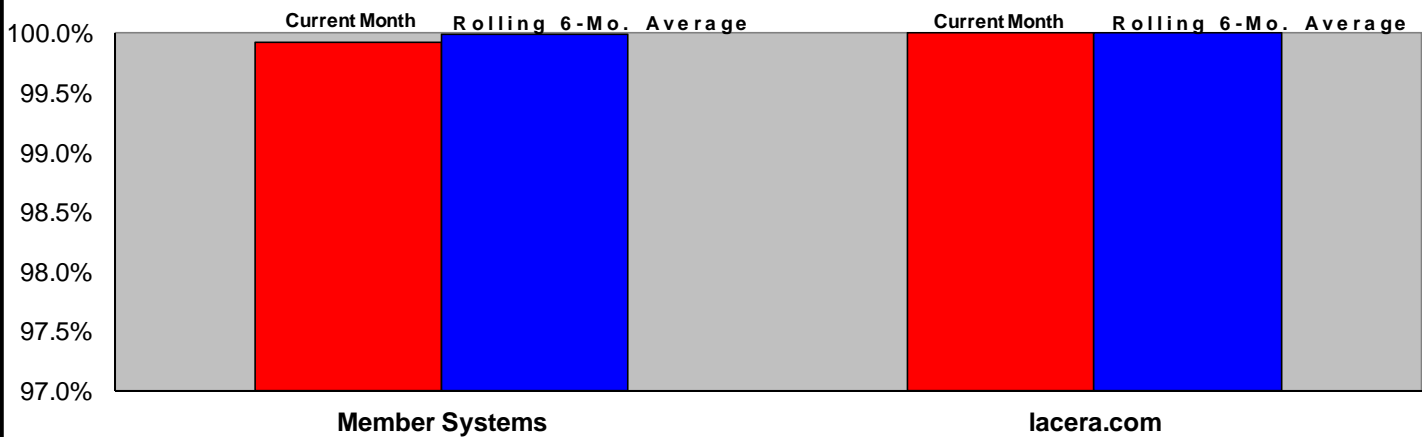
Member Services Contact Center		RHC Call Center	Top Calls
Overall Key Performance Indicator (KPI)	96.75%		
Category	Goal	Rating	<u>Member Services</u>
Call Center Monitoring Score	95%	98.68%	99%
Grade of Service (80% in 60 seconds)	80%	60%	12%
Call Center Survey Score	90%	94.72%	xxxxx
Agent Utilization Rate	65%	67%	88%
Number of Calls	11,007		5,741
Calls Answered	10,008		3,976
Calls Abandoned	999		1,762
Calls-Average Speed of Answer	0:01:49		10:07
Number of Emails	350		462
Emails-Average Response Time	05:45:36		1 day
			<u>Retiree Health Care</u>
			1) Medical Benefits - General Inquiries
			2) Turning Age 65/Part B Premium Reimbursement
			3) Dental/Vision Benefits General Inquires
			Adjusted for weekends

LACERA's KEY BUSINESS METRICS

Fiscal Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assets-Market Value	\$35.2	\$40.9	\$38.7	\$30.5	\$33.4	\$39.5	\$41.2	\$43.7	\$51.1	\$51.4
Funding Ratio	90.5%	93.8%	94.5%	88.9%	83.3%	80.6%	76.8%	75.0%	79.5%	83.3%
Investment Return	13.0%	19.1%	-1.4%	-18.2%	11.8%	20.4%	0.3%	12.1%	16.8%	4.3%

DISABILITY INVESTIGATIONS						
APPLICATIONS	TOTAL	YTD		APPEALS	TOTAL	YTD
On Hand	446	xxxxxxx		On Hand	182	xxxxxxx
Received	45	269		Received	3	30
Re-opened	0	1		Administratively Closed	2	15
To Board – Initial	25	237		Referee Recommendation	1	20
Closed	6	37		Revised/Reconsidered for Granting	1	8
In Process	460	460		In Process	181	181

SYSTEMS AVAILABILITY JANUARY 2016



Active Members as of 2/19/16		Retired Members/Survivors as of 2/19/16			Retired Members	
		Retirees	Survivors	Total		
General-Plan A	278	19,684	4,786	24,470	Monthly Payroll	241.04 Million
General-Plan B	100	684	61	745	Payroll YTD	1.69 Billion
General-Plan C	97	424	54	478	Monthly Added	279
General-Plan D	47,577	11,186	1,069	12,255	Seamless %	98.92
General-Plan E	21,355	10,700	872	11,572	YTD Added	1,924
General-Plan G	12,728	2	0	2	Seamless YTD %	99.69
Total General	82,135	42,680	6,842	49,522	Direct Deposit	95.00%
Safety-Plan A	14	5,918	1,583	7,501		
Safety-Plan B	11,550	4,049	217	4,266		
Safety-Plan C	927	1	0	1		
Total Safety	12,491	9,968	1,800	11,768		
TOTAL ACTIVE	94,626	TOTAL RETIRED	52,648	8,642		

Health Care Program (YTD Totals)

	Employer Amount	Member Amount
Medical	254,095,664	22,597,061
Dental	21,419,087	2,300,809
Med Part B	28,744,781	xxxxxxxxxx
Total Amount	\$304,259,532	\$24,897,870

Health Care Program Enrollments

Medical	46,980
Dental	47,939
Med Part B	30,442
Long Term Care (LTC)	767

Funding Metrics as of 6/30/15

Employer Normal Cost	9.28%
UAAL	8.49%
Assumed Rate	7.50%
Star Reserve	\$614 million
Total Assets	\$48.8 billion

Member Contributions as of 6/30/15

Annual Additions	\$441.3 million
% of Payroll	6.18%

Employer Contributions as of 6/30/15

Annual Addition	\$1,495million
% of Payroll	17.77%

Date	Conference
March, 2016	
5-8	CALAPRS (California Association of Public Retirement Systems) General Assembly Meeting Indian Wells, CA
7-8	International Corporate Governance Network (ICGN) Frankfurt Conference Eschborn, Germany
8-9	PREA (Pension Real Estate Association) Spring Conference Boston, MA
9-10	AHIP (America's Health Insurance Plans) National Health Policy Conference Washington D.C.
10-11	57 Stars' Annual General Meeting Washington D.C.
11	Women in Institutional Investments Network Sustainable Investing, Governance, and Diversity-An Institutional Perspective Los Angeles, CA
14-16	IFEBP (International Foundation of Employment Benefit Plans) Investments Institute Las Vegas, NV
21-23	Council of Institutional Investors (CII) Spring Conference Washington D.C.
April, 2016	
10-13	World Healthcare Congress Washington D.C.
11-13	IFEBP (International Foundation of Employment Benefit Plans) Health Care Mgmt. Conference Phoenix, AZ
11-13	CRCEA (California Retired County Employees Association) Spring Conference Bakersfield, CA
May, 2016	
1-4	Milken Institute Global Conference Los Angeles, CA
2-5	Portfolio Concepts & Management (<i>prev. Fundamentals of Money Management</i>) Wharton School, University of Pennsylvania
10-13	SACRS Costa Mesa, CA



February 5, 2016

TO: Each Member
Board of Retirement

FROM: Ricki Contreras, Manager 
Disability Retirement Services Division

SUBJECT: **APPEALS FOR THE BOARD OF RETIREMENT'S MEETING OF
MARCH 2, 2016**


IT IS RECOMMENDED that your Board grant the appeals and requests for administrative hearing received from the following applicants and direct the Disability Retirement Services Manager to refer each case to a referee:

6863A	Scott R. Friedman	In Pro Per	Deny SCD
6865A	Juan G. Becerra	In Pro Per	Deny SCD – Grant NSCD



January 26, 2016

TO: Each Member
Board of Retirement

FROM: Ricki Contreras, Manager 
Disability Retirement Services Division

FOR: March 2, 2016 Board of Retirement Meeting

SUBJECT: **DISMISS WITH PREJUDICE THE APPEAL OF
MICHELLE C. CANCHOLA**

Ms. Michelle C. Canchola applied for a service-connected disability retirement on May 28, 2014. On May 21, 2015, the Board granted her application for a service-connected disability retirement.

Ms. Canchola filed a timely appeal regarding the effective date of her service-connected disability retirement. On January 17, 2016, Ms. Canchola signed a voluntary withdrawal letter advising LACERA that she does not wish to proceed with her appeal.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

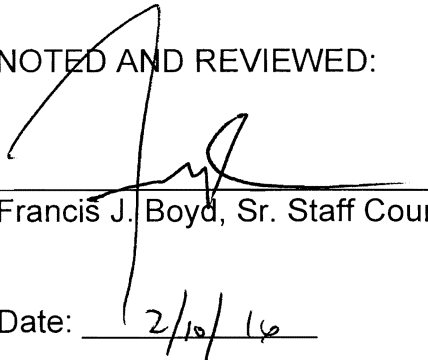
Dismiss with prejudice Michelle C. Canchola's appeal for an earlier effective date.

FJB: RC: mb

Canchola, Michelle C.doc

Attachment


NOTED AND REVIEWED:


Francis J. Boyd, Sr. Staff Counsel

Date: 2/10/16

February 16, 2016

TO: Each Member
Board of Retirement

FROM: Ricki Contreras, Division Manager
Disability Retirement Services 

FOR: March 2, 2016 Board of Retirement Meeting

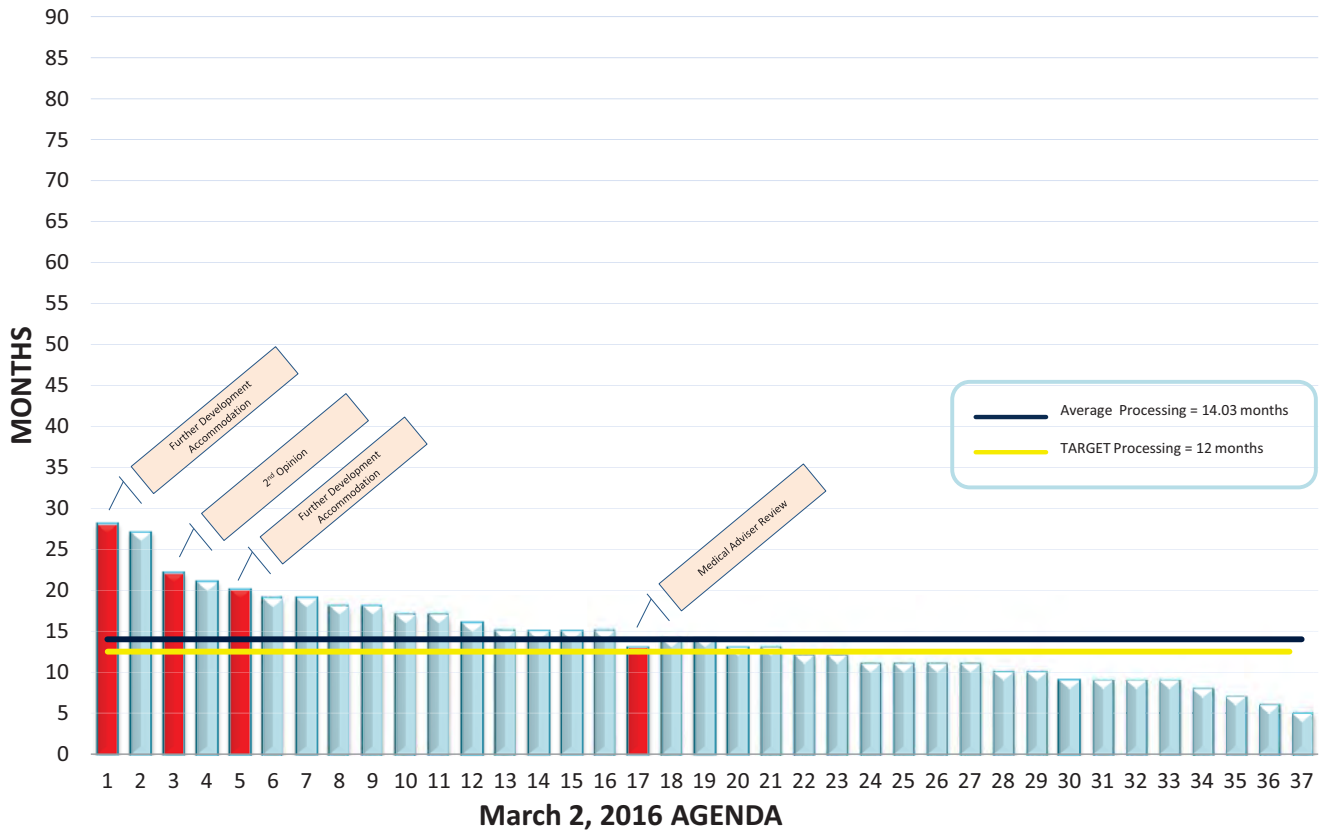
SUBJECT: **Application Processing Time Snapshot Reports**

At the February 4, 2015 meeting, the Disability Procedures & Services Committee voted to add two additional snapshot reports addressing application processing times and pending applications by elapsed time since application date. These reports will now be provided on a monthly basis along with the current snapshot that provides a look at application processing time before and after procedural changes were made to the disability application process. The Board adopted proposed changes on July 12, 2012. The chart breaks down the periods for cases processed under the old procedures vs. the new procedures with the associated monthly processing timeframes.

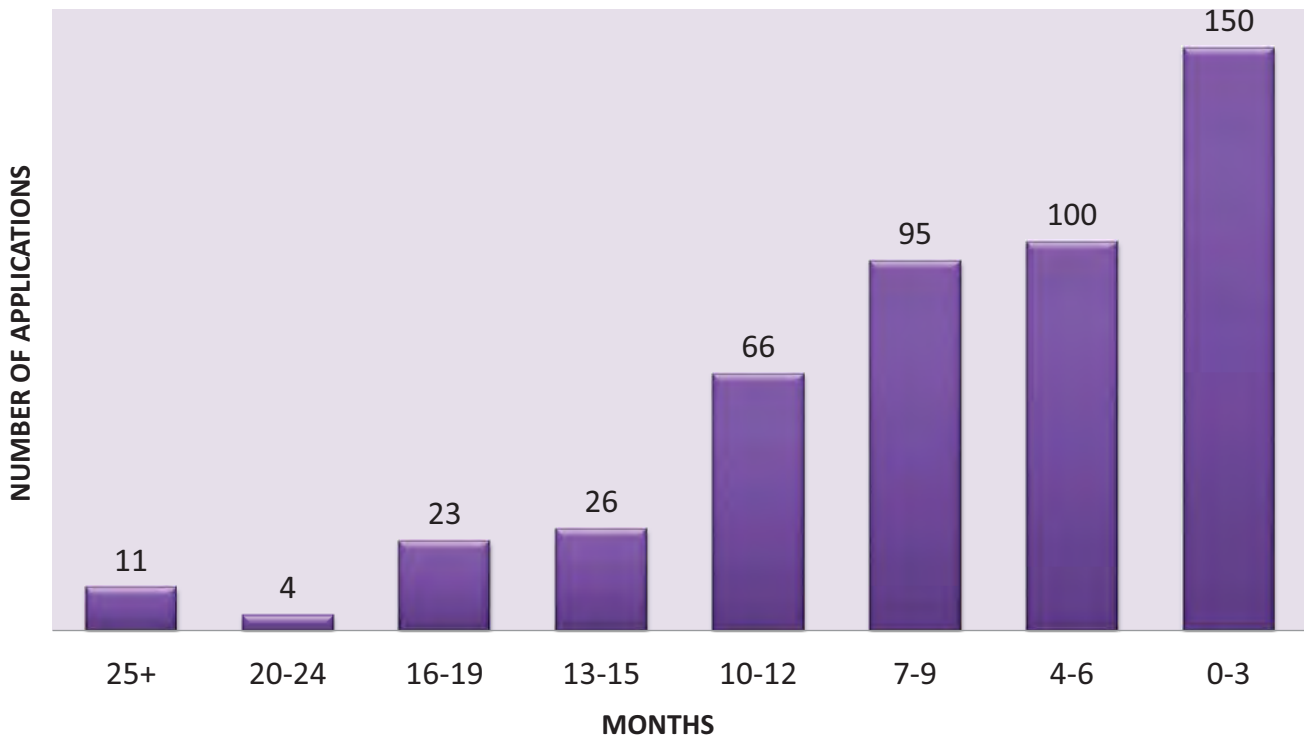
The following chart shows the total time from receipt of the application to the first Board action for the month in question.

Consent & Non-Consent Calendar			
Received <u>Prior</u> to July 12, 2012		Received <u>After</u> July 12, 2012	
Number of Applications	Processing Time (in Months)	Number of Applications	Processing Time (in Months)
0	0	33	13.21
Revised/Held Over Calendar			
Held Over - Further Development – Accommodation Issues		Case 1 28.0	Case 2 20.0
Held Over - Second Opinion		22.0	
Held Over - Medical Advisor Review/Analysis		13	
<i>Average Processing Time for Revised/Held Over Calendar</i>		20.75	

ACTUAL vs. AVERAGE PROCESSING TIME



TIME ELAPSED FOR PENDING APPLICATIONS



February 22, 2016

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
Les Robbins, Chair *But for Les Robbins*
William de la Garza, Vice Chair
Vivian H. Gray
Shawn Kehoe
Ronald Okum, Alternate

FOR: March 2, 2016 Board of Retirement Meeting

SUBJECT: **Assembly Bill 1640 – PEPRA Exemption**

RECOMMENDATION

That the Board of Retirement adopt a "Watch" position on Assembly Bill 1640, which indefinitely extends the exemption of certain public employees from the provisions of the California Public Employees' Pension Reform Act of 2013.

DISCUSSION

The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires public retirement systems, among other provisions, to modify their retirement plans to comply with the new retirement formulas established by PEPRA for new employees who become new members on or after January 1, 2013.

PEPRA currently exempts from its provisions transit workers, whose collective bargaining rights are protected under Section 5333(b) of Title 49 of the United States Code, until a federal court decision is issued or until January 1, 2016, whichever is sooner.

As a result of the United States Department of Labor withholding certification of federal transit grants due to the incompatibility of PEPRA with the collective bargaining rights of transit workers, the State of California filed suit against the DOL. A decision was issued on December 30, 2014, and the case is currently on appeal.

This bill would extend that exemption indefinitely for those employees whose collective bargaining rights are protected under Section 5333(b) of Title 49 of the United States Code and who became a member of a public retirement system prior to December 30, 2014.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD adopt a “Watch” position on Assembly Bill 1640, which indefinitely extends the exemption of certain public employees from the provisions of the California Public Employees’ Pension Reform Act of 2013.

Attachments

2016. Leg.AB 1640.BOR.022216

**LEGISLATIVE ANALYSIS
ASSEMBLY BILL 1640**

AUTHOR: Stone [D]

INTRODUCED: January 7, 2016

SPONSOR: Santa Clara Valley Transportation Authority

SUMMARY: The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires public retirement systems, among other provisions, to modify their retirement plans to comply with the new retirement formulas established by PEPRA for new employees who become new members on or after January 1, 2013.

PEPRA currently exempts from its provisions public employees whose collective bargaining rights are protected under Section 5333(b) of Title 49 of the United States Code until a federal court decision is issued or until January 1, 2016, whichever is sooner.

This bill would extend that exemption indefinitely for those employees whose collective bargaining rights are protected under Section 5333(b) of Title 49 of the United States Code and who became a member of a public retirement system prior to December 30, 2014.

ANALYSIS: The United States Department of Labor (DOL) had notified Governor Jerry Brown in August 2013 that its certification of federal transit grants would be withheld because PEPRA was incompatible with federal law with respect to the collective bargaining rights of transit workers.

In response, the State of California filed a lawsuit against the DOL in October 2013. On December 30, 2014, the federal court ruled that the DOL acted in excess of its authority in denying the federal grants. The case is currently on appeal. Consequently, this bill would exempt from PEPRA those employees whose collective bargaining rights are subject to specified federal law and who became a member of a public retirement system prior to December 30, 2014.

Legislative History

AB 1783 (Chapter 724, Statutes of 2014) exempted transit workers from PEPRA until a ruling by a federal district court or January 1, 2016, whichever is sooner. LACERA's Board of Retirement did not adopt a position.

AB 1222 (Chapter 527, Statutes of 2013) exempted transit workers from PEPRA until a ruling by a federal district

court or January 1, 2015, whichever is sooner. The bill also authorized loans to be made to local transit agencies equal to the amounts not received due to noncertification by the DOL. LACERA's Board of Retirement did not adopt a position.

SB 13 (Chapter 528, Statutes of 2013) exempted transit workers from PEPRA until a ruling by a federal district court or January 1, 2015, whichever is sooner. LACERA's Board of Retirement adopted a "Support" position on September 12, 2013 since the bill also dealt with other issues related to LACERA.

IBLC

RECOMMENDATION: Watch (01-14-16)

STAFF

RECOMMENDATION: Watch

PREPARED BY: Barry W. Lew, Legislative Affairs Officer

DATED: February 22, 2016

ASSEMBLY BILL

No. 1640

Introduced by Assembly Member Mark Stone

January 7, 2016

An act to amend Section 7522.02 of the Government Code, relating to retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1640, as introduced, Mark Stone. Retirement: public employees. The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, to modify its plan or plans to comply with the act and, among other provisions, establishes new retirement formulas that may not be exceeded by a public employer offering a defined benefit pension plan for employees first hired on or after January 1, 2013. PEPRA exempts from its provisions certain public employees whose collective bargaining rights are subject to specified provisions of federal law until a specified federal district court decision on a certification by the United States Secretary of Labor, or until January 1, 2016, whichever is sooner.

This bill would extend indefinitely that exemption for those public employees, whose collective bargaining rights are subject to specified provisions of federal law and who became a member of a state or local public retirement system prior to December 30, 2014.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7522.02 of the Government Code is
2 amended to read:

3 7522.02. (a) (1) Notwithstanding any other law, except as
4 provided in this article, on and after January 1, 2013, this article
5 shall apply to all state and local public retirement systems and to
6 their participating employers, including the Public Employees'
7 Retirement System, the State Teachers' Retirement System, the
8 Legislators' Retirement System, the Judges' Retirement System,
9 the Judges' Retirement System II, county and district retirement
10 systems created pursuant to the County Employees Retirement
11 Law of 1937 (Chapter 3 (commencing with Section 31450) of Part
12 3 of Division 4 of Title 3), independent public retirement systems,
13 and to individual retirement plans offered by public employers.
14 However, this article shall be subject to the Internal Revenue Code
15 and Section 17 of Article XVI of the California Constitution. The
16 administration of the requirements of this article shall comply with
17 applicable provisions of the Internal Revenue Code and the
18 Revenue and Taxation Code.

19 (2) Notwithstanding paragraph (1), this article shall not apply
20 to the entities described in Section 9 of Article IX of, and Sections
21 4 and 5 of Article XI of, the California Constitution, except to the
22 extent that these entities continue to be participating employers in
23 any retirement system governed by state statute. Accordingly, any
24 retirement plan approved before January 1, 2013, by the voters of
25 any entity excluded from coverage by this section shall not be
26 affected by this article.

27 (3) ~~(A) Notwithstanding paragraph (1), this article shall not~~
28 ~~apply to a public employee whose interests are protected under~~
29 ~~Section 5333(b) of Title 49 of the United States Code until a federal~~
30 ~~district court rules that the United States Secretary of Labor, or~~
31 ~~his or her designee, erred in determining that the application of~~
32 ~~this article precludes certification under that section, or until~~
33 ~~January 1, 2016, whichever is sooner. and who became a member~~
34 ~~of a state or local public retirement system prior to December 30,~~
35 ~~2014.~~

36 ~~(B) If a federal district court upholds the determination of the~~
37 ~~United States Secretary of Labor, or his or her designee, that~~
38 ~~application of this article precludes him or her from providing a~~

1 certification under Section 5333(b) of Title 49 of the United States
2 Code, this article shall not apply to a public employee specified
3 in subparagraph (A).

4 (4) Notwithstanding paragraph (1), this article shall not apply
5 to a multiemployer plan authorized by Section 302(c)(5) of the
6 federal Taft-Hartley Act (29 U.S.C. Sec. 186(c)(5)) if the public
7 employer began participation in that plan prior to January 1, 2013,
8 and the plan is regulated by the federal Employee Retirement
9 Income Security Act of 1974 (29 U.S.C. Sec. 1001 et seq.).

10 (b) The benefit plan required by this article shall apply to public
11 employees who are new members as defined in Section 7522.04.

12 (c) (1) Individuals who were employed by any public employer
13 before January 1, 2013, and who became employed by a subsequent
14 public employer for the first time on or after January 1, 2013, shall
15 be subject to the retirement plan that would have been available
16 to employees of the subsequent employer who were first employed
17 by the subsequent employer on or before December 31, 2012, if
18 the individual was subject to concurrent membership for which
19 creditable service was performed in the previous six months or
20 reciprocity established under any of the following provisions:

21 (A) Article 5 (commencing with Section 20350) of Chapter 3
22 of Part 3 of Division 5 of Title 2.

23 (B) Chapter 3 (commencing with Section 31450) of Part 3 of
24 Division 4 of Title 3.

25 (C) Any agreement between public retirement systems to provide
26 reciprocity to members of the systems.

27 (D) Section 22115.2 of the Education Code.

28 (2) An individual who was employed before January 1, 2013,
29 and who, without a separation from employment, changed
30 employment positions and became subject to a different defined
31 benefit plan in a different public retirement system offered by his
32 or her employer shall be subject to that defined benefit plan as it
33 would have been available to employees who were first employed
34 on or before December 31, 2012.

35 (d) If a public employer, before January 1, 2013, offers a defined
36 benefit pension plan that provides a defined benefit formula with
37 a lower benefit factor at normal retirement age and results in a
38 lower normal cost than the defined benefit formula required by
39 this article, that employer may continue to offer that defined benefit
40 formula instead of the defined benefit formula required by this

1 article, and shall not be subject to the requirements of Section
2 7522.10 for pensionable compensation subject to that formula.
3 However, if the employer adopts a new defined benefit formula
4 on or after January 1, 2013, that formula must conform to the
5 requirements of this article or must be determined and certified by
6 the retirement system's chief actuary and the retirement board to
7 have no greater risk and no greater cost to the employer than the
8 defined benefit formula required by this article and must be
9 approved by the Legislature. New members of the defined benefit
10 plan may only participate in the lower cost defined benefit formula
11 that was in place before January 1, 2013, or a defined benefit
12 formula that conforms to the requirements of this article or is
13 approved by the Legislature as provided in this subdivision.

14 (e) If a public employer, before January 1, 2013, offers a
15 retirement benefit plan that consists solely of a defined contribution
16 plan, that employer may continue to offer that plan instead of the
17 defined benefit pension plan required by this article. However, if
18 the employer adopts a new defined benefit pension plan or defined
19 benefit formula on or after January 1, 2013, that plan or formula
20 must conform to the requirements of this article or must be
21 determined and certified by the retirement system's chief actuary
22 and the system's board to have no greater risk and no greater cost
23 to the employer than the defined benefit formula required by this
24 article and must be approved by the Legislature. New members of
25 the employer's plan may only participate in the defined
26 contribution plan that was in place before January 1, 2013, or a
27 defined contribution plan or defined benefit formula that conforms
28 to the requirements of this article. This subdivision shall not be
29 construed to prohibit an employer from offering a defined
30 contribution plan on or after January 1, 2013, either with or without
31 a defined benefit plan, whether or not the employer offered a
32 defined contribution plan prior to that date.

33 (f) (1) If, on or after January 1, 2013, the Cities of Brea and
34 Fullerton form a joint powers authority pursuant to the provisions
35 of the Joint Exercise of Powers Act (Article 1 (commencing with
36 Section 6500) of Chapter 5), that joint powers authority may
37 provide employees the defined benefit plan or formula that those
38 employees received from their respective employers prior to the
39 exercise of a common power, to which the employee is associated,
40 by the joint powers authority to any employee of the City of Brea,

1 the City of Fullerton, or a city described in paragraph (2) who is
2 not a new member and subsequently is employed by the joint
3 powers authority within 180 days of the city providing for the
4 exercise of a common power, to which the employee was
5 associated, by the joint powers authority.

6 (2) On or before January 1, 2017, a city in Orange County that
7 is contiguous to the City of Brea or the City of Fullerton may join
8 the joint powers authority described in paragraph (1) but not more
9 than three cities shall be permitted to join.

10 (3) The formation of a joint powers authority on or after January
11 1, 2013, shall not act in a manner as to exempt a new employee
12 or a new member, as defined by Section 7522.04, from the
13 requirements of this article. New members may only participate
14 in a defined benefit plan or formula that conforms to the
15 requirements of this article.

16 (g) The Judges' Retirement System and the Judges' Retirement
17 System II shall not be required to adopt the defined benefit formula
18 required by Section 7522.20 or 7522.25 or the compensation
19 limitations defined in Section 7522.10.

20 (h) This article shall not be construed to provide membership
21 in any public retirement system for an individual who would not
22 otherwise be eligible for membership under that system's
23 applicable rules or laws.

24 (i) On and after January 1, 2013, each public retirement system
25 shall modify its plan or plans to comply with the requirements of
26 this article and may adopt regulations or resolutions for this
27 purpose.

February 22, 2016

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
Les Robbins, Chair *Bill for Les Robbins*
William de la Garza, Vice Chair
Vivian H. Gray
Shawn Kehoe
Ronald Okum, Alternate

FOR: March 2, 2016 Board of Retirement Meeting

SUBJECT: **Assembly Bill 1692 – Contra Costa Disability Retirement**

RECOMMENDATION

That the Board of Retirement adopt a "Watch" position on Assembly Bill 1692, which applies the terms and conditions of disability retirement under Tier Three of the Contra Costa Employees' Retirement Association to nonsafety PEPRA plan members for whom the Board of Supervisors of Contra Costa County is the governing body.

DISCUSSION

The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires public retirement systems, among other provisions, to modify their retirement plans to comply with the new retirement formulas established by PEPRA for new employees who become new members on or after January 1, 2013.

Nonsafety officers and employees who become new members of the Contra Costa Employees' Retirement Association (CCCERA) are enrolled in a PEPRA plan. The legacy plan for nonsafety members of CCCERA is Tier Three.

This bill would apply specified terms and conditions of disability retirement in Tier Three to new nonsafety members of CCCERA who are enrolled in a PEPRA plan and for whom the Board of Supervisors of Contra Costa County is the governing body:

- Members who are permanently incapacitated shall be retired for disability if the member's incapacity is substantially caused by injury of disease arising out of and in the course of employment, or if the member has completed 10 years of service.

- The disability retirement pension is equal to 40 percent of final compensation or the amount of a service retirement, if greater.
- Cost-of-living adjustments for disability retirements will be a maximum of 4 percent.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD adopt a "Watch" position on Assembly Bill 1692, which applies the terms and conditions of disability retirement under Tier Three of the Contra Costa Employees' Retirement Association to nonsafety PEPRA plan members for whom the Board of Supervisors of Contra Costa County is the governing body.

Attachments

2016. Leg.AB 1692.BOR.022216

**LEGISLATIVE ANALYSIS
ASSEMBLY BILL 1692**

AUTHOR: Bonilla [D]

INTRODUCED: January 21, 2016

SPONSOR: Assembly Member Susan Bonilla

SUMMARY: The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires public retirement systems, among other provisions, to modify their retirement plans to comply with the new retirement formulas established by PEPRA for new employees who become new members on or after January 1, 2013.

Nonsafety officers and employees who become new members of the Contra Costa Employees' Retirement Association (CCCERA) are enrolled in a PEPRA plan. The legacy plan for nonsafety members of CCCERA is Tier Three.

This bill would apply specified terms and conditions of disability retirement in Tier Three to new nonsafety members of CCCERA who are enrolled in a PEPRA plan and for whom the Board of Supervisors of Contra Costa County is the governing body.

ANALYSIS: The terms and conditions of Tier Three that would be applied to the PEPRA plan are as follows:

Disability retirements are granted pursuant to Government Code Section 31720.1, which specifies that members who are permanently incapacitated shall be retired for disability if the member's incapacity is substantially caused by injury of disease arising out of and in the course of employment, or if the member has completed 10 years of service. Permanent incapacity is defined as the permanent inability of the member to engage in substantial gainful employment.

The disability retirement benefit is equal to 40 percent of final compensation or the amount of a service retirement, if greater.

Cost-of-living adjustments for disability retirements will be a maximum of 4 percent.

IBLC

RECOMMENDATION: Watch (01-14-16)

STAFF

RECOMMENDATION: Watch

PREPARED BY: Barry W. Lew, Legislative Affairs Officer

DATED: February 22, 2016

ASSEMBLY BILL

No. 1692

Introduced by Assembly Member Bonilla

January 21, 2016

An act to add Section 31755.4 to the Government Code, relating to county employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1692, as introduced, Bonilla. County employees' retirement: Contra Costa County.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) generally requires a public retirement system, as defined, to modify its pension plan or plans to comply with the act and, among other things, prohibits a public employer that offers a defined benefit pension plan from exceeding specified retirement formulas for new members, as defined. The County Employees Retirement Law of 1937 (CERL) authorizes counties to establish retirement systems pursuant to its provisions in order to provide pension benefits to county and district employees. CERL, among other things, authorizes the Board of Supervisors of Contra Costa County to make a Tier Three retirement plan applicable to certain nonsafety officers and employees for whom the board is the governing body, as specified, and sets forth the terms and conditions of disability retirement allowances for Tier Three members.

This bill would authorize the Board of Supervisors of Contra Costa County to apply those terms and conditions to nonsafety officers and employees who are new members subject to the retirement formulas specified in PEPRA and for whom the board is the governing body.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 31755.4 is added to the Government
- 2 Code, to read:
- 3 31755.4. (a) The Board of Supervisors of Contra Costa County
- 4 may, by adopting an ordinance, make this section applicable to
- 5 officers and employees for whom the board is the governing body.
- 6 (b) This section shall not apply to any officer or employee who
- 7 is a safety member.
- 8 (c) Notwithstanding any other law, members whose benefits
- 9 are determined under Section 7522.20 shall be eligible for a
- 10 disability retirement allowance under the same terms and conditions
- 11 provided in Section 31755 for members covered by Tier Three.
- 12 The board may not grant a disability retirement allowance to a
- 13 member whose benefits are determined under Section 7522.20
- 14 except as provided in Section 31720.1. The amount of the disability
- 15 retirement allowance for a member whose benefits are determined
- 16 under Section 7522.20 shall be as set forth in Section 31727.01.
- 17 (d) Notwithstanding any other law, members whose benefits
- 18 are determined under Section 7522.20 who have been retired for
- 19 disability shall be eligible for cost-of-living adjustments under the
- 20 same terms and conditions provided in subdivision (h) of Section
- 21 31755 for members covered by Tier Three who have been retired
- 22 for disability.
- 23 (e) This section shall apply only in Contra Costa County.

O

February 22, 2016

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
Les Robbins, Chair *Chair for Les Robbins*
William de la Garza, Vice Chair
Vivian H. Gray
Shawn Kehoe
Ronald Okum, Alternate

FOR: March 2, 2016 Board of Retirement Meeting

SUBJECT: **Senate Bill 24 – Belmont, Foster City, and San Mateo Joint Powers Authority**

RECOMMENDATION

That the Board of Retirement adopt a "Watch" position on Senate Bill 24, which clarifies the treatment of pension benefits for employees who transfer from an employer to a joint powers authority.

DISCUSSION

Senate Bill 24 is a two-year bill that was introduced in the 2015 legislative session on another subject matter. On January 5, 2016, the bill was amended to clarify the treatment of pension benefits for employees of Belmont, Foster City, and San Mateo who transfer to a joint powers authority formed by the cities to consolidate fire services.

The Joint Exercise of Powers Act authorizes public agencies to form a joint powers authority (JPA) to exercise a common power such as hiring employees and establishing a retirement system. The California Public Employees' Pension Reform Act of 2013 (PEPRA) currently authorizes the joint powers authority of the cities of Brea and Fullerton formed on or after January 1, 2013, to provide employees who are not new members ("legacy members") the defined benefit plan that was in effect on December 31, 2012, if the employees are employed by the JPA within 180 days of the formation of the JPA.

The cities of Belmont, Foster City, and San Mateo are in the process of forming a JPA for fire services consolidation. Similar to the rights extended to the Brea-Fullerton JPA, this bill would authorize the Belmont-Foster City-San Mateo JPA to provide legacy members the defined benefit plan that was in effect on December 31, 2012, if the

employees are employed by the JPA within 180 days of the formation of the JPA. Fire service employees of the respective employers would become employees in the JPA, which will contract with the California Public Employees' Retirement Systems (CalPERS) to provide retirement benefits for its employees. The bill would also prohibit the JPA from exempting new members from the requirements of PEPRRA.

Absent this proposed legislation, the formation of a JPA on or after January 1, 2013 would not allow such individuals to retain, under PEPRRA, the defined benefit plan they had as legacy members because the JPA did not exist before January 1, 2013 and thus had no legacy defined benefit plan into which the legacy members may be placed.

This bill applies only to the Belmont-Foster City-San Mateo JPA and does not apply to LACERA.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD adopt a "Watch" position on Senate Bill 24, which clarifies the treatment of pension benefits for employees who transfer from an employer to a joint powers authority.

Attachments

2016. Leg.SB 24.BOR.022216

**LEGISLATIVE ANALYSIS
SENATE BILL 24**

AUTHOR: Hill [D]

INTRODUCED: December 1, 2014

AMENDED: January 5, 2016

SPONSOR: City of Belmont, City of Foster City, City of San Mateo

SUMMARY: **The Joint Exercise of Powers Act authorizes public agencies to form a joint powers authority (JPA) to exercise a common power such as hiring employees and establishing a retirement system. The California Public Employees' Pension Reform Act of 2013 (PEPRA) currently authorizes the joint powers authority of the cities of Brea and Fullerton formed on or after January 1, 2013, to provide employees who are not new members ("legacy members") the defined benefit plan that was in effect on December 31, 2012, if the employees are employed by the JPA within 180 days of the formation of the JPA.**

This bill would authorize the JPA of the cities of Belmont, Foster City, and San Mateo formed on or after January 1, 2013, to provide employees who are not new members ("legacy members") the defined benefit plan that was in effect on December 31, 2012, if the employees are employed by the JPA within 180 days of the formation of the JPA.

ANALYSIS: **The cities of Belmont, Foster City, and San Mateo are in the process of forming a JPA for fire services consolidation. Fire service employees of the respective employers would become employees in the JPA, which will contract with the California Public Employees' Retirement Systems (CalPERS) to provide retirement benefits for its employees.**

In general, PEPRA allows individuals employed by a public employer before January 1, 2013, and who become employed by a subsequent public employer on or after January 1, 2013, to be subject to the defined benefit plan available to employees of the subsequent employer who were first employed on or before December 31, 2012.

The formation of a JPA on or after January 1, 2013 would not allow such individuals to retain the defined benefit plan they had as legacy members. The JPA did not exist before January 1, 2013 and thus had no legacy defined benefit plan into which the legacy members may be placed.

This bill would authorize the JPA formed after January 1,

2013 by the cities of Belmont, Foster City, and San Mateo to provide legacy members with the defined benefit plan received by those members from their respective employers on December 31, 2012. It would also prohibit the JPA from exempting new members from the requirements of PEPRA.

This bill applies only to the Belmont, Foster City, and San Mateo JPA and does not apply to LACERA.

Legislative History

SB 354 (Chapter 158, Statutes of 2015) clarified the period during which legacy members employed by the cities of Brea and Fullerton can transfer to the JPA and retain the defined benefit plan they were participating in prior to the transfer. LACERA's Board of Retirement adopted a "Watch" position on June 11, 2015.

SB 1251 (Chapter 757, Statutes of 2014) authorized the Brea and Fullerton JPA to offer a legacy defined benefit plan to its employees who were not new members. LACERA's Board of Retirement adopted a "Watch" position on May 22, 2014.

IBLC

RECOMMENDATION: Watch (01-14-16)

STAFF

RECOMMENDATION: Watch

PREPARED BY: Barry W. Lew, Legislative Affairs Officer

DATED: February 22, 2016

AMENDED IN SENATE JANUARY 5, 2016

AMENDED IN SENATE JUNE 1, 2015

AMENDED IN SENATE APRIL 21, 2015

AMENDED IN SENATE APRIL 6, 2015

SENATE BILL

No. 24

Introduced by Senator Hill

December 1, 2014

~~An act to amend Sections 22950.5, 22951, 22956, 22958, 22961, 22962, 22963, 22970.2, 22971, 22974.7, 22980, 22980.1, 22980.2, 22980.3, and 22980.4 of, to amend, repeal, and add Sections 22952, 22960, 22972, and 22973 of, and to add Section 22950.1 to, the Business and Professions Code; to amend Section 1947.5 of the Civil Code, to amend Section 48901 of the Education Code, to amend Section 7597 of the Government Code, to amend Sections 1234, 1286, 1530.7, 1596.795, 104495, 113953.3, 113977, 114332.3, 114371, 118910, 118925, 118935, 118948, and 119405 of, and to add Section 119406 to, the Health and Safety Code, to amend Section 6404.5 of the Labor Code, to amend Sections 308 and 640 of the Penal Code, to amend Sections 561 and 99580 of the Public Utilities Code, and to amend Sections 12523 and 12523.5 of the Vehicle Code, relating to electronic cigarettes. An act to amend Section 7522.02 of the Government Code, relating to public employees' retirement.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 24, as amended, Hill. ~~Electronic cigarettes: licensing and restrictions. California Public Employees' Pension Reform Act of 2013: joint powers authority: employees.~~

The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, to modify its plan or plans to comply with the act and, among other provisions, establishes new retirement formulas that may not be exceeded by a public employer offering a defined benefit pension plan for employees first hired on or after January 1, 2013. Existing law, the Joint Exercise of Powers Act, generally authorizes 2 or more public agencies, by agreement, to jointly exercise any common power, which may include hiring employees and establishing retirement systems. PEPRA authorizes a joint powers authority formed by the Cities of Brea and Fullerton on or after January 1, 2013, to provide its employees the defined benefit plan or formula that those employees received from their respective employers prior to the exercise of a common power, to which the employee is associated, by the joint powers authority to any employee of specified cities who is not a new member and subsequently is employed by the joint powers authority within 180 days of the city providing for the exercise of a common power, to which the employee was associated, by the joint powers authority.

This bill would authorize a joint powers authority formed by the Cities of Belmont, Foster City, and San Mateo on or after January 1, 2013, to provide employees who are not new members under PEPRA with the defined benefit plan or formula that was received by those employees from their respective employers on December 31, 2012, if they are employed by the joint powers authority within 180 days of the city providing for the exercise of a common power, to which the employee was associated, by the joint powers authority. The bill would prohibit the formation of a joint powers authority on or after January 1, 2013, in a manner that would exempt a new employee or a new member from the requirements of PEPRA.

This bill would make legislative findings and declarations as to the necessity of a special statute for the Cities of Belmont, Foster City, and San Mateo.

~~(1) Existing law, the Stop Tobacco Access to Kids Enforcement Act (STAKE Act), establishes various requirements for distributors and retailers relating to tobacco sales to persons under 18 years of age. Existing law makes it a crime, punishable by a fine not to exceed \$500 or by imprisonment not exceeding 30 days in a county jail, to fail to post a notice, at each point of purchase, stating that the sale of tobacco products to persons under 18 years of age is illegal. Existing law also~~

permits enforcing agencies to assess various civil penalties for violations of the STAKE Act.

This bill would extend the requirements of the STAKE Act to the sale of electronic cigarettes to persons under 18 years of age. The bill would also extend the requirements of the STAKE Act to the sale of electronic cigarettes to persons under 21 years of age if SB 151 of the 2015–16 Regular Session is enacted and takes effect. The bill would require the State Department of Public Health to enforce the STAKE Act's provisions with regard to sales of electronic cigarettes commencing July 1, 2016.

The bill would make the failure to post a notice, on and after July 1, 2016, at each point of purchase, stating that the sale of electronic cigarettes to persons under 18 years of age is illegal, a crime. The bill would impose the same notice requirements as applied to the sale of electronic cigarettes to persons under 21 years of age if SB 151 of the 2015–16 Regular Session is enacted and takes effect. By expanding the scope of existing crimes, the bill would impose a state-mandated local program.

The bill would provide that the STAKE Act does not invalidate existing local government ordinances regulating the distribution or sale of cigarettes, electronic cigarettes, or tobacco products, or prohibit local governments from adopting ordinances regulating the distribution or sale of cigarettes, electronic cigarettes, or tobacco products that are more restrictive than state law.

(2) Existing law prohibits a person from selling or otherwise furnishing an electronic cigarette to minors, and makes a violation punishable as an infraction.

The bill would prohibit a person from knowingly selling or otherwise furnishing an electronic cigarette to persons under 18 years of age, and makes a violation punishable as a misdemeanor or subject to a civil action, as specified. The bill would prohibit a person from selling or otherwise furnishing an electronic cigarette to persons under 21 years of age if SB 151 of the 2015–16 Regular Session is enacted and takes effect. By expanding the scope of an existing crime, the bill would impose a state-mandated local program.

The bill would require that cartridges for electronic cigarettes and solutions for filling electronic cigarettes be in child-proof packaging to protect children from opening and ingesting the contents.

(3) Existing law, the Cigarette and Tobacco Products Licensing Act, requires the State Board of Equalization to administer a statewide

~~program to license manufacturers, importers, distributors, wholesalers, and retailers of cigarettes and tobacco products. Existing law makes a violation of the Cigarette and Tobacco Products Licensing Act a misdemeanor punishable by a fine not to exceed \$5,000, by imprisonment not exceeding one year in a county jail, or by both the fine and imprisonment. Existing law also permits the State Board of Equalization to assess various civil penalties for violations of the Cigarette and Tobacco Products Licensing Act.~~

~~The bill would require the State Board of Equalization to administer a statewide program to license retailers of electronic cigarettes. The bill would require retailers to apply for a license to sell electronic cigarettes and pay a specified license fee, commencing July 1, 2016, and to display the license at each retail location commencing September 30, 2016. The bill would require the State Board of Equalization to use the revenue from this license fee only for purposes of administering the licensure program for retailers selling electronic cigarettes. The bill would also make retailers of electronic cigarettes subject to various civil and criminal penalties if they fail to comply with licensing requirements.~~

~~(4) Existing law prohibits the smoking of cigarettes and other tobacco products in a variety of specified areas. Under existing law, a violation of some of these provisions is punishable as a crime.~~

~~This bill would prohibit the use of electronic cigarettes in a variety of specified areas where the smoking of cigarettes and other tobacco products is prohibited. The bill would also make corresponding changes. The bill would make the use of electronic cigarettes in some of these restricted locations a violation punishable as a crime.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

~~Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: *yes-no*.~~

The people of the State of California do enact as follows:

- 1 *SECTION 1. Section 7522.02 of the Government Code is*
- 2 *amended to read:*
- 3 *7522.02. (a) (1) Notwithstanding any other law, except as*
- 4 *provided in this article, on and after January 1, 2013, this article*

1 shall apply to all state and local public retirement systems and to
2 their participating employers, including the Public Employees'
3 Retirement System, the State Teachers' Retirement System, the
4 Legislators' Retirement System, the Judges' Retirement System,
5 the Judges' Retirement System II, county and district retirement
6 systems created pursuant to the County Employees Retirement
7 Law of 1937 (Chapter 3 (commencing with Section 31450) of Part
8 3 of Division 4 of Title 3), independent public retirement systems,
9 and to individual retirement plans offered by public employers.
10 However, this article shall be subject to the Internal Revenue Code
11 and Section 17 of Article XVI of the California Constitution. The
12 administration of the requirements of this article shall comply with
13 applicable provisions of the Internal Revenue Code and the
14 Revenue and Taxation Code.

15 (2) Notwithstanding paragraph (1), this article shall not apply
16 to the entities described in Section 9 of Article IX of, and Sections
17 4 and 5 of Article XI of, the California Constitution, except to the
18 extent that these entities continue to be participating employers in
19 any retirement system governed by state statute. Accordingly, any
20 retirement plan approved before January 1, 2013, by the voters of
21 any entity excluded from coverage by this section shall not be
22 affected by this article.

23 (3) (A) Notwithstanding paragraph (1), this article shall not
24 apply to a public employee whose interests are protected under
25 Section 5333(b) of Title 49 of the United States Code until a federal
26 district court rules that the United States Secretary of Labor, or
27 his or her designee, erred in determining that the application of
28 this article precludes certification under that section, or until
29 January 1, 2016, whichever is sooner.

30 (B) If a federal district court upholds the determination of the
31 United States Secretary of Labor, or his or her designee, that
32 application of this article precludes him or her from providing a
33 certification under Section 5333(b) of Title 49 of the United States
34 Code, this article shall not apply to a public employee specified
35 in subparagraph (A).

36 (4) Notwithstanding paragraph (1), this article shall not apply
37 to a multiemployer plan authorized by Section 302(c)(5) of the
38 federal Taft-Hartley Act (29 U.S.C. Sec. 186(c)(5)) if the public
39 employer began participation in that plan prior to January 1, 2013,

1 and the plan is regulated by the federal Employee Retirement
2 Income Security Act of 1974 (29 U.S.C. Sec. 1001 et seq.).

3 (b) The benefit plan required by this article shall apply to public
4 employees who are new members as defined in Section 7522.04.

5 (c) (1) Individuals who were employed by any public employer
6 before January 1, 2013, and who became employed by a subsequent
7 public employer for the first time on or after January 1, 2013, shall
8 be subject to the retirement plan that would have been available
9 to employees of the subsequent employer who were first employed
10 by the subsequent employer on or before December 31, 2012, if
11 the individual was subject to concurrent membership for which
12 creditable service was performed in the previous six months or
13 reciprocity established under any of the following provisions:

14 (A) Article 5 (commencing with Section 20350) of Chapter 3
15 of Part 3 of Division 5 of Title 2.

16 (B) Chapter 3 (commencing with Section 31450) of Part 3 of
17 Division 4 of Title 3.

18 (C) Any agreement between public retirement systems to provide
19 reciprocity to members of the systems.

20 (D) Section 22115.2 of the Education Code.

21 (2) An individual who was employed before January 1, 2013,
22 and who, without a separation from employment, changed
23 employment positions and became subject to a different defined
24 benefit plan in a different public retirement system offered by his
25 or her employer shall be subject to that defined benefit plan as it
26 would have been available to employees who were first employed
27 on or before December 31, 2012.

28 (d) If a public employer, before January 1, 2013, offers a defined
29 benefit pension plan that provides a defined benefit formula with
30 a lower benefit factor at normal retirement age and results in a
31 lower normal cost than the defined benefit formula required by
32 this article, that employer may continue to offer that defined benefit
33 formula instead of the defined benefit formula required by this
34 article, and shall not be subject to the requirements of Section
35 7522.10 for pensionable compensation subject to that formula.
36 However, if the employer adopts a new defined benefit formula
37 on or after January 1, 2013, that formula must conform to the
38 requirements of this article or must be determined and certified by
39 the retirement system's chief actuary and the retirement board to
40 have no greater risk and no greater cost to the employer than the

1 defined benefit formula required by this article and must be
2 approved by the Legislature. New members of the defined benefit
3 plan may only participate in the lower cost defined benefit formula
4 that was in place before January 1, 2013, or a defined benefit
5 formula that conforms to the requirements of this article or is
6 approved by the Legislature as provided in this subdivision.

7 (e) If a public employer, before January 1, 2013, offers a
8 retirement benefit plan that consists solely of a defined contribution
9 plan, that employer may continue to offer that plan instead of the
10 defined benefit pension plan required by this article. However, if
11 the employer adopts a new defined benefit pension plan or defined
12 benefit formula on or after January 1, 2013, that plan or formula
13 must conform to the requirements of this article or must be
14 determined and certified by the retirement system's chief actuary
15 and the system's board to have no greater risk and no greater cost
16 to the employer than the defined benefit formula required by this
17 article and must be approved by the Legislature. New members of
18 the employer's plan may only participate in the defined
19 contribution plan that was in place before January 1, 2013, or a
20 defined contribution plan or defined benefit formula that conforms
21 to the requirements of this article. This subdivision shall not be
22 construed to prohibit an employer from offering a defined
23 contribution plan on or after January 1, 2013, either with or without
24 a defined benefit plan, whether or not the employer offered a
25 defined contribution plan prior to that date.

26 (f) (1) If, on or after January 1, 2013, the Cities of Brea and
27 Fullerton form a joint powers authority pursuant to the provisions
28 of the Joint Exercise of Powers Act (Article 1 (commencing with
29 Section 6500) of Chapter 5), that joint powers authority may
30 provide employees the defined benefit plan or formula that those
31 employees received from their respective employers prior to the
32 exercise of a common power, to which the employee is associated,
33 by the joint powers authority to any employee of the City of Brea,
34 the City of Fullerton, or a city described in paragraph (2) who is
35 not a new member and subsequently is employed by the joint
36 powers authority within 180 days of the city providing for the
37 exercise of a common power, to which the employee was
38 associated, by the joint powers authority.

39 (2) On or before January 1, 2017, a city in Orange County that
40 is contiguous to the City of Brea or the City of Fullerton may join

1 the joint powers authority described in paragraph (1) but not more
2 than three cities shall be permitted to join.

3 (3) The formation of a joint powers authority on or after January
4 1, 2013, shall not act in a manner as to exempt a new employee
5 or a new member, as defined by Section 7522.04, from the
6 requirements of this article. New members may only participate
7 in a defined benefit plan or formula that conforms to the
8 requirements of this article.

9 (g) (1) *If, on or after January 1, 2013, the Cities of Belmont,*
10 *Foster City, and San Mateo form a joint powers authority pursuant*
11 *to the provisions of the Joint Exercise of Powers Act (Article 1*
12 *(commencing with Section 6500) of Chapter 5), that joint powers*
13 *authority may provide employees the defined benefit plan or*
14 *formula that those employees received from their respective*
15 *employers prior to the exercise of a common power, to which the*
16 *employee is associated, by the joint powers authority to any*
17 *employee of the City of Belmont, the City of Foster City, or the*
18 *City of San Mateo who is not a new member and subsequently is*
19 *employed by the joint powers authority within 180 days of the city*
20 *providing for the exercise of a common power, to which the*
21 *employee was associated, by the joint powers authority.*

22 (2) *The formation of a joint powers authority on or after January*
23 *1, 2013, shall not act in a manner as to exempt a new employee*
24 *or a new member, as defined by Section 7522.04, from the*
25 *requirements of this article. New members may only participate*
26 *in a defined benefit plan or formula that conforms to the*
27 *requirements of this article.*

28 (~~g~~)

29 (h) The Judges' Retirement System and the Judges' Retirement
30 System II shall not be required to adopt the defined benefit formula
31 required by Section 7522.20 or 7522.25 or the compensation
32 limitations defined in Section 7522.10.

33 (~~h~~)

34 (i) This article shall not be construed to provide membership in
35 any public retirement system for an individual who would not
36 otherwise be eligible for membership under that system's
37 applicable rules or laws.

38 (~~i~~)

39 (j) On and after January 1, 2013, each public retirement system
40 shall modify its plan or plans to comply with the requirements of

1 this article and may adopt regulations or resolutions for this
2 purpose.

3 *SEC. 2. The Legislature finds and declares that a special law*
4 *is necessary and that a general law cannot be made applicable*
5 *within the meaning of Section 16 of Article IV of the California*
6 *Constitution because of the need to clarify the benefit eligibility*
7 *rules under the California Public Employees' Pension Reform Act*
8 *of 2013 and maintain the integrity of that act and further its*
9 *purpose.*


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**All matter omitted in this version of the bill
appears in the bill as amended in the
Senate, June 1, 2015. (JR11)**



March 2, 2016

TO: Each Member
Board of Retirement

FROM: Cassandra Smith 
Director, Retiree Healthcare

FOR: March 2, 2016 Board of Retirement Meeting

SUBJECT: RETIREE HEALTHCARE DIVISION PROPOSED STRATEGIC PLAN
(FYE 2017-2019)

RECOMMENDATION

It is recommended that your Board Approve the FYE 2017-2019 Retiree Healthcare Strategic Plan.

EXECUTIVE SUMMARY

Attached for your Board's review and approval is the proposed FYE 2017-2019 Strategic Plan for the Retiree Healthcare Program. This document includes the addition of the RHC Consultant RFP and Long Term Care (LTC) Implementation projects that were discussed at the January 14, 2016 meeting of the Insurance Benefits and Legislative Committee (IBLC). It was also discussed and reviewed by your Board at the Board Offsite on January 20, 2016.

CONCLUSION

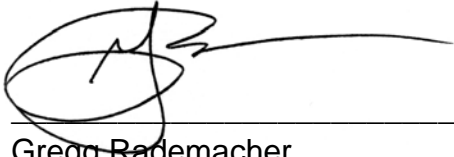
The Retiree Healthcare Division continues to move forward with development and enhancement of new and existing tools for interacting with members and providing them with the highest level of service.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD

Approve the FYE 2017-2019 Retiree Healthcare Strategic Plan.

CS:jb

Reviewed and Approved

A handwritten signature in black ink, appearing to be 'GR', is written over a horizontal line. The signature is stylized and extends to the right of the line.

Gregg Rademacher
Chief Executive Officer

Attachment

RETIREE HEALTHCARE PROGRAM

Strategic Plan Proposal

Yesterday, Today, Tomorrow

FYE 2017-2019

OVERVIEW

LACERA's Board of Retirement administers the Los Angeles County Retiree Healthcare Program. LACERA staff, external consultants, and advisors assist the Board of Retirement's Insurance, Benefits & Legislative Committee in overseeing the Los Angeles County Retiree Healthcare Program.

In 1961 the County Employees Retirement Law of 1937 (CERL) was amended to allow pension systems to provide healthcare to retirees in two ways:

- Board of Supervisors can pay all or part of the cost
- Board of Retirement can pay via excess earnings.

OUR MISSION

To efficiently administer the Healthcare Benefits Program for retired association members and beneficiaries and provide a healthcare program of the highest quality at an affordable cost.

OUR CORE VALUES

PROFESSIONALISM * We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

RESPECT * Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to and support each other, we create a nurturing work environment that promotes fairness and trust.

OPEN COMMUNICATIONS * Our frank and straightforward expression of ideas fosters a common understanding of purpose – quality service to our members. We create a healthy work environment by sharing information, listening to each others' ideas, and giving constructive feedback.

FAIRNESS * Our employees are entitled to a clear explanation of performance expectations. Performance evaluations are timely, honest, and impartial; personal improvement plans are reasonable and constructive; and we provide opportunities for professional development and promotion.

INTEGRITY * We inspire confidence by our high standards for member services and sound investment practices. We are reliable, ethical, and honest. Loyalty to LACERA means loyalty to members. Integrity guides all of our work relationships.

TEAMWORK * We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.

OUR OBJECTIVES

PRUDENT FIDUCIARY

To act at all times as prudent fiduciaries, executing our responsibilities exclusively on behalf of our members, beneficiaries, and participating employers.

RESPONSIVE AND QUALITY SERVICES

To provide responsive and consistent quality service using integrated cost effective procedures.

COMMUNICATION

To promote and enhance the understanding of LACERA benefits among members, employers, County officials, and the public.

QUALITY WORKFORCE

To develop a human resources program to recruit, train, develop, and promote qualified staff; provide a quality work environment and enhance the quality of life for our employees.

MANAGE GROWTH AND CHANGE

To manage growth and change through planning, innovation, and the maximum use of available technology.

OUR HISTORY

The 1970s

In January 1971, with the assistance of its healthcare consultant, Johnson & Higgins, LACERA first offered a hospital-medical plan and subsidized the retiree's premium by using excess earnings. At that time, the Board of Retirement offered retirees the choice of remaining in Blue Cross, Kaiser, or Ross-Loos from an active employment status. For those electing not to stay with their "active" plan carrier, Occidental or Kaiser Permanente was made available to them.

The indemnity dental/vision plan became a part of the Los Angeles County Retiree Healthcare Benefit Program effective January 1, 1977; with July 1, 1996, the first offering of the CIGNA Dental Health Plan - pre-paid – HMO plan.

The 1980s

In April 1982, the Board of Retirement negotiated an agreement with the County obligating the County to fund the healthcare program so long as the County provided a healthcare program for active employees

The administration of the Los Angeles County Retiree Healthcare Program has gone through several evolutionary organizational changes. Initially, the insurance processing was handled as a function of the Retiree Member Unit as part of the retirement payroll function. Subsequently, at the recommendation of an independent auditor, the function was decentralized to several benefits processing units (team concept).

The 1990s

In early 1992, a determination was made that the health and dental/vision staff support provided to our members was at an unacceptable level; thus, in May 1992, LACERA established the Insurance Services Section (now known as the Retiree Healthcare Division) to centralize the administration of the healthcare program.

With the establishment of the Retiree Healthcare Division in 1992, came the addition of LACERA's first Medicare Advantage plans (Kaiser Health Pledge, now Senior Advantage; Secure Horizons; FHP Golden Healthcare-*terminated 6/30/94*) and Medicare Supplement plan (Provident III), along with a Medicare Part B Reimbursement Program. This complimented the five medical plans (Kaiser, Blue Cross Prudent Buyer, CIGNA Network Model, Provident I, and Provident II) and one dental/vision plan with Provident already offered to retirees.

Effective August 1994, the 1982 agreement was amended to guarantee the County's obligation to continue providing a program even if the County terminated their health program for active employees.

The Twenty-First Century

Our progression to the future is necessarily focused on our primary goal of providing efficient, accurate and friendly service to members. We want to utilize and develop the skills and expertise of our staff to achieve the highest quality service possible. We continue to explore ways to ensure that we capitalize our human and technological resources to maximum effect.

Prior to 2009, all enrollment forms, correspondence, etc. were delivered directly to the Retiree Healthcare Division. In March 2009, we began scanning enrollment forms and correspondence via the CIB (Client In-Basket) document management system, which provided us the ability to better track and monitor workflow. When scanning of healthcare work objects began, an average of 950 forms were received monthly. With Baby Boomers reaching retirement eligibility, that average has climbed to 1,260 enrollment forms per month, while the number of staff processing those enrollments has decreased due to restructure of the Division and additional staff responsibilities.

In 2013, we reorganized the Division to capitalize on the skills and strengths of staff and to ensure that we provide efficient and effective customer service to our Members. Our Division is currently divided into four

specialized units: Call Center, Operations, Financial/Special Projects and Audits.

OUR STRATEGIC INITIATIVES

Successful Implementation of 2014 RHC Program Changes

In January 2014, Los Angeles County (plan sponsor) informed LACERA of a proposed plan to lower the employer costs for the Retiree Healthcare Program changes for new employees hired on or after July 1, 2014. The adopted plan has been named Los Angeles County Retirees Healthcare Program -Tier 2 (Tier 2). We worked closely with other Divisions, including Communications, Member Services, Claims Processing, and Systems to update processes, information and procedures. Retiree Healthcare staff is in the process of revising our *Exploring Your Healthcare Benefits Through LACERA* booklet and information packet. We are also working with Systems with programming Workspace to calculate the County subsidy at the retiree only premium level to support the new benefits structure and mandated Medicare enrollment for Tier 2 members. The only outstanding item is Modify Information Systems – Enrollment, which is targeted by Systems for completion in FY2015-2016. All staff from our RHC Units (Call Center, Operations, Audits, and Quality Assurance/Special Projects) are fully trained on all aspects of the new healthcare benefits so our members can continue to receive excellent and accurate service.

GOAL	IMPLEMENTATION DATE
Modify Information Systems – Enrollment	FY 2015-2016

Continued Integration of Information Technology

Information technology continues to play a vital role in Retiree Healthcare’s ability to serve our retirees and their dependents. For the past few years, all enrollment processing functions have been integrated into Workspace. This has helped increase the efficiency of our Operations staff and helped the overall member experience. We continue working toward providing our members more electronic options to download forms, carrier-related documents, receive education, and complete enrollment. Already in place is the ability for members to input information into enrollment forms online which can then be printed and submitted for processing. The ultimate goal is for members to complete the enrollment process online, with no need to print or mail forms. We are moving forward with anticipated informational and training videos to be included in the Retiree Healthcare section of LACERA.com that will be produced with the help of the Communications Division. The first of these videos were originally intended to be ready by the end of the 2014-2015 fiscal year, but were delayed due to the reallocation of staff resources to prepare for the implementation of Tier 2 to assist with RDS and ERRP audits, and process an increased number of enrollments.

LACERA.com

GOAL	IMPLEMENTATION DATE
Explanation of Federal Excise Tax	FY 2015-2016
Retiree Wellness Program web video	FY 2016-2017
RHC Enrollment web video	FY 2016-2017
Medicare 101 web video	FY 2016-2017
RHC members' electronic submission of enrollment	FY 2017-2018

Workspace

The focus began with improving the tools available to Retiree Healthcare Specialists by changing the 1960s era computer input screens (Green Screens) with user friendly Windows based input screens. We have fully transitioned to all enrollment functions being processed through Workspace. We are also still looking toward automating transmittal of members' enrollment information to the carriers. We have been working with Systems to create an efficient process to automate the population of imputed income in 1099 forms for affected members. We are now re-evaluating the need for such a system. With the legalization of same sex marriage, the number of members requiring 1099 forms has dropped significantly. It may prove to be a better use of resources to handle the approximately one-hundred forms manually.

GOAL	IMPLEMENTATION DATE
Streamline generation and mailing of confirmation letter upon member election via Workspace	FY 2015-2016
Automate monthly premium reconciliation process	FY 2016-2017
Electronic submission to carriers	FY 2016-2017

Member Interaction and Communication

It is our responsibility to educate our members and assist them while making healthcare choices suitable for their needs. With so many changes in the world of healthcare today coupled with the various options available for our members to choose, our plan is to continue to expand and improve our communication to members by offering a wide variety of user-friendly, updated, informative, and creative educational tools that include print materials and videos. We have made significant strides forward in

automating correspondence to members and continue to look toward making the member's experience as consistent, informative, and efficient as possible.

GOAL	IMPLEMENTATION DATE
Implement new seminar for members becoming Medicare eligible	FY 2015-2016
Make carriers' Explanation of Benefits (or Explanation of Coverage) available on the LACERA website	FY 2016-2017
Develop Medicare 101 Packet	FY 2016-2017
Administrative Guideline Update	FY 2016-2017
Certify member Medicare coverage	FY 2017-2018

Quality Assurance & Special Projects Section

The Quality Assurance and Special Projects Section is responsible for identifying, creating and implementing new efficiencies. They build upon the quality assurance practices we have already put in place to assess needs such as staff training or task allocation. This section will also coordinate and conduct quality control of staff work (both Operations and Call Center) to ensure accuracy and will be responsible for working audits of our insurance carriers. Finally, this section will handle higher level tasks and projects such as Medicare RDS research, EGWP implementation, Affordable Care Act implementation, and accounting and monthly financial reconciliation. Development of guidelines for higher-level functions listed below is in progress.

GOAL	IMPLEMENTATION DATE
Create RHC Billing, Legal Hold, and Death Guidelines	FY 2015-2016
Create RHC Reconciliation Guidelines	FY 2015-2016
Dependent database audit RFP	FY 2016-2017
RHC Consultant RFP	FY 2016-2017
LTC Implementation	FY 2016-2017
RHC Operating Information	FY 2017-2018
Dependent database audit completion	FY 2017-2018

Audits Section

The Audits Section is responsible for generating and conducting audits that are both generated based on internal needs (such as the Code 19 project) or based on reports received from different carriers (Kaiser, Cigna and United Healthcare). The staff assigned to this Section is responsible for researching and updating discrepancies found between member's account on LACERA and carrier's systems, including processing of complex premium adjustments and Medicare Part B retrievals. Part of the process is to notify other Divisions at LACERA for eligibility updates for member and beneficiaries. The staff is also responsible for notifying members of any premium adjustments or eligibility changes and will be the ultimate point of contact for any future calls or correspondences regarding the audits they conducted. All guidelines were completed during the 2015-2016 fiscal year.

GOAL	IMPLEMENTATION DATE
Create RHC Audits training and Guidelines	FY 2015-2016



February 24, 2016

TO: Each Member
Board of Retirement

FROM: Gregg Rademacher 
Chief Executive Officer

FOR: Meeting of March 2, 2016

SUBJECT: **SACRS OFFICER ELECTIONS**

The State Association of County Retirement Systems (SACRS) will be holding their officer elections at the upcoming Spring Conference. The SACRS Nominating Committee recommends the following slate of officers for the 2016-2017 year:

Position	Nominee	County
President	Dan McAllister	San Diego CERA
Vice President	Gabe Rodrigues	Contra Costa CERA
Treasurer	Larry Walker	San Bernardino CERA
Secretary	Art Goulet	Ventura CERA

SACRS also provides for a member retirement system board to nominate individuals that are not recommended by the SACRS Nominating Committee for inclusion on the final ballot. Should the Board desire to forward officer nominations to SACRS, this must be done by March 25, 2016.

A final ballot will be presented to your board at the April meeting in order for the board to provide direction on voting on the SACRS officer election and SACRS business items.

IT IS THEREFORE RECOMMENDED that your Board receive and file the SACRS Nominating Committee's recommended officer slate notice and consider providing direction to SACRS on additional officer nominations.

GR:mm
SACRS Officer Slate 2016 Notice.doc

Attachment

February 22, 2016

To: SACRS Trustees & SACRS Administrators/CEO's
 From: Ray McCray, SACRS Immediate Past President, Nominating Committee Chair
 SACRS Nominating Committee
 Re: SACRS Board of Director Elections – Recommended Ballot - 2016-2017 BOD
 Elections

SACRS BOD 2016-2017 election process began January 2016. Please review the following timeline and distribute the recommended ballot to your Board of Trustees, per the bylaws:

DEADLINE	DESCRIPTION
February 1, 2016	Nominating Committee receives nominations from SACRS membership
March 1, 2016	Nominating Committee submits its recommended ballot to each 1937 Act Board
March 25, 2016	Nominating Committee receives nominations from any 1937 Act Board
April 1, 2016	Nominating Committee submits final ballot to each 1937 Act Board – ballot consists of recommended ballot plus anybody else who is nominated but not recommended by the NC
May 13, 2016	Conduct elections during the SACRS Business Meeting (at end of the May 2016 conference)
May 13, 2016	Board of Directors take office for 1 year

Per SACRS Bylaws, Article VI ~ Section 2 – Election, Qualification and Term of Office

“The officers of SACRS shall be regular members of SACRS. The officers shall be elected by majority vote of the quorum of delegates and alternate delegates present at the first meeting in each calendar year and shall hold office for one (1) year and until a successor is elected.”

Per SACRS Bylaws, Article VI ~Section 4 - Officer Elections

“...The Board of any regular member County Retirement System may submit write-in candidates to be included in the Nominating Committee’s final ballot provided the Nominating Committee receives those write-in candidates prior to March 25th. The Nominating Committee will report a final ballot to each regular member County Retirement System prior to April 1.

The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's recommended ballot and final ballot to each trustee and placing the election of SACRS Officers on his or her Board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee..."

Below is the recommended ballot, as in the past, a voting delegate may entertain a motion to vote by individual officer positions or by complete ballot. Please be sure to authorize your voting delegate to vote either way.

The elections will be held at the SACRS Spring Conference May 10-13, 2016, at the Westin South Coast Plaza Hotel in Costa Mesa. Elections will be held during the Annual Business meeting on Friday, May 13, 2016.

Please distribute the recommended ballot to all standing/eligible board members for approval and authorization for your voting delegate. As stated above, Administrators are required to send acknowledgement of completion to our office at sulema@sacrs.org.

SACRS Nominating Committee recommended ballot for SACRS BOD 2016-2017 elections:

President	Dan McAllister, San Diego CERA
Vice President	Gabe Rodrigues, Contra Costa CERA
Treasurer	Larry Walker, San Bernardino CERA
Secretary	Art Goulet, Ventura CERA

If you have any questions or require assistance, please contact me directly at (209) 468-2163 or raym1@sbcglobal.net. Thank you for your prompt attention to this timely matter.

Sincerely,


Raymond McCray

Raymond McCray, San Joaquin County
SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Administrator

February 23, 2016

TO: Each Member
Board of Retirement

FROM: Gregg Rademacher 
Chief Executive Officer

FOR: March 2, 2016 Board of Retirement Meeting

SUBJECT: **BOARD OF RETIREMENT MEETING CALENDAR**

RECOMMENDATION

It is recommended the Board of Retirement review the 2016 meeting schedule and consider rescheduling the Thursday, April 14, 2016 meeting.

DISCUSSION

Mr. Chery would like to request the Board to reschedule the Thursday, April 14, 2016 meeting due to the World Health Care Congress Conference being held on April 10-13, 2016 in Washington, DC.

Following are potential meeting dates for our April 2016 meeting.

Wednesday, April 6, 2016 – Joint Meeting
Tuesday, April 19, 2016
Wednesday, April 20, 2016
Thursday, April 21, 2016

A copy of the April educational calendar is attached for your planning convenience.

GR:bn


April 2016

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6 BOR (Disability Committee)	7	8	9
10	11	12	13 BOI (Committees)	14 BOR (IBL & OOC Committees)	15	16
World Healthcare Congress, Washington, D.C.						
	CRCEA, Bakersfield, CA					
	IFEBP, Phoenix, AZ					
17	18	19	20	21	22	23
24	25	26	27	28	29	30

**FOR INFORMATION ONLY**

February 22, 2016

TO: Each Member
Board of Retirement

FROM: Francis J. Boyd 
Senior Staff Counsel

FOR: March 2, 2016 Board of Retirement Meeting

SUBJECT: Publication of *Astorga v. Retirement of the Santa Barbara County Employees Retirement System*

On February 8, 2016, the Legal Office learned that the Court of Appeal issued an unpublished decision (*Astorga v. Retirement Board of the Santa Barbara County Employees Retirement System*) on February 2, 2016. The decision reaffirms the court's decision in *Katosh v. Sonoma County Employees Retirement Assn.* which held that receipt of sick leave or vacation pay by an employee during a leave of absence constitutes "regular compensation" under Gov. Code sec. 31724. The Legal Office believes that the *Astorga* decision should be published because it offers further clarification of the *Katosh* decision and additional legal support of LACERA's practices on the following issues:

- It confirms that incremental payments of sick leave, vacation time, and holiday pay cannot be compressed to achieve an earlier effective date; and
- It offers support to LACERA's practice of using donated sick or vacation time as "regular compensation."

Alan Blakeboro of SBCERA and David Lantzer of OCERS composed a letter to the Court of Appeal requesting publication of the *Astorga* decision and requested other systems join their request by February 17, 2016.

Because of the short notice, there was no time to take the matter to the Insurance Benefit Legislative Committee or the Board of Retirement. The Legal Office obtained approval from Chair Shawn Kehoe and Vice Chair Vivian H. Gray to send a letter to the Court of Appeal requesting that the *Astorga* decision be published.

Board of Retirement

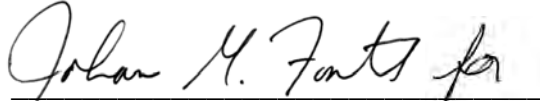
Re: *Astorga v. Retirement of the Santa Barbara County Employees Retirement System*

February 22, 2016

Page 2 of 2

Attached is a copy of LACERA's publication request letter to the Court of Appeal. The Legal Office will notify the Board as to whether or not the court decides to publish the *Astorga* decision.

Reviewed and approved.



Steven P. Rice, Chief Counsel

FJB: se

BOR 2 22 16 *Astorga*

February 17, 2016

Clerk of the Court
Court of Appeal
Second Appellate District, Division Six
Court Place
200 East Santa Clara Street
Ventura, CA 93001

**Re: *Astorga v. Retirement Board of the Santa Barbara County
Employees Retirement System*
Case No. 1468905, Appellate Case No. B263325**

Dear Clerk of the Court:

The Board of Retirement of the Los Angeles County Employees Retirement Association (LACERA) respectfully requests publication of the February 2, 2016, decision in the above matter. The request is made under California Rules of Court, rule 8.1120.

LACERA requests publication because the decision meets the standards for certification under California Rules of Court, rule 1105 (c). The decision 1) applies existing law to a set of facts significantly different from those stated in published decisions; 2) advances clarification of a statute; and 3) involves a legal issue of continuing public interest.

1) The *Astorga* decision applies existing law contained in *Katosh v. Sonoma County Employees Retirement Assn.*¹ to a set of significantly different facts.

In *Katosh*, the appellant contended that "regular compensation," as used in Government Code section 31724, did not include sick leave or vacation pay.² But the court held that receipt of sick leave or vacation pay when taken by an employee as time off constitutes "regular compensation" under Section 31724.³

In *Astorga*, the appellant received incremental payments of sick leave, vacation time, and holiday pay and argued that these incremental payments should be compressed to achieve an earlier effective date under Section 31724. The *Astorga* decision, relying on *Katosh*, rejected this argument and specifically held that receipt of incremental payments postpones the effective date of disability

¹ *Katosh v. Sonoma County Employees Retirement Assn.* (2009) 163 Cal.App.4th 56.

² *Katosh, supra*, 163 Cal.App.4th at 61.

³ *Id.* at 78.

retirement until the last day the employee utilizes sick leave or vacation time. The statute specifies the "last day of regular compensation" without any caveat for the period of time in which it is paid. The *Astorga* holding applies the existing law in *Katosh* to a significantly different set of facts.

2) The *Astorga* decision advances clarification of Government Code section 31724.

As noted above, the *Astorga* decision specifically clarifies that retirement systems governed by County Employees Retirement Law (CERL) are not obligated to "compress" leave time taken in small increments into full pay periods for purposes of calculating the effective date of a disability retirement.

The *Astorga* decision also offers some clarification and direction on the issue of donated leave. *Astorga* raised the issue of whether donated sick leave or vacation time from co-workers is considered "regular compensation" under Section 31724. The court ruled that *Astorga* forfeited this issue because it was not raised in either the administrative or trial court proceedings. However, the *Astorga* decision included the additional donated time in its final analysis. The court stated:

. . . *Astorga's* decision to remain employed through December 8, 2013, 'was probably the wise decision on her part *because it allowed her additional donations of leave time from coworkers, it allowed her the ability to obtain additional leave time and holiday pay accruals that she would not have had over a shorter period of time, and it allowed her to maintain her medical insurance.*'
(Emphasis added.)

LACERA, like most retirement systems under CERL, consider donated leave as "regular compensation" because retirement contributions are taken out of donated time and count towards the donee's years of service. This practice comports with the definition of compensation under Government Code section 31460.⁴ The *Astorga* decision's inclusion of the donated time in its final analysis, even though it did not decide the case on this issue, gives some clarification on

⁴ §31460: "'Compensation' means the remuneration paid in cash out of county or district funds, plus any amount deducted from a member's wages for participation in a deferred compensation plan established pursuant to Chapter 8 (commencing with Section 18310) of Part 1 of Division 5 of Title 2 or pursuant to Article 1.1. (commencing with Section 53212) of Chapter 2 of Part 1 of Division 2 of the Title 5, but does not include monetary value of board, lodging, fuel, laundry, or other advantages furnished to a member."

Clerk of the Court
Subject – Appellate Case No. B263325
February 17, 2016
Page 3

this issue and supports the practice of considering donated leave as "regular compensation" under Section 31724.

3) The *Astorga* decision involves a legal issue of continuing public interest.

There are 20 counties in California operating retirement systems under CERL, including largely populated counties such as Los Angeles, Orange, San Bernardino, San Diego, Ventura, Alameda, Sacramento, and Marin. CERL membership totals more than 400,000 active and retired members. And effective-date issues under Government Code section 31724 arise frequently. Publication of the *Astorga* decision will have an impact on a sizeable number of people throughout the state.

For all of these reasons, LACERA respectfully requests that the *Astorga* decision be published.

Very truly yours,



Francis J. Boyd
Senior Staff Counsel

FJB:se

Astorga, Boyd to Ct. of Appeal 2 17 16

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PROOF OF SERVICE

I do hereby declare that I am employed in the County of Los Angeles, over 18 years old and that my business address is 300 N. Lake Avenue, Pasadena, California. I am not a party to the within action.

On February 17, 2016, I served the foregoing **REQUEST FOR PUBLICATION** on all parties to this action by placing a true copy of said document in a sealed envelope in the following manner:

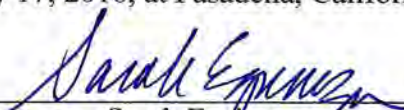
(BY U.S. MAIL) I placed such envelope(s) addressed as shown below for collection and mailing at Pasadena, California following our ordinary business practices. I am readily familiar with this office's practice for collecting and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service in a sealed envelope with postage fully prepaid.

(BY AIRBORNE EXPRESS) I placed such envelope(s) addressed as shown below for collection and delivery by Airborne Express with delivery fees paid or provided for in accordance with this office's practice. I am readily familiar with this office's practice for processing correspondence for delivery the following day by Airborne Express.

(BY FACSIMILE) I caused such document to be telefaxed to the addressee(s) and number(s) shown below, wherein such telefax is transmitted that same day in the ordinary course of business.

(BY PERSONAL SERVICE) I caused such document to be hand-delivered to the addressee(s) shown below. A proof of service signed by the authorized courier will be filed forthwith.

(STATE) I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed on February 17, 2016, at Pasadena, California.



Sarah Espinoza

NAME AND ADDRESS OF EACH PERSON TO WHOM SERVICE WAS MADE

Russell R. Ghitterman Ghitterman, Ghitterman & Feld 418 E. Canon Perdido St. Santa Barbara, CA 93101 Attorney for Appellant, Sara Astorga	Alan A. Blakeboro Reicker, Pfau, Pyle & McRoy, LLP 1421 State Street, Suite B Santa Barbara, CA 93101 Attorney for Respondent Retirement Board
California Supreme Court 350 McAllister Street San Francisco, CA 94102-4797	
The Honorable Donna D. Geck Department 4 Santa Barbara County Superior Court Anacapa Division P. O. Box 21107 Santa Barbara, CA 93121-1107	



Documents not attached are exempt from disclosure under the California Public Records Act and other legal authority.

**For further information, contact:
LACERA
Attention: Public Records Act Requests
300 N. Lake Ave., Suite 620
Pasadena, CA 91101**



Documents not attached are exempt from disclosure under the California Public Records Act and other legal authority.

**For further information, contact:
LACERA
Attention: Public Records Act Requests
300 N. Lake Ave., Suite 620
Pasadena, CA 91101**



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