

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., THURSDAY, JUNE 15, 2017

*The Board may take action on any item on the agenda,
and agenda items may be taken out of order.*

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. REPORT ON CLOSED SESSION ITEMS
- IV. OTHER COMMUNICATIONS
 - A. For Information
 - 1. April 2017 All Stars
 - 2. Chief Executive Officer's Report
(Memo dated June 6, 2017)
- V. PUBLIC COMMENT
- VI. CONSENT AGENDA
 - A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the NASRA 63rd Annual Conference on August 5-9, 2017 in Baltimore, Maryland and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Placed on the agenda at the request of Mr. Kehoe) (Memo dated May 15, 2017)

VI. CONSENT AGENDA (Continued)

- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the Fraud & Breach Prevention Summit on August 8-9, 2017 in New York City, New York and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Placed on the agenda at the request of Mr. Bernstein) (Memo dated May 16, 2017)

VII. NON-CONSENT AGENDA

- A. Recommendation as submitted by Vivian H. Gray, Chair, Disability Procedures & Services Committee: That the Board ratify staff's termination of the contract of panel physician Robert B. Fenton, M.D. (Memo dated June 1, 2017)
- B. Recommendation as submitted by William de la Garza, Chair, Insurance, Benefits & Legislative Committee: That the Board approve a "Watch" position on Assembly Bill 526, which provides for the Sacramento County Employees' Retirement System to become a district. (Memo dated May 19, 2017) (Supplemental Memo dated May 19, 2017)
- C. Recommendation as submitted by William de la Garza, Chair, Insurance, Benefits & Legislative Committee: That the Board adopt a "Watch" position on Assembly Bill 995, which relates to the transfer of leave balances. (Memo dated May 30, 2017)
- D. Recommendation as submitted by William de la Garza, Chair, Insurance, Benefits & Legislative Committee: That the Board adopt the Policy on Engagement for Public Policy Issues Relating to Plan Administration and Retirement and Health Care Benefits. (Memo dated May 30, 2017)
- E. Recommendation as submitted by Alan Bernstein, Chair, Operations Oversight Committee: That the Board approve the proposed revisions to the Records and Information Management Policy. (Memo dated June 1, 2017)

VII. NON-CONSENT AGENDA (Continued)

- F. Recommendation as submitted by Fern M. Billingsy, Senior Staff Counsel: That the Board 1) Adopt the resolution specifying that canine handlers pay earned on and after December 1, 2015, by Sheriff's Department, Countywide Services Division qualifies as compensation earnable; 2) Instruct staff to implement this change by coordinating with the County Auditor-Controller to remit member and employer contributions; and 3) Instruct staff to collect arrears contributions for canine handlers pay in accordance with the Board's policy regarding implementation of new pensionable pay items. (Memo dated May 31, 2017)

- G. Recommendation as submitted by Fern M. Billingsy, Senior Staff Counsel: That the Board 1) Adopt the Resolutions specifying pay items as "compensation earnable" and "pensionable compensation;" and 2) Instruct staff to coordinate with the County of Los Angeles to establish necessary reporting mechanism and procedures to permit LACERA to include the qualifying items in the calculation of final compensation. (Memo dated June 6, 2017)

- H. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board adopt the final proposed LACERA Fiscal Year 2017-2018 Administrative and Retiree Healthcare Benefits Budgets. (Memo dated June 1, 2017)

VIII. REPORT ON STAFF ACTION ITEMS

IX. GOOD OF THE ORDER

(For information purposes only)

X. CLOSED SESSION

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

- 1. United States of America v. Gary Ordog
Case 2:17-CV-01664-FMO

X. CLOSED SESSION (Continued)

- B. 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. Number of Potential Cases: 1

XI. 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.



June 6, 2017

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.

Protecting the Promised Benefits

In May 2017, the "Wannacry" ransomware attacked over 150 countries and infected over 400,000 computers. The ransomware extorted money from its victims while causing data loss and disruptions. Although LACERA's IT security strategies are highly resilient to such attacks, we remained vigilant and took precautionary steps to further mitigate the effects of "Wannacry" and its variants. Once discovered, Systems Division staff spent the Friday night after the attack began and all of Saturday to ensure our systems were ready to combat "Wannacry". When a "Wannacry" variant surfaced that Saturday night, staff spent all of Sunday implementing new patches to ensure our systems remained resistant to the threat. Our existing security strategies and the efforts of LACERA's Systems Division staff ensured LACERA suffered no impacts from this global threat.

"Wannacry", like many other ransomware and malware, are delivered via email phishing campaigns. LACERA is making ongoing efforts to educate our employees on the dangers of phishing and ways to recognize malicious emails through email alerts and Tech Bag discussions during the monthly CEO Brown Bag meetings. I would like to extend a thank you to all of our Systems Division staff for their quick response to these threats and their ongoing vigilant efforts to keep LACERA safe from these types of attacks.

Mother-Baby Friendly Workplace Award

I am pleased to announce LACERA was recently recognized for our efforts to comply with, and exceed, state and federal requirements supporting new mothers who are breastfeeding. LACERA

received the Mother-Baby Friendly Workplace Award from the California Breastfeeding and Sacramento Breastfeeding Coalition for creating human resource policies ensuring new mothers have a safe, clean space at work to accommodate their needs during this stage of their life and ensuring that expectant and new mothers are aware of the resources available to them. According to the California Department of Public Health, only about half of all mothers surveyed reported having workplace support during this time of their lives. LACERA believes in a healthy work/life balance and this is another example of our efforts to maintain a supportive family friendly environment for our employees.

GR: jp

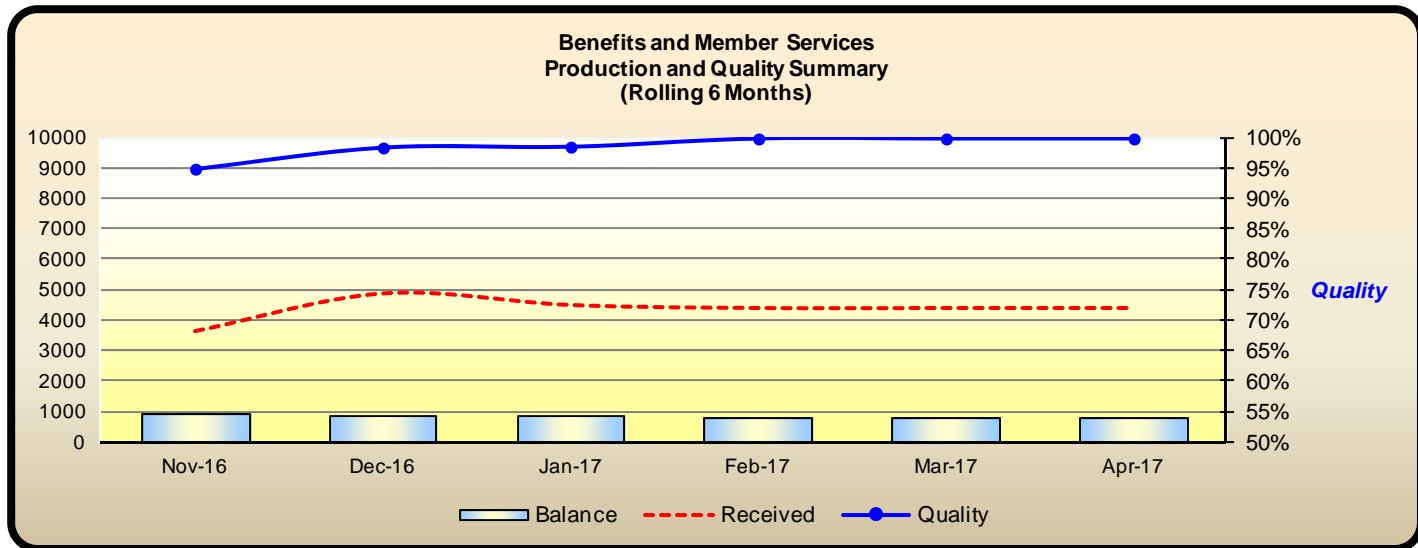
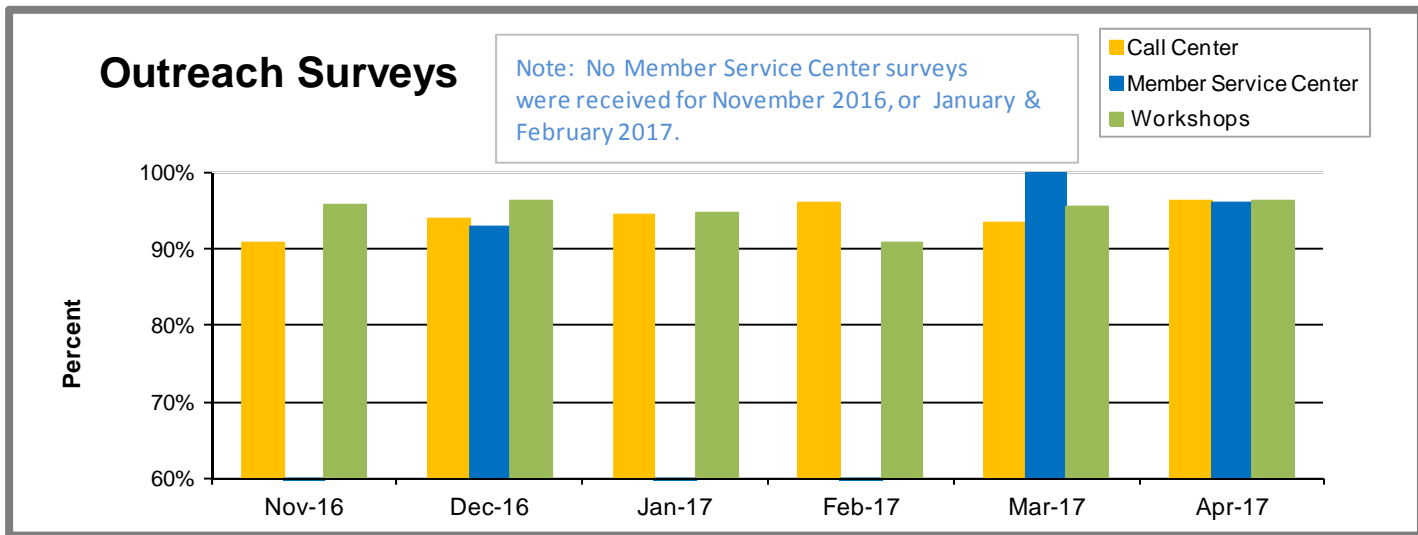
CEO report June 2017.doc

Attachments

LACERA's KEY BUSINESS METRICS

OUTREACH EVENTS AND ATTENDANCE

Type	# of WORKSHOPS		# of MEMBERS	
	Monthly	YTD	Monthly	YTD
Benefit Information	20	131	508	4,826
Mid Career	3	24	95	834
New Member	13	138	166	2,894
Pre-Retirement	12	74	243	1,575
General Information	0	7	0	439
Retiree Events	5	17	558	1,195
Member Service Center	Daily	Daily	1,846	14,782
TOTALS	53	391	3,416	26,545



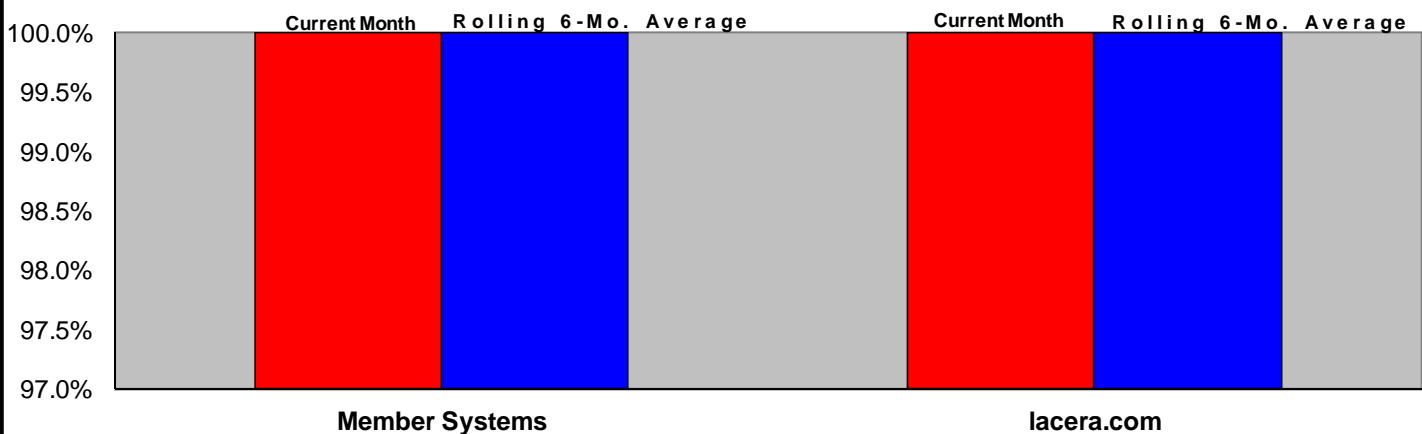
Member Services Contact Center			RHC Call Center	Top Calls
Overall Key Performance Indicator (KPI)	%			
Category	Goal	Rating		
Call Center Monitoring Score	95%	94.37%	98%	Member Services
Grade of Service (80% in 60 seconds)	80%	54%	51%	1) Workshop Info/Appoint.: Inquiry
Call Center Survey Score	90%	96.36%	xxxxx	2) Benefit Pmts: Gen. Inq./Payday Info
Agent Utilization Rate	65%	69%	79%	3) Retirement Counseling Estimate
Number of Calls	10,982		4,102	Retiree Health Care
Number of Calls Answered	10,019		3,770	1) Medical Benefits - General Inquiries
Number of Calls Abandoned	963		332	2) Medical-New Enroll./Change/Cancel
Calls-Average Speed of Answer (hh:mm:ss)	00:03:03		00:02:28	3) Dental/Vision Benefits Gen. Inquiries
Number of Emails	311		221	
Emails-Average Response Time (hh:mm:ss)	04:32:18		(Days) 1	Adjusted for weekends

LACERA's KEY BUSINESS METRICS

Fiscal Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assets-Market Value	\$40.9	\$38.7	\$30.5	\$33.4	\$39.5	\$41.2	\$43.7	\$51.1	\$51.4	\$50.9
Funding Ratio	93.8%	94.5%	88.9%	83.3%	80.6%	76.8%	75.0%	79.5%	83.3%	79.4%
Investment Return	19.1%	-1.4%	-18.2%	11.8%	20.4%	0.3%	12.1%	16.8%	4.3%	1.1%

DISABILITY INVESTIGATIONS						
APPLICATIONS	TOTAL	YTD		APPEALS	TOTAL	YTD
On Hand	555	xxxxxxx		On Hand	125	xxxxxxx
Received	39	474		Received	5	28
Re-opened	0	1		Administratively Closed/Rule 32	1	22
To Board – Initial	40	362		Referee Recommendation	0	6
Closed	4	49		Revised/Reconsidered for Granting	1	11
In Process	550	550		In Process	128	128

SYSTEMS AVAILABILITY - APRIL 2017



Active Members as of 6/1/17		Retired Members/Survivors as of 6/1/17			Retired Members	
		Retirees	Survivors	Total		
General-Plan A	181	18,601	4,647	23,248	Monthly Payroll	263.40 Million
General-Plan B	65	696	64	760	Payroll YTD	2.5 Billion
General-Plan C	70	422	60	482	No. Monthly Added	866
General-Plan D	45,380	12,843	1,195	14,038	Seamless %	99.42%
General-Plan E	19,779	11,667	986	12,653	No. YTD Added	3,409
General-Plan G	18,777	7	0	7	Seamless YTD %	99.85%
Total General	84,252	44,236	6,952	51,188	Direct Deposit %	95.00%
Safety-Plan A	7	5,681	1,577	7,258		
Safety-Plan B	10,815	4,786	246	5,032		
Safety-Plan C	1,906	3	0	3		
Total Safety	12,728	10,470	1,823	12,293		
TOTAL ACTIVE	96,980	TOTAL RETIRED	54,706	8,775		

Health Care Program (YTD Totals)		
	Employer Amount	Member Amount
Medical	375,188,795	32,505,043
Dental	33,825,800	3,568,229
Med Part B	44,290,328	xxxxxxxxxx
Total Amount	\$453,304,923	\$36,073,272

Health Care Program Enrollments (Monthly)	
Medical	48,167
Dental	49,261
Med Part B	31,899
Long Term Care (LTC)	730

Funding Metrics as of 6/30/16	
Employer Normal Cost	9.97%
UAAL	9.73%
Assumed Rate	7.25%
Star Reserve	\$614 million
Total Assets	\$47.8 billion

Member Contributions as of 6/30/16	
Annual Additions	\$458.7 million
% of Payroll	6.65%

Employer Contributions as of 6/30/16	
Annual Addition	\$1,443.1 million
% of Payroll	19.70%

Date	Conference
July, 2017	
11-13	International Corporate Governance Network (ICGN) Annual Conference Kuala Lumpur
17-19	Fortune Brainstorm Tech Aspen, CO
18-19	2017 Conference on Corporate Governance Tel Aviv, Israel
26-28	Pacific Pension Institute (PPI) North American Summer Roundtable Toronto, Canada
August, 2017	
28-31	CALAPRS (California Association of Public Retirement Systems) Principles of Pension Management Pepperdine University
September, 2017	
11-15	Investment Strategies & Portfolio Management (<i>prev. Pension Fund & Investment Mgmt.</i>) Wharton School, University of Pennsylvania
13-15	Council of Institutional Investors (CII) Fall Conference San Diego, CA
24-28	AHIP (America's Health Insurance Plans) Medicare Conference Washington D.C.
25-27	United Nations Principals of Responsible Investing (UNPRI) PRI in Person 2017 Berlin, Germany
October, 2017	
16-18	PREA (Pension Real Estate Association) Annual Institutional Investor Real Estate Conference Chicago, IL
22-25	IFEBC (International Foundation of Employment Benefit Plans) Annual Employee Benefits Conference Las Vegas, NV
23-25	CRCEA (California Retired County Employees Association) Fall Conference Emeryville, CA
27	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees DoubleTree Hotel San Jose
27	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits DoubleTree Hotel San Jose



May 15, 2017

TO: Each Member
Board of Investments
Board of Retirement

FROM: Gregg Rademacher 
Chief Executive Officer

FOR: Board of Investments Meeting of June 14, 2017
Board of Retirement Meeting of June 15, 2017

SUBJECT: NASRA 63rd Annual Conference on August 5-9, 2017 in Baltimore, Maryland

The National Association of State Retirement Administrators (NASRA) will be holding its 63rd Annual Conference on August 5-9, 2017 at the Marriot Waterfront Hotel in Baltimore, Maryland. The conference features leaders in the fields of retirement plan investment and administration covering a variety of subjects including investment management, world events applicable to the pension industry, the economy, human resources, trends, and more.

The main conference highlights include the following:

- Cyber Security Practices
- Actuarial Standards
- Investments Panel – Q&A

The conference meets LACERA's policy of an average of five (5) hours of substantive educational content per day. The standard hotel rate at the Marriot Waterfront Hotel is \$189 per night plus applicable taxes and the registration fee is \$1,050 when registered by June 30, 2017.

If the registration fee is insufficient to pay the cost of the meals provided by the conference sponsor, LACERA must reimburse the sponsor for the actual cost of the meals, less any registration fee paid. Otherwise, the attendee will be deemed to have received a gift equal to the value of the meals, less any registration fee paid, under California's Political Reform Act.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Approve attendance of Board members at the NASRA 63rd Annual Conference on August 5-9, 2017 in Baltimore, Maryland and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

GR/bn
Attachment



NASRA ANNUAL CONFERENCE

AUGUST 5-9, 2017 ~ BALTIMORE, MARYLAND

Saturday, August 5

8:00 am-5:00 pm Registration

10:00 am **Past Presidents' Committee Meeting**

11:00 am **Senior Staff Workshop (concludes 4:00 pm)**

12:00 pm **Leadership lunch** for system directors, all system senior staff and premium associate members

1:00 pm **Directors' workshop** (for system and education alliance members, concludes at 4:00 pm)

5:30 pm **Welcome reception** for all conference attendees and guests (dinner on your own, 6:30 pm)

Sunday, August 6

7:30 am-5:00 pm Registration

10:00 am-2:00 pm Camp NASRA

7:30 am **Breakfast** - Table discussions for interested attendees

8:30 am-4:15 pm **Opening Ceremonies and First General Session**

6:00 pm **Reception and dinner**

Monday, August 7

7:30 am-12:00 pm Registration

7:30 am **Breakfast** - Table discussions for interested attendees

8:30 am-12:00 pm **Second General Session** - Cybersecurity keynote, cyber security practices panel, and hot topics

12:00 pm Optional networking activities

5:30 pm **Presidents' reception** (dinner on your own, 6:30 pm)

Tuesday, August 8

7:30 am-3:00 pm Registration

10:00 am-2:00 pm Camp NASRA

7:30 am **Breakfast** - Table discussion for interested attendees

8:30 am-4:00 pm **Third General Session** - Economics keynote speaker, Actuarial Standards panel, CIO panel,

4:00 pm **Annual business meeting** (open to all system, premium associate, and associate members)

6:00pm **Reception and dinner - Baltimore Aquarium** - walking distance from the hotel

Wednesday, August 9

7:30 am **Breakfast**



May 16, 2017

TO: Each Member
Board of Retirement

FROM: Gregg Rademacher 
Chief Executive Officer

FOR: Board of Retirement Meeting of June 15, 2017

SUBJECT: Fraud & Breach Prevention Summit
August 8-9, 2017 in New York City, New York

The Information Security Media Group will be hosting the Fraud & Breach Prevention Summit on August 8-9, 2017 in New York City, New York. The Summit will focus on technology-driven problems and solutions of interest to a wide range of industries, including financial services. Sessions will address the needs fraud and risk teams, security and IT professionals, and many others by providing hands-on tools and real-world problems and solutions that attendees can take back to their offices long after the summit ends.

The main conference highlights include the following:

- The Impact on Trump's Presidency on Cyber security
- Internet of Everything: Please Don't Connect It First and Secure It Later
- Ransomware: Trends, Challenges, and Initiatives to Mitigate Ongoing Risks
- Current Trends on Eurasian Cybercrime

The conference meets LACERA's policy of an average of five (5) hours of substantive educational content per day. The group rate at the Renaissance New York Times Square Hotel is \$269 per night plus applicable taxes and the registration fee is \$795 per attendee.

If the registration fee is insufficient to pay the cost of the meals provided by the conference sponsor, LACERA must reimburse the sponsor for the actual cost of the meals, less any registration fee paid. Otherwise, the attendee will be deemed to have received a gift equal to the value of the meals, less any registration fee paid, under California's Political Reform Act.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Approve attendance of Board members to attend the Fraud & Breach Prevention Summit on August 8-9, 2017 in New York City, New York and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

Fraud & Breach Prevention Summit: New York City

Conference Agenda ~ August 08-09, 2017

TUESDAY, AUGUST 8, 2017

8:00 am - 8:45 am **Registration, Breakfast & Exhibit Browsing**

8:45 am - 9:00 am **Opening Remarks**

9:00 am - 9:45 am **Keynote: The Impact of Trump's Presidency on Cybersecurity**

How deeply does Donald Trump understand cybersecurity? As the Trump Administration begins, expect a ramp-up in cyber espionage as well as more "test attacks" by nation-states, say some cybersecurity experts. But is that fair? During the early days of Trump's presidency, how are we seeing Trump's cybersecurity policies and strategies shaping up, and what are the implications for the nation's long-term cybersecurity resiliency? This session will explore how the new administrations cybersecurity policies and stance are expected to impact not only your operations but also your business.

9:50 am - 10:20 am **FRAUD TRACK**

Fighting the Next Generation of Targeted BEC Attacks

Business email compromise (BEC) attacks that impersonate executives and business partners to trick employees comprise the biggest cyberthreat organizations face today. This is not news. But what may come as a surprise is that the vast majority of BEC attacks are preventable. According to Gartner, Secure Email Gateways are struggling to address social engineering attacks with no payload. But things are changing. New technology can now surpass people and process initiatives to proactively protect email channels, while also removing the guesswork for users.

This session will review why email spoofing works, current BEC trends and attack methods, and advances in technology that are being used to identify and block BEC attacks before they hit the inbox.

DDoS and the Era of Cyber Extortion

Cyber-extortion has reached new proportions, with a wide variety of methods, such as distributed-denial-of-service attacks and ransomware variants being used to extort individuals and organizations. Recently uncovered ransomware-DDoS hybrid attacks, like Cerber, showcased how attackers have added DDoS capabilities to ransomware. Cybersecurity experts predict these attacks will only increase. And as events, such as the takedown of Brian Krebs' website, prove, DDoS attacks continue grow, posing big concerns for all businesses and organizations. The biggest question now is: Who's next?

This session presents real cases of cyber-extortion waged against corporate and high net-worth individuals, including hacking techniques for full network compromise and deployment of ransomware kits. Attendees will walk away from this session with knowledge about the tools and strategies needed to elevate cyber-resilience.

10:20 am - 10:40 am **Exhibiting & Networking Break**

10:40 am - 11:10 am **Fraud Track**

Account Takeover: The Bane of E-Commerce

E-commerce sites face an ongoing fraud battle: Their login forms are constantly hit by bots using stolen credentials to try to take over accounts. And as security as the physical point-of-sale strengthens, namely because of EMV, attackers will turn their focus to ecommerce, waging more account takeover schemes like those we saw plaguing online banking years ago. In this session, we will review how and why phishing attacks, used to steal online credentials, are plaguing e-commerce and spurring account takeover.

Fraud & Breach Prevention Summit: New York City

Conference Agenda ~ August 08-09, 2017

Internet of Everything: Please Don't Connect It First and Secure It Later

The number of IoT devices will proliferate to more than 1 trillion in the next few years; but any device that can communicate with another device can potentially provide a direct conduit from the public internet to some very private and valuable information. In our rush to connect everything together, secure connectivity and information handling are often afterthoughts, if ever even thought of at all.

Is it possible to instill sound SDL (security development lifecycle) practices into device manufacturing? Practices are improving, with more refinements on the way. But hope, as they say, is not a strategy. Several gatekeeper onboarding solutions exist for brokering the relationship between enterprise and device, limiting connectivity in controlled phases, and managing patch levels, authorization and connectivity to within acceptable limits. Join us as we attempt to help you say: "Yes, you can connect now. We've got this covered."

11:15 am - 11:45 am The Ever Changing Regulatory Environment: How Will It Impact Your Business?

Data protection legislation and regulatory enforcement actions are rapidly changing throughout the world, and are having an immediate impact on how organizations globally approach cybersecurity, privacy, breach notification and data storage and protection. From the General Data Protection Regulation in Europe, which takes effect in May 2018, the proposed dismantlement of Dodd-Frank and its impact on the Consumer Financial Protection Bureau's enforcement power, to the new proposed cybersecurity regulations for New York banking institutions and discussions at the federal banking level for similar security mandates for some of the world's largest U.S.-based banks, cybersecurity and regulatory reform will be top-of-mind for every business and organization across every sector in 2017. What are the implications for the rise or demise of a legal "standard of care"? During this session, we will review the leading legislative and regulatory changes that are having the greatest impact and what businesses should do now to prepare, comply and react.

11:45 am - 12:30 pm Speed Networking With Presenters and Peers

One of the most valuable ways to learn is through interaction with your peers. Our "Speed Networking" session will provide an opportunity to meet practitioners who have similar challenges in the areas of fraud and breach prevention, and discuss solutions to potential obstacles. Mingle, share and learn in this unique, rapid-fire and interactive environment.

12:30 pm - 1:30 pm Lunch

1:30 pm - 2:15 pm Current Trends on Eurasian Cybercrime

Presenter: **Robert Villanueva**, *Executive Vice President of Q6 Cyber and Founder of the Cyber Intelligence Section of the U.S. Secret Service in Washington, D.C.*

Robert Villanueva, assistant special agent in charge (retired), and the founder of the United States Secret Service's Cyber Intelligence Section, in this session will discuss the current rise in the U.S. of data breaches, ransomware, business email compromises, phishing and computer network intrusions. The majority of these cybercrime incidents target U.S. merchants and the financial sector are perpetrated by educated malware writers and highly skilled hackers from Eastern Europe. Right now, many of these miscreants are actually living amongst us in major metropolitan areas in the United States. Villanueva will offer a unique and real-world perspective on financial cybercrime by illustrating specific case examples, local past arrests and highlighting some of their latest tactics/techniques. Additionally, Villanueva will be providing a "live demo" exposing some of these malicious criminal websites that are trafficking in enormous amounts of stolen data from both U.S. and international people and entities.

Fraud & Breach Prevention Summit: New York City

Conference Agenda ~ August 08-09, 2017

2:20 pm - 2:50 pm FRAUD TRACK

Changing the Face of Fraud

With payments innovations picking up speed and the push toward faster payments in the U.S., the modernization of payment methods has changed and will continue to change the type of fraud perpetrated against bank deposit accounts. These accounts hold the funds used to make payments by consumers and businesses. This session will reveal trends and actionable results organizations can use to develop and change their fraud-prevention strategies while demonstrating how fraud is evolving.

Endpoint Security - Securing Transactions and Transmissions from Devices You Don't Own

By allowing connections to and from multiple endpoint platform types, organizations are tasked with providing secure transaction channels to a massive number of devices they don't own and have limited control over. Meanwhile, cybercriminals are developing new attacks targeted directly at this type of communication every day, with maturing multifunction malware, such as Zeus, already infecting millions of endpoints in the U.S. alone.

2:50 pm - 3:10 pm **Exhibiting & Networking Break**

3:10 pm - 3:50 pm **We've Been Breached: Now What? How to Effectively Work with Law Enforcement and Regulators**

Panelists: **Lisa Sotto**, *Partner, Hunton & Williams LLP*; **Robert Villanueva**, *Executive Vice President of Q6 Cyber and Founder of the Cyber Intelligence Division of the US Secret Service in Washington, DC*; **Richard Jacobs**, *Assistant Special Agent in Charge, Cyber Branch, FBI, New York*

Too many organizations continue to address breach response from a reactive mode – having a crude disaster-recovery plan in place in case something “does” happen, rather than accepting that something “will” happen and proactively preparing for it. In this session, a panel of legal, technical and law-enforcement experts will discuss what well prepared organizations are doing right, when it comes to proactive interaction with law enforcement, information sharing and breach investigation and response.

3:50 pm - 4:00 pm **Closing Remarks**

4:00 pm - 5:00 pm **Cocktails & Networking**

WEDNESDAY, AUGUST 9, 2017

8:00 am - 8:45 am **Registration, Breakfast, & Networking**

8:45 am - 9:00 am **Intro: Opening Remarks**

9:00 am - 9:45 am **Keynote: The Emerging Threat Landscape: How To Keep Ahead in Cyberspace**

As information-security threats intensify, organizations risk becoming disoriented – focused more on grappling with complex technology, an explosion of data, increased regulation and a debilitating skills shortage. This is a huge danger, since prompt action is required to interpret an increasingly complex threat horizon, which could place organizations and their goals at risk. By preparing for the unknown, organizations will have the flexibility to withstand unexpected, high-impact security attacks and events. This session will review the top global security threats for 2017 and how organizations can prepare for them.

Fraud & Breach Prevention Summit: New York City

Conference Agenda ~ August 08-09, 2017

9:50 am - 10:35 am **Insider Threat Detection: How to Develop a Successful Program**

What are the biggest threats to your organization's data? Recent media attention to high-profile cyberattacks would lead an organization to think external threats are its only concern. Unfortunately, this misconception allows another significant threat to your organization's critical assets to stay completely under the radar – the threat of malicious and non-malicious insiders. With so much of an organization's valuable information digitized today, it may be possible that an insider can steal your information or expose it unintentionally without you knowing it.

In this session, we will explore:

- Some of the startling results of meticulous analysis of hundreds of real-life insider attacks;
- Some potential technical and behavioral insider threat risk indicators;
- Which new technologies enable the detection of anomalous behavior patterns often before an insider incident occurs; and
- The five steps companies need to take in order to develop an effective Insider Threat Detection Program.

10:35 am - 11:00 am **Exhibiting & Networking Break**

11:00 am - 11:30 am FRAUD TRACK

EMV and the Evolution of Payments Fraud

The rollout of EMV technology has changed the face of fraud for merchants and retailers. In this session, we'll discuss an overview of the EMV rollout from the merchant perspective, as well as review merchant adoption and the specific deployment challenges, especially for the petrol industry. Join us as we discuss:

- An assessment of the liability shift and its impact on U.S. commerce;
- Concerns about lack of transparency regarding the chargeback process;
- Recent changes announced by Visa and MasterCard related to routing and liability shift dates for ATMs and self-service gas pumps;
- Emerging and evolving fraud patterns in the wake of EMV

11:00 am - 11:30 am

Securing Data in the Future: Lessons from the Payment Card Frontlines

In an increasingly digital world, where players from virtually all sectors are racing to innovate, the risk of data theft is a very real threat. When it comes to payments, data can be incredibly sensitive and must be protected. But what about other data? As recent, high-profile breaches have shown us, personal information is increasingly being targeted by cyber-attackers and must be protected. Even email addresses, if left unprotected, can prove to be valuable resources for attackers interested in waging socially engineered attacks against customers and consumers. What lessons can other industries learn from the data security practices advances and mistakes the payment industry has made over the years? This session will review the various tools and solutions at use within the payment card space to fight against fraud, and why ongoing work to devalue data, regardless of what type of data it is, has become increasingly critical.

Fraud & Breach Prevention Summit: New York City

Conference Agenda ~ August 08-09, 2017

11:35 am - 12:05 pm

Blockchain Tech: We Could Learn a Cybersecurity Thing or Two from Bitcoin

Although developed as a core technology underlying the infamous bitcoin, the blockchain ledger mechanism is proving to have a multitude of potential use cases, from IoT micropayments to capital market trading, retail banking and even voting. The bitcoin blockchain is, in effect, a distributed ledger, shared with hundreds of thousands of automated machine auditors all running the bitcoin open source code; they verify the authenticity of every transaction, drastically reducing, if not completely eliminating, fraudulent entries.

Many current transaction mechanisms are vulnerable to fraud, and in this session, we'll walk through the potential impact of broader blockchain deployment, and review cybersecurity lessons blockchain technology provides for other deployments.

12:15 pm - 1:00 pm **Lunch**

1:05 pm - 1:35 pm FRAUD TRACK

Ransomware: Trends, Challenges and Initiatives to Mitigate Ongoing Risks

This session will review ransomware, exploring why it continues, how to battle it and what the future portends. Using real-world examples, this session will walk through some recent ransomware campaigns and discuss new developments in ransomware attacks. How should organizations shore up their defenses and mitigate their risks? And what role, if any, should banking institutions play in ensuring their customers are protected?

1:05 pm - 1:35 pm **The Retail Cybersecurity Threat Landscape – Attacks on All Fronts**

Consumer serving industries are under continual attack, as cybercriminals find that the interface between the customer and the retail outlet is where the money is. The assault is occurring on all fronts, be it through the physical point-of-sale or ecommerce gateway, the enterprise and its supply chain, or the customer endpoint. The retail industry is seeing rampant increases in the complexity of fraud campaigns, which are creating a convergence of cybersecurity and fraud-prevention strategies. The assault on all fronts has created new approaches to prevention, detection and response. This session will look at the most prominent threats facing the retail and consumer products/goods/services industries. Spotlighting threats and enabling focused detection and prevention of a number of cybercrime campaigns, the session will explore use-cases that include phishing, and the as-a-service criminal model; the supply chain, and attacks against retail suppliers; extortion, including DDoS and ransomware; fraud, and the activities that occur along the cyber kill chain; and threats against transaction entry points used by ecommerce and the POS.

1:40 pm - 2:10 pm FRAUD TRACK

Mobile Wallets and Emerging Fraud

By 2019, nearly 90 million mobile wallet users will be providing a valuable stream of interchange revenue and transaction data for wallet providers. Offering a mobile wallet is a competitive move that financial institutions and issuers simply cannot ignore. But attackers have interest in mobile wallets as well, and the mobile wallet is a key target for fraudsters attracted by the allure of credit cards and weaker fraud mitigation. A clear path through the mobile wallet landscape has not been revealed for avoiding major fraud pitfalls. New approaches and technologies hold promise for a path forward — and none too soon — but what about risk mitigation in the meantime. This session will explore some early challenges of managing mobile wallet fraud risk and how mobile wallet fraud will

Fraud & Breach Prevention Summit: New York City

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affect adoption, as well as factors that will influence the rate of mobile wallet fraud in the future and available technology and analytical approaches that hold the most promise for preventing mobile wallet fraud.

1:40 pm - 2:10 pm **The Financial Impact of Data Breaches: The Buck Stops Here**

This session will review a cyber-attack and subsequent data breach from beginning to end. What happens during an attack and how does it result in fraud? This session will dissect an attack, looking at real-world incidents, such as the attack waged against Bangladesh Bank that resulted in the theft of \$81 million, and review steps organizations can and should take to ensure they minimize the financial impact of a breach. Who are the threat actors waging these attacks and what are their motives? And how are socially engineered schemes getting the best of employees, convincing them to play right into the attackers' hands?

2:15 pm - 3:00 pm **Deception Technology: When It Works, It Works. But What about When It Goes Wrong?**

Deception is the most successful strategy in military history. Just as armies used deceit to conquer continents, cyber-deception is being used by more and more organizations to exploit a hacker's greatest weakness – being a human, after all, behind a keyboard. Deception techniques such as honeypots are not a new. But new techniques and capabilities are delivering new approaches to how cyberthreats are dealt with, proactively. During this session, we will deconstruct recent attacks from a hacker's perspective and show how you can use deception technology to detect stealthy attacks, illuminate network blind spots and minimize breach detection time – highlighting the benefits of deception defenses. But what about when these techniques don't work as planned? Can deception technology actually create more problems long-term? We will explore the positives and negatives of deception technology.

3:00 pm - 3:15 pm **Closing Remarks**



June 1, 2017

To: Each Member,
Board of Retirement

From: Disability Procedures & Services Committee
Vivian H. Gray, Chair
Marvin Adams, Vice Chair
Alan Bernstein
Ronald Okum
David Muir, Alternate

For: June 15, 2017 Board of Retirement Meeting

Subject: **RATIFICATION OF STAFF TERMINATION OF PANEL PHYSICIAN
ROBERT B. FENTON, M.D.**

RECOMMENDATION

That the Board of Retirement ratify staff's termination of the contract of panel physician Robert B. Fenton, M.D.

LEGAL AUTHORITY

The Board of Retirement's Standing Committee Charters provide that the Disability Procedures & Services Committee (Committee) is responsible for "evaluating the external professionals and consultants required to administer the disability retirement program." The Committee Charter further provides that the Committee will "Oversee the process for . . . monitoring of Examining Physicians and make recommendations to the BOR." The Committee Charter also provides that the Committee will "Review and make recommendations to the BOR for . . . Performance of an individual or firm on any LACERA panel." (Section J and Sections J.1.3, 1.5.3, pages 11-12.) The Board's responsibility to terminate or approve terminations of Examining Physicians follows from the foregoing authority.

DISCUSSION

A. Background

On May 11, 2017, Senior Staff Counsel Frank Boyd learned that criminal charges for insurance fraud had been filed against Robert B. Fenton, M.D., an orthopedist on LACERA's panel of Examining Physicians. The charges were described in an April 20, 2017 press release from the California Department of Insurance which was sent to Mr. Boyd by email.

Re: Termination of Contract – Robert B. Fenton, M.D.

June 1, 2017

Page 2 of 3

The press release indicates that the Insurance Commissioner for the California Department of Insurance and the Orange County District Attorney had shut down a \$40 million fraudulent medical billing and kickback operation with the filing of charges against more than two dozen doctors, pharmacists, and business owners. Dr. Fenton was included on the list of defendants. (Ex. A.)

On April 20, 2017, Dr. Fenton was charged with the following violations: one count of conspiracy to commit medical insurance fraud, Cal Pen Code §550(a)(6); two counts of solicitation, acceptance or referral of business with knowledge of, or disregard for, intent to file fraudulent claim, Cal Pen Code §549; three counts of unlawful referral of patients, rebates for patient referrals, Cal Bus & Prof Code §650; and six counts of insurance fraud, Cal Pen Code §550(b)(3). Dr. Fenton is scheduled to be arraigned on June 13, 2017. The Orange County Superior Court case number is 17CF0798. (Ex. B.)

Dr. Fenton's contract to provide services as a panel physician for LACERA states that he "shall immediately notify LACERA if any license required by this Agreement is suspended or revoked, *or if any proceeding or investigation is commenced by a licensing agency relating to Physician's license.*" (Emphasis added.) (Section 18.) (Ex C.)

Dr. Fenton failed to notify LACERA of the charges and proceedings commenced against him by the District Attorney for the California Department of Insurance relating to his license to practice medicine.

On May 12, 2017, given the serious nature of Dr. Fenton's breach of contract in failing to notify LACERA of these allegations, as required, Mr. Boyd took the initiative to send a letter to Dr. Fenton informing him that his failure to notify LACERA of the criminal charges against him constitutes a material breach of his contract, and as such, his contract with LACERA is terminated. (Ex. D.)

Disability Retirement Services' records show that Dr. Fenton was the evaluating physician in two active applications. One applicant was evaluated on March 7, 2017, and the other was evaluated on May 8, 2017. In order to maintain the integrity of the disability retirement process, both applicants have been scheduled for an evaluation with another orthopedic surgeon on LACERA's panel of physicians.

Dr. Fenton was also the evaluating physician in one appeal case. Mr. Boyd notified LACERA's Disability Litigation Office of the Dr. Fenton matter on May 11, 2017.

///

Re: Termination of Contract – Robert B. Fenton, M.D.

June 1, 2017

Page 3 of 3

B. Committee Discussion and Action

Staff's termination of Dr. Fenton was agendaized for information only at the June 1, 2017 Committee meeting. During the discussion, Mr. Boyd discussed with the Board that staff's action in terminating Dr. Fenton without prior notice to or action by the Committee or Board was inconsistent with the Committee Charter. The Committee voted to recommend staff's termination of Dr. Fenton to the full Board for ratification to ensure compliance with the Committee Charter.

In addition, the Committee voted that staff prepare and bring to the Board a policy to clearly state the procedures for the termination of Examining Physicians, including a provision that specifically authorizes staff to terminate under urgent circumstances following consultation with the Board and Committee Chairs, and with subsequent notice to all Board members. Staff expects that the policy will be brought to the Board for action at the July 2017 meeting.

As discussed with the Committee, staff also intends to revise the form of Examining Physician contract to clarify, among other things, standards of performance and termination.

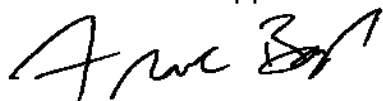
CONCLUSION

For the foregoing reasons, it is recommended that the Board of Retirement ratify staff's termination of the contract of panel physician Robert B. Fenton, M.D.

Attachments

SPR:FB:mb

Reviewed and Approved:



Francis J. Boyd
Senior Staff Counsel

EXHIBIT A



26 doctors, pharmacists and business owners charged in \$40 million kickback scheme

News: 2017 Press Release

For Release: April 20, 2017

Media Calls Only: 916-492-3566

26 doctors, pharmacists and business owners charged in \$40 million kickback scheme

13,000 patients affected in statewide workers' comp fraud

ORANGE COUNTY, Calif. — Insurance Commissioner Dave Jones and Orange County District Attorney (OCDA) Tony Rackauckas announced a shutdown of a \$40 million fraudulent medical billing and kickback operation with the filing of charges against more than two dozen doctors, pharmacists and business owners.

Tanya Moreland King, 37, and her husband Christopher King, 38, both of Beverly Hills, own medical billing and medical management companies Monarch Medical Group, Inc., King Medical Management, Inc. and One Source Laboratoires, Inc. The defendants are accused of masterminding a complex insurance fraud scheme of recruiting doctors and pharmacists to prescribe unnecessary treatment for workers' compensation insurance patients.

Irvine pharmacists Charles Bonner, RPh., 56, and Mervyn Miller, RPh., 66, both owners of Steven's Pharmacy, are accused of conspiring with Christopher and Tanya King by selling more than \$1 million in compound creams that were not FDA approved nor have known medical benefits.

"The Kings and their co-conspirators played with patients' lives, buying and selling them for profit without regard to patient safety," said Commissioner Dave Jones. "Patients have the right to expect treatment decisions by health care professionals are based on medical need and not unadulterated greed. The magnitude of this alleged crime is an affront to ethical medical professionals."

"The Orange County District Attorney's Office will continue to be a leader in the state in prosecuting these types of crimes, because they affect the health of our economy and wellness of our bodies," stated OCDA Rackauckas. "In order for the system to survive, we must have ethical doctors who abide by their Hippocratic Oath to 'do no harm.' The intent of many of the laws surrounding the insurance industry is to keep the three Ps – Physician – Patients – and Profit separate. We have a track record of putting these types of fraudsters behind bars for a long time and we intend to do just that again," Rackauckas concluded.

From 2011 to 2015, the defendants are charged for their part in the fraudulent scheme of billing for unnecessary creams, tests and treatments to maximize profits. More than 13,000 patients and at least 27 insurance carriers were victims in the scheme. The California Department of Insurance led the investigation with assistance from the Orange County District Attorney's Office Bureau of Investigation, the FBI, and the National Insurance Crime Bureau. Approximately \$23.2 million was paid out to the defendants, but a total of \$40 million was billed to insurers.

Circumstances of the CaseThe Kings are accused of making oral and written agreements with doctors across the state paying them each time they prescribed a compound cream or oral medication or ordered a urine drug test. The doctors or the companies connected to them are accused of labeling the payments "marketing expenses" in an attempt to conceal the kickbacks. The Kings are accused of rewarding doctors who provided higher volume by paying for office technicians.

Snake Oil Scam

The Kings are accused of working with pharmacist and co-defendant Charles Bonner, owner of Stevens Pharmacy in Costa Mesa, to manufacture a variety of creams with unknown effects from Steven's Pharmacy that were not FDA approved. The Kings purchased the creams for between \$15 and \$40 per tube. These products were then billed to patients' workers' compensation insurance carriers for between \$250 and \$700 dollars per tube. Tanya King is accused of recruiting physicians to participate in this scam by paying a flat \$50 rate or a share in the profits.

Medication Kickback Scam

The Kings are accused of purchasing repackaged oral pain medications from two companies: NuCare Pharmaceuticals in Orange and A-S Medication Solutions in Costa Mesa. Using their company Monarch Medical Group as a cover, the Kings are accused of repackaging meds sent directly to the physicians involved in the scam. As the doctors dispensed the medication, the bar code on the packaging was scanned, notifying the Kings. The Kings are accused of billing workers' compensation insurance carriers without disclosing the wholesale cost or the fact they had purchased the medication on behalf of the physicians who ultimately prescribed it. Once the Kings received the payment, they are accused of splitting the profits with the prescribing physician based upon a pre-arranged agreement.

Bogus Urine Test Scam

The Kings are accused of providing technical staff to participating physician's offices through their company One Source Labs. The doctors are accused of ordering unnecessary urine tests, under the guise of verifying patients on workers' compensation insurance were taking their medications as prescribed. The urine samples were then tested by One Source Lab technicians or the doctors' staff and billed to the insurance company on behalf of the physicians by King Medical Management. The results were then referred to Pacific Toxicology Laboratory for additional testing, regardless of results. Through their company One Source Labs, the Kings are accused of paying Pacific Toxicology a flat rate of \$60 per test and billing the insurance carriers hundreds of dollars per patient.

Defendants:

Tanya King, 37, Beverly Hills
Christopher King, 38, Beverly Hills
Charles Bonner, RPh., 56, Irvine
Mervyn Miller, RPh., 66, Irvine
Rafael Chavez, P.A., 53, Apple Valley
Dr. Jerome Robson, 68, Modesto
Dr. Eric Schmidt, 63, Santa Rosa
Dr. Chris Chen, 55, Pleasanton
Dr. Duke Ahn, 49, Los Alamitos
Dr. Robert E. Caton, 65, Modesto
Dr. Ismael Silva Jr., 63, Newport Coast
Dr. Ismael Geli Silva, 38, Huntington Beach
Dr. Paul A. Stanton, 54, Victorville
Dr. William Pistel, 53, Modesto
Dr. Kevin Park, 49, Buena Park
Dr. Kouros Shamlou, 49, Newport Coast
Dr. Mannie Joel, 67, Pleasanton
Dr. Parvez Fatteh, 46, Pleasanton
Dr. Robert Fenton, 68, Rancho Palos Verdes
Dr. Michael Henry, 61, Granite Bay
Dr. Howard Oliver, 70, Long Beach
Dr. Eduardo T. Lin I, 55, Pleasanton
Dr. Paul Kaplan, 76, Folsom
Dr. Mohamed Ibrahim, 40, Danville
Dr. Jonathan Cohen, 57, Modesto
Dr. John Casey Jr., 65, Modesto

#

Media Notes:

[Charging document](#)

[Tanya Moreland King complaint document](#)

[Christopher King complaint document](#)

[Mervyn Miller and Charles Bonner complaint document](#)

[Ismael Silva Jr. and Ismael Geli Silva complaint document](#)

[Christopher Chen MD complaint document](#)

[Slideshow](#) from press conference

[Photos from CDI's Flickr](#)

[Video streamed live](#) on April 20, 2017 news conference

The California Department of Insurance, established in 1868, is the largest consumer protection agency in California. Insurers collect \$288 billion in premiums annually in California. Since 2011 the California Department of Insurance received more than 1,000,000 calls from consumers and helped recover over \$394 million in claims and premiums. Please visit the Department of Insurance web site at www.insurance.ca.gov. Non-media inquiries should be directed to the Consumer Hotline at 800.927.HELP or 213.897.8921. Telecommunications Devices for the Deaf (TDD), please dial 800.482.4833.

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EXHIBIT B

Case Summary

Case Number: 17CF0798

OC Pay Number: 9113322

Originating Court: Central

Defendant: Fenton, Robert Brant

Demographics:

Eyes: Brown

Hair: Brown

Height(ft/in) : 6'0"

Weight (lbs): 175

Names

Last Name	First Name	Middle Name	Type
Fenton	Robert	Brant	Real Name

Case Status:

Status: Open
Case Stage:
Release Status: Conditional Release
Warrant:
DMV Hold :
Charging Document: **Complaint**
Mandatory Appearance: Y
Owner's Resp:
Amendment #: 0

Counts:

Seq	S/A	Violation Date	Section Statute	OL	Violation	Plea	Plea Date	Disposition	Disposition Date
4	0	04/04/2014	650 BP	F	Unlawful Referral of Patients/Clients				
5	0	04/14/2014	650 BP	F	Unlawful Referral of Patients/Clients				
2	0	04/04/2014	549 PC	F	False or fraudulent claims, solicitation, acceptance or				

				referral of business
11 0	04/14/2014	550(b)(3) PC	F	Fraudulent Insurance Benefit Claim
9 0	02/04/2014	550(b)(3) PC	F	Fraudulent Insurance Benefit Claim
7 0	08/09/2013	550(b)(3) PC	F	Fraudulent Insurance Benefit Claim
3 0	04/04/2014	549 PC	F	False or fraudulent claims, solicitation, acceptance or referral of business
12 0	07/26/2013	550(b)(3) PC	F	Fraudulent Insurance Benefit Claim
1 0	07/11/2011	550(a)(6) PC	F	Fraudulent claim for health benefit
8 0	02/27/2014	550(b)(3) PC	F	Fraudulent Insurance Benefit Claim
6 0	04/04/2014	650 BP	F	Unlawful Referral of Patients/Clients
10 0	06/26/2013	550(b)(3) PC	F	Fraudulent Insurance Benefit Claim

Participants:

Role	Badge	Agency	Name	Vacation Start	Vacation End
District Attorney		OCDA	Kamiabipour, Shaddi		

Scheduled Hearing:

Date	Hearing Type - Reason	Courtroom
06/13/2017	Arrestment -	C55

Heard

Hearings:

Date	Hearing Type - Courtroom Reason	Hearing Status	Special Hearing Result
04/20/2017	Arraignment - C55	Heard	waives statutory time for
04/20/2017	Arraignment - C55	Heard	Waives arraignment today

EXHIBIT C

AGREEMENT TO PROVIDE MEDICAL SERVICES
TO THE BOARD OF RETIREMENT OF THE LOS ANGELES
COUNTY EMPLOYEES RETIREMENT ASSOCIATION

LACERA
08 JUL ^ 9 NI 2: 3

This Agreement is made and entered into on July 1, 2007 by and between the 1 _____-x-
Angeles County Employees Retirement Association (LACERA) and
Robert B. Fenton (PHYSICIAN.)

WHEREAS, LACERA administers a disability retirement program pursuant to
the County Employees Retirement Law of 1937, Government Code Section 31450, et
seq.; and

WHEREAS, in connection with the disability retirement program LACERA is
required to determine, based on competent medical evaluations, whether the applicant for
a disability retirement is permanently incapacitated for the performance of the applicant's
duties and, if so, whether such incapacity is service-connected; and

WHEREAS, PHYSICIAN is competent and qualified to provide medical
evaluations to LACERA in one or more areas of medical specialty:

NOW, THEREFORE, LACERA and PHYSICIAN agree as follows:

1. (a) PHYSICIAN accepts appointment to the panel of examining physicians
established by LACERA, will examine applicants for disability retirement as
requested by LACERA's agents, and will provide reports of PHYSICIAN'S
findings, conclusions and opinions. PHYSICIAN's area(s) of medical specialty
is/are: Orthopedic Surgery.
- (b) LACERA is to be advised by PHYSICIAN of any change or rescheduling of an
appointment that is more than _____ days after the original appointment
date.
2. (a) Within 30 days of contact by LACERA, PHYSICIAN will schedule an
examination of the applicant for disability retirement.
- (b) Within 30 days following each such examination, PHYSICIAN will provide
LACERA with a comprehensive report of PHYSICIAN's findings, conclusions
and opinions. In each case, PHYSICIAN'S report shall at least meet the
requirements of LACERA's "Panel Physician Guidelines for Evaluating
Applicants for Disability Retirement," Exhibit A to this contract.
3. Using only knowledge derived from the examination and the data provided by
LACERA and based upon PHYSICIAN's experience and specialty,
PHYSICIAN will express a medical opinion as to whether the applicant is
permanently incapacitated for the performance of the duties required by the

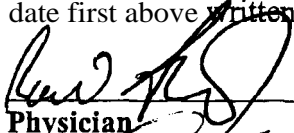
particular job last held while in County Service. PHYSICIAN will only express medical opinions that relate to PHYSICIAN's specialty.


4. If PHYSICIAN concludes that the applicant is permanently incapacitated for the performance of his/her duties in the County Service, PHYSICIAN will, based on an examination of the applicant and a review of any previous medical information and any other information furnished, express a medical opinion as to specifically what duties the applicant cannot perform due to his/her disability and why he/she cannot perform those duties.
5. If PHYSICIAN concludes that the applicant is permanently incapacitated for the performance of his/her duties in the County Service, PHYSICIAN will, based on an examination of the applicant and a review of any previous medical information and any other information furnished, express a medical opinion whether the applicant's permanent incapacity arose out of and in the course of his/her employment.
6. In examining applicants and providing medical reports and opinions to LACERA, PHYSICIAN will apply the legal principles set forth on the attached Exhibit A, Panel Physician Guidelines for Evaluating Applicant's for Disability Retirement.
7. If PHYSICIAN determines that medical tests, such as x-rays, ultrasounds, MRIs, or other extensive lab tests are necessary to make an objective finding of an applicant's condition, PHYSICIAN will seek authorization from LACERA before ordering such tests.
8. PHYSICIAN shall not provide applicants with the results of any medical examination except as required by law or upon written approval of LACERA.
9. PHYSICIAN shall, at all times during the term of this Agreement, maintain medical malpractice insurance coverage with a single limit of at least \$2 million per occurrence. PHYSICIAN will provide LACERA with proof of such insurance coverage prior to providing services under this Agreement.
10. PHYSICIAN will indemnify, defend, and hold harmless LACERA, its trustees, officers, fiduciaries, employees, and agents, from and against any and all liability, suit, expenses, including defense costs and legal fees, judgments, and claims for damages of any nature whatsoever, including but not limited to, death, bodily injury, or personal injury to any person arising from or incident to any negligent performance or wrongful acts.
11. (a) PHYSICIAN's fees for examining applicant and providing initial comprehensive medical reports to LACERA shall be as follows. _____

- (b) PHYSICIAN's invoice will be sent along with the PHYSICIAN's report and all data provided by LACERA for review including medical records by a system which provides a tracking number, i.e. U.P.S. and FEDEX.
12. To facilitate referral of applicants, PHYSICIAN will keep LACERA and its disability staff informed of PHYSICIAN's current place of business.
 13. At the request of LACERA's Disability Retirement Services staff or counsel for LACERA, PHYSICIAN will conduct additional examinations, review additional records, and/or provide supplemental reports for an additional reasonable fee. Supplemental reports will be provided within 30 days following an additional examination, and/or receipt of additional records to review.
 14. PHYSICIAN understands that by being appointed to this panel PHYSICIAN may be called upon to provide deposition testimony or to testify at a disability hearing. PHYSICIAN shall provide reasonable accommodations for the taking of PHYSICIAN's deposition at PHYSICIAN's place of business. PHYSICIAN's witness fees for providing testimony, whether payable by the applicant or by LACERA shall be as follows: _____
 15. The initial term of this Agreement shall commence on the date it is executed by LACERA and shall terminate on June 30, 2008. Thereafter, this Agreement shall automatically renew for successive 12-month periods, commencing July 1 of each year. Notwithstanding the foregoing, either party may terminate this Agreement for its convenience at any time by delivering to the other party a thirty (30) calendar day prior written Notice of Termination.
 16. No amendment or modification to this Agreement, including a raise in the PHYSICIAN's fees, shall be valid unless made in writing and signed by both parties.
 17. This Agreement shall be interpreted and governed by the laws of the State of California. The Superior Court of the State of California for the County of Los Angeles shall have exclusive jurisdiction of any actions to enforce this Agreement or to resolve disputes concerning it.
 18. PHYSICIAN represents and warrants that PHYSICIAN currently holds all licenses required to perform the services required by this Agreement. PHYSICIAN shall immediately notify LACERA if any license required by this Agreement is suspended or revoked, or if any proceeding or investigation is commenced by a licensing agency relating to PHYSICIAN's license.
 19. All notices required to be given to LACERA shall be delivered by first class mail to the following address:

Debbie Juul
Manager, Disability Retirement Services
Los Angeles County Employees Retirement Association
300 North Lake Avenue, Suite 510
Pasadena, CA 91101

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.



Physician


Z -1
Chairman, Board of Retirement

7/2)D.00e
Date

Date i/d a m

Revised 05/06

Robert B. Fenton, M.D.
Fee Schedule for LACERA

Initial Examination \$250.00/hour
Review of Records 250.00/hour
Supplemental Report 250.00/hour

Administrative Hearing Preparation \$ 300.00/hour
Deposition 600.00/hour
Expert Witness Testimony 400.00/hour minimum of 4 hours

Cancelled Exam/No Show 300.00 Fee
Cancelled Hearing 300.00 Fee

EXHIBIT D

May 12, 2017

Robert B. Fenton. M.D.
3475 Torrance Boulevard, Suite F
Torrance, CA 90503

Re: **Termination of Contract for Services**

Dear Dr. Fenton:

I am the advisory attorney for LACERA's Disability Retirement Services. Yesterday, I learned that you have been part of a California Department of Insurance investigation which resulted in criminal charges filed against you for insurance fraud. The charges were described in an April 20, 2017 press release from the California Department of Insurance.

Your contract for services requires you to "immediately notify LACERA . . . if any proceeding or investigation is commenced by a licensing agency relating to **PHYSICAN's** license." You did not notify LACERA that you had been charged with insurance fraud. In fact, the above noted press release is dated April 20, 2017, and our records reflect that you evaluated a LACERA applicant on May 8, 2017.

Your failure to notify LACERA of the criminal charges amounts to a material breach of contract. We are therefore terminating your contract.

Very truly yours,



Francis J. Boyd
Sr. Staff Counsel

FJB:se

Boyd to Dr. Fenton 5 12 17

May 19, 2017

SUPPLEMENTAL AGENDA INFORMATION

TO: Each Member
Board of Retirement

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: June 15, 2017 Board of Retirement Meeting

SUBJECT: **Assembly Bill 526—Sacramento County**

Author: Cooper [D]
Sponsor: Sacramento County Employees' Retirement System
Introduced: February 13, 2017
Amended: May 18, 2017
Status: Amend, and re-refer to SENATE Committee on Public Employment & Retirement (05/18/2017)

IBLC Recommendation: Watch (05/11/2017)
Staff Recommendation: Watch

RECOMMENDATION

That the Board of Retirement adopt a "Watch" position on Assembly Bill 526, which provides for the Sacramento County Employees' Retirement System to become a district.

LEGISLATIVE POLICY STANDARD

A "Watch" position indicates that the legislative proposal does not affect LACERA and its stakeholders but would be enacted under a law that covers LACERA or other retirement systems of the County Employees Retirement Law of 1937 (CERL). AB 526 would amend sections of CERL and apply only to the Sacramento County Employees' Retirement System.

SUMMARY AND ANALYSIS OF AMENDMENTS

As amended on May 18, 2017, AB 526 would provide that any leave balance accrued by a county employee prior to his or her appointment as a retirement system employee shall be transferred from the county to the retirement system.

AB 526 clarifies that the county shall pay to the retirement system an amount equal to the value of the accrued leave, to the extent it is not already a financial obligation of the retirement system. It further clarifies that, for purposes of the transfer of leave balances, the employee shall not be deemed to have terminated employment, and Section 227.3

of the Labor Code, which provides for the payout of vested vacation time, would not apply to the transfer of leave balances under AB 526.

The amendments related to leave balances under AB 526 are similar to the provisions of AB 995 (2017), which also provide for the transfer of leave balances but apply only to the Ventura County Employees' Retirement Association.

AB 526 would apply only to the Sacramento County Employees' Retirement System.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD adopt a "Watch" position on Assembly Bill 526, which provides for the Sacramento County Employees' Retirement System to become a district.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachment

AB 526 (Cooper) as amended on May 18, 2017

AMENDED IN SENATE MAY 18, 2017

AMENDED IN ASSEMBLY APRIL 4, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 526

Introduced by Assembly Member Cooper

February 13, 2017

An act to amend Sections 31468, 31522.5, 31522.7, 31522.9, 31528, 31529.9, 31535, 31557.3, and 31580.2 of, and to add Section 31522.75 to, the Government Code, relating to county employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 526, as amended, Cooper. County employees' retirement: districts: retirement system governance.

(1) 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 their employees. CERL defines a district for these purposes, includes specified county retirement systems within that definition, and permits a district to participate in CERL retirement systems. CERL generally provides that the personnel of a county retirement system are county employees, subject to county civil service provisions and salary ordinances, but also authorizes the boards of retirement in specified counties to adopt provisions providing for the appointment of personnel who are to be employees of the retirement system, as well as other administrative provisions that reflect the independence of the retirement system from the county.

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 establishes new retirement formulas that a public employer offering a defined benefit pension plan for employees first hired on or after January 1, 2013, may not exceed. PEPRAs authorize individuals who were employed by any public employer before January 1, 2013, and who became employed by a subsequent public employer for the first time on or after January 1, 2013, to be subject to the retirement plan that would have been available to employees of the subsequent employer who were first employed by the subsequent employer on or before December 31, 2012, if the individual was subject to reciprocity, as specified.

This bill would define the Sacramento County retirement system as a district under CERL. The bill would authorize the board to adopt, by resolution, specified administrative provisions that would classify various personnel of the retirement system as employees of the retirement system and not employees of the county. The bill would require the retirement system to notify, and to meet and discuss with, participating employers in the retirement system, the employees of the system, and specified employee organizations, regarding the retirement system's intent to exercise this authority at least 60 days before considering a resolution to make these provisions applicable. The bill would grant an employee organization representing people who work for the retirement system, and an unrepresented person who works for the retirement system, the right to elect to be employees of the retirement system, which would be irrevocable, except as specified, and the status of the affected employee positions would remain changed for successor employees. In regard to county employees who would become retirement system employees, the bill would prescribe requirements in connection with their compensation and employment benefits and status. These provisions would include maintaining their county retirement benefits that would otherwise be reduced under PEPRAs, keeping their employment classifications, providing for the transfer of leave balances accrued as county employees to the retirement system, as specified, and affording employees the opportunity to continue participation in group health and dental plans, among other things. The bill would prescribe requirements regarding labor negotiations and the continuity of labor agreements. The bill would grant the retirement system the authority to adopt the regulations and enter into the agreements necessary to implement them. The bill would require counties to cooperate and act in a timely manner to establish and implement agreements in this regard. The bill would make technical and conforming changes.

(2) Existing law permits a board of retirement operating under CERL to issue subpoenas and to compensate persons who are subpoenaed. Existing law permits a board to delegate its subpoena power to a referee or administrator who is appointed pursuant to specified authority.

This bill would authorize specified retirement systems operating as districts to delegate the subpoena power, as described above.

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 31468 of the Government Code is
2 amended to read:

3 31468. (a) “District” means a district, formed under the laws
4 of the state, located wholly or partially within the county other
5 than a school district.

6 (b) “District” also includes any institution operated by two or
7 more counties, in one of which there has been adopted an ordinance
8 placing this chapter in operation.

9 (c) “District” also includes any organization or association
10 authorized by Chapter 26 of the Statutes of 1935, as amended by
11 Chapter 30 of the Statutes of 1941, or by Section 50024, which
12 organization or association is maintained and supported entirely
13 from funds derived from counties, and the board of any retirement
14 system is authorized to receive the officers and employees of that
15 organization or association into the retirement system managed
16 by the board.

17 (d) “District” also includes, but is not limited to, any sanitary
18 district formed under Part 1 (commencing with Section 6400) of
19 Division 6 of the Health and Safety Code.

20 (e) “District” also includes any city, public authority, public
21 agency, and any other political subdivision or public corporation
22 formed or created under the constitution or laws of this state and
23 located or having jurisdiction wholly or partially within the county.

24 (f) “District” also includes any nonprofit corporation or
25 association conducting an agricultural fair for the county pursuant
26 to a contract between the corporation or association and the board
27 of supervisors under the authority of Section 25905.

28 (g) “District” also includes the Regents of the University of
29 California, but with respect only to employees who were employees

1 of a county in a county hospital, who became university employees
2 pursuant to an agreement for transfer to the regents of a county
3 hospital or of the obligation to provide professional medical
4 services at a county hospital, and who under that agreement had
5 the right and did elect to continue membership in the county's
6 retirement system established under this chapter.

7 (h) "District" also includes the South Coast Air Quality
8 Management District, a new public agency created on February
9 1, 1977, pursuant to Chapter 5.5 (commencing with Section 40400)
10 of Part 3 of Division 26 of the Health and Safety Code.

11 (1) Employees of the South Coast Air Quality Management
12 District shall be deemed to be employees of a new public agency
13 occupying new positions on February 1, 1977. On that date, those
14 new positions are deemed not to have been covered by any
15 retirement system.

16 (2) No retirement system coverage may be effected for an
17 employee of the South Coast Air Quality Management District
18 who commenced employment with the district during the period
19 commencing on February 1, 1977, and ending on December 31,
20 1978, unless and until the employee shall have elected whether to
21 become a member of the retirement association established in
22 accordance with this chapter for employees of Los Angeles County
23 or the retirement association established in accordance with this
24 chapter for employees of San Bernardino County. The election
25 shall occur before January 1, 1980. Any employee who fails to
26 make the election provided for herein shall be deemed to have
27 elected to become a member of the retirement association
28 established in accordance with this chapter for the County of Los
29 Angeles.

30 (3) The South Coast Air Quality Management District shall
31 make application to the retirement associations established in
32 accordance with this chapter for employees of Los Angeles County
33 and San Bernardino County for coverage of employees of the South
34 Coast Air Quality Management District.

35 (4) An employee of the South Coast Air Quality Management
36 District who commenced employment with the district during the
37 period commencing on February 1, 1977, and ending on December
38 31, 1978, and who has not terminated employment before January
39 1, 1980, shall be covered by the retirement association elected by
40 the employee pursuant to paragraph (2). That coverage shall be

1 effected no later than the first day of the first month following the
2 date of the election provided for in paragraph (2).

3 (5) Each electing employee shall receive credit for all service
4 with the South Coast Air Quality Management District. However,
5 the elected retirement association may require, as a prerequisite
6 to granting that credit, the payment of an appropriate sum of money
7 or the transfer of funds from another retirement association in an
8 amount determined by an enrolled actuary and approved by the
9 elected retirement association's board. The amount to be paid shall
10 include all administrative and actuarial costs of making that
11 determination. The amount to be paid shall be shared by the South
12 Coast Air Quality Management District and the employee. The
13 share to be paid by the employee shall be determined by good faith
14 bargaining between the district and the recognized employee
15 organization, but in no event shall the employee be required to
16 contribute more than 25 percent of the total amount required to be
17 paid. The elected retirement association's board may not grant that
18 credit for that prior service unless the request for that credit is
19 made to, and the required payment deposited with, the elected
20 retirement association's board no earlier than January 1, 1980, and
21 no later than June 30, 1980. The foregoing shall have no effect on
22 any employee's rights to reciprocal benefits under Article 15
23 (commencing with Section 31830).

24 (6) An employee of the South Coast Air Quality Management
25 District who commenced employment with the district after
26 December 31, 1978, shall be covered by the retirement association
27 established in accordance with this chapter for employees of San
28 Bernardino County. That coverage shall be effected as of the first
29 day of the first month following the employee's commencement
30 date.

31 (7) Notwithstanding paragraphs (2) and (4) above, employees
32 of the South Coast Air Quality Management District who were
33 employed between February 1, 1977, and December 31, 1978, and
34 who terminate their employment between February 1, 1977, and
35 January 1, 1980, shall be deemed to be members of the retirement
36 association established in accordance with this chapter for the
37 employees of Los Angeles County commencing on the date of
38 their employment with the South Coast Air Quality Management
39 District.

1 (i) “District” also includes any nonprofit corporation that
2 operates one or more museums within a county of the 15th class,
3 as described by Sections 28020 and 28036 of the Government
4 Code, as amended by Chapter 1204 of the Statutes of 1971,
5 pursuant to a contract between the corporation and the board of
6 supervisors of the county, and that has entered into an agreement
7 with the board and the county setting forth the terms and conditions
8 of the corporation’s inclusion in the county’s retirement system.

9 (j) “District” also includes any economic development
10 association funded in whole or in part by a county of the 15th class,
11 as described by Sections 28020 and 28036 of the Government
12 Code, as amended by Chapter 1204 of the Statutes of 1971, and
13 that has entered into an agreement with the board of supervisors
14 and the county setting forth the terms and conditions of the
15 association’s inclusion in the county’s retirement system.

16 (k) “District” also includes any special commission established
17 in the Counties of Tulare and San Joaquin as described by Section
18 14087.31 of the Welfare and Institutions Code, pursuant to a
19 contract between the special commission and the county setting
20 forth the terms and conditions of the special commission’s
21 inclusion in the county’s retirement system with the approval of
22 the board of supervisors and the board of retirement.

23 (l) (1) “District” also includes the retirement system established
24 under this chapter in Orange County.

25 (2) “District” also includes the retirement system established
26 under this chapter in San Bernardino County at such time as the
27 board of retirement, by resolution, makes this section applicable
28 in that county.

29 (3) “District” also includes the retirement system established
30 under this chapter in Contra Costa County.

31 (4) “District” also includes the retirement system established
32 under this chapter in Ventura County.

33 (5) “District” also includes the retirement system established
34 under this chapter in Sacramento County.

35 (m) “District” also includes the Kern County Hospital Authority,
36 a public agency that is a local unit of government established
37 pursuant to Chapter 5.5 (commencing with Section 101852) of
38 Part 4 of Division 101 of the Health and Safety Code.

39 SEC. 2. Section 31522.5 of the Government Code is amended
40 to read:

1 31522.5. (a) In a county in which the board of retirement has
2 appointed personnel pursuant to Section 31522.1, the board of
3 retirement may appoint an administrator, an assistant administrator,
4 a chief investment officer, senior management employees next in
5 line of authority to the chief investment officer, subordinate
6 administrators, senior management employees next in line of
7 authority to subordinate administrators, and legal counsel.

8 (b) Notwithstanding any other provision of law, the personnel
9 appointed pursuant to this section may not be county employees
10 but shall be employees of the retirement system, subject to terms
11 and conditions of employment established by the board of
12 retirement. Except as specifically provided in this subdivision, all
13 other personnel shall be county employees for purposes of the
14 county's employee relations resolution, or equivalent local rules,
15 and the terms and conditions of employment established by the
16 board of supervisors for county employees, including those set
17 forth in a memorandum of understanding.

18 (c) Except as otherwise provided by Sections 31529.9 and
19 31596.1, the compensation of personnel appointed pursuant to this
20 section shall be an expense of administration of the retirement
21 system, pursuant to Section 31580.2.

22 (d) The board of retirement and board of supervisors may enter
23 into any agreements as may be necessary and appropriate to carry
24 out the provisions of this section.

25 (e) Section 31522.2 is not applicable to any retirement system
26 that elects to appoint personnel pursuant to this section.

27 (f) This section shall apply in Orange County.

28 (g) This section shall apply to the retirement system established
29 under this chapter in San Bernardino County at such time as the
30 board of retirement, by resolution, makes this section applicable
31 in that county.

32 (h) This section shall apply to the retirement system established
33 under this chapter in Sacramento County at the time that the board
34 of retirement, by resolution, makes this section applicable in that
35 county.

36 SEC. 3. Section 31522.7 of the Government Code is amended
37 to read:

38 31522.7. (a) In addition to the authority provided pursuant to
39 Section 31522.5, the board of retirement in the County of San
40 Bernardino, or in any other county in which this section has been

1 made applicable, may appoint an administrator, an assistant
 2 administrator, a chief investment officer, senior management
 3 employees next in line of authority to the chief investment officer,
 4 subordinate administrators, senior management employees next
 5 in line of authority to subordinate administrators, supervisors and
 6 employees with specialized training and knowledge in pension
 7 benefit member services, investment reporting compliance,
 8 investment accounting, pension benefit tax reporting, pension
 9 benefit financial accounting, pension law, and legal counsel.

10 (b) Notwithstanding any other provision of law, the personnel
 11 appointed pursuant to this section may not be county employees
 12 but shall be employees of the retirement system, subject to terms
 13 and conditions of employment established by the board of
 14 retirement. Except as specifically provided in this subdivision, all
 15 other personnel shall be county employees for purposes of the
 16 county’s employee relations resolution, or equivalent local rules,
 17 and the terms and conditions of employment established by the
 18 board of supervisors for county employees, including those set
 19 forth in a memorandum of understanding.

20 (c) Except as otherwise provided by Sections 31529.9 and
 21 31596.1, the compensation of personnel appointed pursuant to this
 22 section shall be an expense of administration of the retirement
 23 system, pursuant to Section 31580.2.

24 (d) The board of retirement and board of supervisors may enter
 25 into any agreements as may be necessary and appropriate to carry
 26 out the provisions of this section.

27 (e) Section 31522.2 is not applicable if the retirement system
 28 elects to appoint personnel pursuant to this section.

29 (f) This section shall apply to the retirement system established
 30 under this chapter in San Bernardino County at such time as the
 31 board of retirement, by resolution, makes this section applicable
 32 in that county.

33 (g) This section shall apply to the retirement system established
 34 under this chapter in Sacramento County at the time as the board
 35 of retirement, by resolution, makes this section applicable in that
 36 county.

37 SEC. 4. Section 31522.75 is added to the Government Code,
 38 immediately following Section 31522.7, to read:

39 31522.75. (a) The retirement system established under this
 40 chapter in Sacramento County may elect to make this section,

1 paragraph (5) of subdivision (l) of Section 31468, and Section
2 31522.5, 31522.7, or 31522.9, applicable to the retirement system
3 upon adoption of a resolution by the board of retirement.

4 (1) Before deciding upon a particular operating authority, the
5 retirement system that intends to make this section applicable shall
6 notify the participating employers in the retirement system, the
7 employees of the retirement system, and any employee organization
8 that represents those employees of its intent at least 60 days prior
9 to the board of retirement's consideration of a resolution making
10 this section applicable. During this period, the retirement system
11 shall meet with and discuss the proposed action with any of these
12 parties that wish to do so and shall make good faith efforts to
13 address any questions or concerns raised by these parties.

14 (2) (A) Prior to the adoption by the board of retirement of a
15 resolution making this section applicable, or at any time thereafter,
16 any employee organization that represents people who work at the
17 retirement system may advise the retirement system in writing that
18 the employees represented by the organization wish to cease being
19 county employees and wish to elect to become retirement system
20 employees under the terms of this section.

21 (B) Upon election by an employee organization that the
22 employees it represents will become retirement system employees,
23 the retirement system job classifications, positions, and future
24 retirement system employees represented by that employee
25 organization shall be retirement system employees.

26 (3) (A) Prior to the adoption by the board of retirement of a
27 resolution making this section applicable, or at any time thereafter,
28 any unrepresented employee of the retirement system, other than
29 those in positions appointed pursuant to Section 31522.2, 31522.3
30 or 31522.4, may advise the retirement system in writing that the
31 employee wishes to cease being a county employee and wishes to
32 elect to become a retirement system employee under the terms of
33 this section.

34 (B) Upon the election by an unrepresented employee to become
35 a retirement system employee, that employee, and future employees
36 in that position, shall be retirement system employees.

37 (4) An election to cease being a county employee and to become
38 a retirement system employee, whether made by an employee
39 organization on behalf of the employees it represents or by an
40 unrepresented employee, shall be irrevocable, except that an

1 employee who has elected to become a retirement system employee
2 by virtue of this section who subsequently moves to a position,
3 whether with the retirement system or with the county, that is not
4 deemed a position of the retirement system, shall be a county
5 employee unless and until the time as the employee elects to return
6 to being a retirement system employee as that may be authorized
7 by this section.

8 (5) The retirement system shall elect to make either Section
9 31522.5, 31522.7 or 31522.9 applicable to the retirement system,
10 as necessary, in order to allow the employees who elect to become
11 retirement system employees, successor employees in those
12 positions, and other appointed employees to have the status of
13 employees of the retirement system.

14 (b) The board of retirement may elect to appoint personnel, or
15 may authorize the retirement administrator to appoint personnel,
16 to administer the system as provided in this section.

17 (c) (1) Notwithstanding any other law, the personnel appointed
18 pursuant to this section and the sections referenced in subdivision
19 (a) shall not be county employees, but shall be employees of the
20 retirement system, subject to terms and conditions of employment
21 established by the board of retirement and the provisions of this
22 section.

23 (2) A county employee to whom the California Public
24 Employees' Pension Reform Act of 2013 (Article 4 (commencing
25 with Section 7522) of Chapter 21 of Division 7 of Title 1) did not
26 apply before becoming a retirement system employee shall
27 maintain that status as an employee of the retirement system.

28 (3) For purposes of employment by a subsequent public
29 employer, as described in paragraph (1) of subdivision (c) of
30 Section 7522.02, the retirement system shall have the status of the
31 county as a subsequent employer.

32 (4) With regard to an individual who was employed by the
33 county before January 1, 2013, and who becomes a retirement
34 system employee and then changes employment positions as
35 described in paragraph (2) of subdivision (c) of Section 7522.02,
36 the retirement system shall have the former obligations of the
37 county to provide a defined benefit plan that otherwise would have
38 been available to the employee had he or she remained a county
39 employee.

1 (d) Any employees who were appointed to retirement system
2 personnel positions pursuant to Section 31522.2, 31522.3, or
3 31522.4, prior to the retirement board electing to make this section
4 applicable, shall cease to be county employees and shall become
5 retirement system employees at their existing or equivalent
6 classifications as of the date the board of retirement makes this
7 section applicable pursuant to subdivision (a), subject to any
8 subsequent revisions the retirement board may make pursuant to
9 regulations governing terms and conditions of employment, and,
10 when applicable, the provisions of a subsequent memorandum of
11 understanding or bargaining agreement covering the employee.

12 (e) Any employees who were appointed to retirement system
13 personnel positions pursuant to Section 31522.1 prior to the
14 retirement board electing to ~~move~~ *make* this section applicable
15 and who are subsequently appointed as retirement system
16 employees pursuant to subdivision (a) shall cease to be county
17 employees and shall become retirement system employees at their
18 existing or equivalent classifications as of the date the board of
19 retirement makes this section applicable, subject to any subsequent
20 revisions the retirement board may make pursuant to regulations
21 governing terms and conditions of employment and, when
22 applicable, the provisions of a subsequent memorandum of
23 understanding or bargaining agreement covering the employee.

24 (f) Upon electing to make this section applicable, the retirement
25 system shall recognize as the exclusive representative of those
26 former county employees who become retirement system
27 employees the employee organization that represented those
28 employees, if any, and shall honor the provisions in any
29 memorandum of understanding or bargaining agreement in effect
30 on the date the board of retirement makes this section applicable
31 for the duration of the memorandum of understanding or bargaining
32 agreement.

33 (g) The following shall apply to those persons who become
34 retirement system employees pursuant to this section:

35 (1) Employment seniority of a retirement system employee,
36 including, but not limited to, an employee's continuous service
37 date used for purposes of retirement or other benefits, as calculated
38 and used under the county system in effect before the date this
39 section becomes applicable, shall be calculated and used in the
40 same manner by the retirement system at the time the county

1 employee becomes a retirement system employee, subject to any
2 subsequent revisions the retirement board may make pursuant to
3 regulations governing terms and conditions of employment, and
4 when applicable, the provisions of a subsequent memorandum of
5 understanding or bargaining agreement covering the employee.

6 (2) Retirement system employees shall have the same status
7 they had as probationary, permanent, or regular employees under
8 the county system in effect on the date this section becomes
9 applicable, subject to any subsequent revisions the retirement board
10 may make pursuant to regulations governing terms and conditions
11 of employment, and, when applicable, the provisions of a
12 subsequent memorandum of understanding or bargaining agreement
13 covering the employee.

14 (3) Retirement system employees shall receive their same salary
15 rates, leaves of absence, leave accrual rates, including all related
16 compensation rules and provisions applicable to those salary rates,
17 leaves, and accrual rates as under the county system on the date
18 this section becomes applicable, subject to any subsequent revisions
19 the retirement board may make pursuant to regulations governing
20 terms and conditions of employment, and when applicable, the
21 provisions of a subsequent memorandum of understanding or
22 bargaining agreement covering the employee.

23 (4) (A) Retirement system employees shall be afforded the
24 opportunity to participate in county benefit plans and programs,
25 including, but not limited to, group health, dental, and life
26 insurance, workers' compensation, and deferred compensation
27 that existed on the date this section becomes applicable, under the
28 same terms and conditions as those programs were available to
29 county employees. The retirement board shall contract with the
30 county to administer the county benefit plans and programs for
31 retirement system employees, under the same terms and conditions
32 applicable to county employees, and shall provide the employer
33 cost and reasonable administrative expenses for participation in
34 the programs unless and until the retirement board chooses to
35 provide different benefits or different benefit levels through another
36 provider.

37 (B) The participation of retirement system employees in county
38 benefit plans or programs, and the county's administration of
39 certain compensation or benefits for retirement employees pursuant
40 to this section, shall not create or be construed to create a meet

1 and confer obligation between the county and any employee
2 organization recognized to represent retirement system employees.

3 (5) Any leave balance accrued by a county employee prior to
4 his or her appointment as a retirement system employee pursuant
5 to this section or the provisions that it authorizes the retirement
6 system to adopt shall be transferred from the county to the
7 retirement system and the county shall pay to the retirement system
8 an amount equal to the value of the accrued ~~leave~~: *leave, to the*
9 *extent it is not already a financial obligation of the retirement*
10 *system. For these purposes, the employee shall be deemed not to*
11 *have terminated employment and Section 227.3 of the Labor Code*
12 *shall not apply.*

13 (h) The board of retirement and the county shall enter into any
14 agreements necessary and appropriate to carry out this section.
15 The county shall cooperate fully, and act in a timely manner, to
16 establish and implement these agreements and any other measures
17 necessary to accomplish the objectives in this section. The
18 retirement system shall pay reasonable and appropriate
19 administrative expenses associated with implementing these
20 agreements and measures.

21 (i) Sections 31522.2, 31522.3, and 31522.4 shall no longer apply
22 to the retirement system after electing to make this section
23 applicable.

24 (j) Upon electing to make this section applicable, the board of
25 retirement may make regulations consistent with this chapter, and
26 the provisions of Section 31525 that require approval of retirement
27 board regulations by the board of supervisors shall no longer apply.

28 (k) The compensation of personnel appointed pursuant to this
29 section shall be an expense of administration of the retirement
30 system pursuant to Section 31580.2, except as provided in Section
31 31522.5, 31522.7, or 31522.9, as those sections may apply to the
32 retirement system.

33 SEC. 5. Section 31522.9 of the Government Code is amended
34 to read:

35 31522.9. (a) The board of retirement of a county may appoint
36 a retirement administrator and other personnel as are required to
37 accomplish the necessary work of the board. The board may
38 authorize the administrator to make these appointments on its
39 behalf. Notwithstanding any other law, the personnel so appointed
40 shall not be county employees but shall become employees of the

1 retirement system, subject to terms and conditions of employment
2 established by the board of retirement, including those set forth in
3 a memorandum of understanding executed by the board of
4 retirement and recognized employee organizations.

5 (b) Sections 31522.1 and 31522.2 shall not apply to a retirement
6 system that appoints personnel pursuant to this section.

7 (c) The retirement system that appoints personnel pursuant to
8 this section is a public agency for purposes of the
9 Meyers-Milias-Brown Act (Chapter 10 (commencing with Section
10 3500) of Division 4).

11 (d) The compensation of personnel appointed pursuant to this
12 section shall be an expense of administration of the retirement
13 system, pursuant to Section 31580.2, except as provided in Sections
14 31529.5, 31529.9, and 31596.1.

15 (e) The board of retirement and the board of supervisors may
16 enter into agreements as they determine are necessary and
17 appropriate in order to carry out the provisions of this section.

18 (f) The retirement system, upon the effective date of this section,
19 shall retain, for a 90-day transition employment period,
20 nonprobationary employees who, upon the effective date of this
21 section, were covered by a county memorandum of understanding
22 and employed by the county at the retirement system's facilities,
23 unless just cause exists to terminate the employees or legitimate
24 grounds exist to lay off these employees. If during the 90-day
25 period the retirement system determines that a layoff of these
26 employees is necessary, the retirement system shall retain the
27 employees by seniority within job classification. The terms and
28 conditions of employment of the employees retained pursuant to
29 this subdivision shall be subject to the terms and conditions
30 established by the applicable memorandum of understanding
31 executed by the board of retirement and the recognized employee
32 organizations. During the 90-day transition period, probationary
33 employees shall maintain only those rights they initially acquired
34 pursuant to their employment with the county.

35 (g) Subject to the employees' rights under the
36 Meyers-Milias-Brown Act (Chapter 10 (commencing with Section
37 3500) of Division 4), the retirement system, upon the effective
38 date of this section, shall recognize as the exclusive representative
39 of the employees retained pursuant to subdivision (f) the recognized
40 employee organizations that represented those employees when

1 employed by the county. The initial terms and conditions for those
2 employees shall be as previously established by the applicable
3 memorandum of understanding executed by the county and
4 recognized employee organizations.

5 (h) This section shall apply in Contra Costa County.

6 (i) This section shall apply to the retirement system established
7 under this chapter in Sacramento County at the time that the board
8 of retirement, by resolution, makes this section applicable in that
9 county.

10 SEC. 6. Section 31528 of the Government Code is amended
11 to read:

12 31528. (a) Unless permitted by this chapter, a member or
13 employee of the board shall not become an endorser, surety, or
14 obligor on, or have any personal interest, direct or indirect, in the
15 making of any investment for the board, or in the gains or profits
16 accruing from those investments. A member or employee of the
17 board shall not directly or indirectly, for himself or herself, or as
18 an agent or partner of others, borrow or use any of the funds or
19 deposits of the retirement system, except to make current and
20 necessary payments authorized by the board.

21 (b) A member or employee of the board shall not, directly or
22 indirectly, by himself or herself, or as an agent or partner or
23 employee of others, sell or provide any investment product that
24 would be considered an asset of the fund, to any retirement system
25 established pursuant to this chapter.

26 (c) An individual who held a position designated in Section
27 31522.3, 31522.4, 31522.5, or established pursuant to Section
28 31522.75, or was a member of the board or an administrator, shall
29 not, for a period of two years after leaving that position, for
30 compensation, act as agent or attorney for, or otherwise represent,
31 any other person except the county, by making any formal or
32 informal appearance before, or any oral or written communication
33 to, the retirement system, or any officer or employee thereof, if
34 the appearance or communication is made for the purpose of
35 influencing administrative or legislative action, or any action or
36 proceeding involving the issuance, amendment, awarding, or
37 revocation of a permit, license, grant, contract, or sale or purchase
38 of goods or property.

39 SEC. 7. Section 31529.9 of the Government Code is amended
40 to read:

1 31529.9. (a) In addition to the powers granted by Sections
 2 31522.5, 31522.75, 31522.9, 31529, 31529.5, 31614, and 31732,
 3 the board of retirement and the board of investment may contract
 4 with the county counsel or with attorneys in private practice or
 5 employ staff attorneys for legal services.

6 (b) Notwithstanding Sections 31522.5, 31522.7, 31522.75,
 7 31529.5, and 31580, the board shall pay, from system assets,
 8 reasonable compensation for the legal services.

9 (c) This section applies to any county of the 2nd class, 7th class,
 10 9th class, 14th class, 15th class, or the 16th class as described by
 11 Sections 28020, 28023, 28028, 28030, 28035, 28036, and 28037.

12 (d) This section shall also apply to any other county if the board
 13 of retirement, by resolution adopted by majority vote, makes this
 14 section applicable in the county.

15 SEC. 8. Section 31535 of the Government Code is amended
 16 to read:

17 31535. The board may issue subpoenas and subpoenas duces
 18 tecum, and compensate persons subpoenaed. This power shall be
 19 exercised and enforced in the same manner as the similar power
 20 granted the board of supervisors in Article 9 (commencing with
 21 Section 25170) of Chapter 1, Part 2, Division 2, except that the
 22 power shall extend only to matters within the retirement board's
 23 jurisdiction, and committees of the board shall not have this power.
 24 Reasonable fees and expenses may be provided for by board
 25 regulation for any or all of such witnesses regardless of which
 26 party subpoenaed them.

27 Subpoenas shall be signed by the chairman or secretary of the
 28 retirement board, except that the board may by regulation provide
 29 for express written delegation of its subpoena power to any referee
 30 it appoints pursuant to this chapter or to any administrator
 31 appointed pursuant to Section 31522.2, 31522.5, 31522.7, 31522.9,
 32 or 31522.10.

33 Any member of the board, the referee, or any person otherwise
 34 empowered to issue subpoenas may administer oaths to, or take
 35 depositions from, witnesses before the board or referee.

36 SEC. 9. Section 31557.3 of the Government Code is amended
 37 to read:

38 31557.3. On the date a district, as defined in subdivision (l) of
 39 Section 31468, is included in the retirement system, any personnel
 40 appointed pursuant to Sections 31522.5, 31522.7, 31522.75,

1 31522.9, 31522.10, and 31529.9 who had previously been in county
2 service shall continue to be members of the system without
3 interruption in service or loss of credit. Thereafter, each person
4 entering employment with the district shall become a member of
5 the system on the first day of the calendar month following his or
6 her entrance into service.

7 SEC. 10. Section 31580.2 of the Government Code is amended
8 to read:

9 31580.2. (a) In counties in which the board of retirement, or
10 the board of retirement and the board of investment, have appointed
11 personnel pursuant to Section 31522.1, 31522.5, 31522.7,
12 31522.75, 31522.9, or 31522.10, the respective board or boards
13 shall annually adopt a budget covering the entire expense of
14 administration of the retirement system which expense shall be
15 charged against the earnings of the retirement fund. The expense
16 incurred in any year may not exceed the greater of either of the
17 following:

18 (1) Twenty-one hundredths of 1 percent of the accrued actuarial
19 liability of the retirement system.

20 (2) Two million dollars (\$2,000,000), as adjusted annually by
21 the amount of the annual cost-of-living adjustment computed in
22 accordance with Article 16.5 (commencing with Section 31870).

23 (b) Expenditures for computer software, computer hardware,
24 and computer technology consulting services in support of these
25 computer products shall not be considered a cost of administration
26 of the retirement system for purposes of this section.

O

May 19, 2017

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
William de la Garza, Chair
Vivian H. Gray, Vice Chair
Ronald Okum
Alan Bernstein
David Muir, Alternate

FOR: June 15, 2017 Board of Retirement Meeting

SUBJECT: **Assembly Bill 526—Sacramento County**

Author: Cooper [D]
Sponsor: Sacramento County Employees' Retirement System
Introduced: February 13, 2017
Amended: May 18, 2017
*Status: Amend, and re-refer to SENATE Committee on Public
Employment & Retirement (05/18/2017)*

IBLC Recommendation: Watch (05/11/2017)
Staff Recommendation: Watch

RECOMMENDATION

That the Board of Retirement adopt a "Watch" position on Assembly Bill 526, which provides for the Sacramento County Employees' Retirement System to become a district.

LEGISLATIVE POLICY STANDARD

A "Watch" position indicates that the legislative proposal does not affect LACERA and its stakeholders but would be enacted under a law that covers LACERA or other retirement systems of the County Employees Retirement Law of 1937 (CERL). AB 526 would amend sections of CERL and apply only to the Sacramento County Employees' Retirement System.

SUMMARY

AB 526, as amended on April 4, 2017, would authorize the Sacramento County Employees' Retirement System (SCERS) to become a district and specify administrative provisions for the process of becoming a district. The bill would also authorize SCERS to adopt any of the existing provisions that apply to other retirement systems that are districts within CERL. The bill would make other conforming changes within CERL.

ANALYSIS

Existing Law

The retirement systems of the counties of Orange, San Bernardino, Contra Costa, and Ventura are currently districts. Each system provides for specific positions to which employees are appointed as employees of the retirement system rather than the county.

This Bill

AB 526 would authorize the Sacramento County Employees' Retirement System (SCERS) to become a district and to adopt any of the existing provisions that apply to CERS retirement systems that are currently districts. The applicable provisions would provide for the positions to which employees are appointed as employees of the retirement system rather than the county.

At least 60 days prior to adopting a resolution to become a district and the applicable operating authority, SCERS must notify its participating employers, the employees of the retirement system, and any employee organizations representing those employees of its intent to become a district. SCERS must meet with its stakeholders to discuss its intended action and make good faith efforts to address questions and concerns.

Prior to the adoption of the resolution by the board of retirement or any time thereafter, an employee organization representing the employees working at the retirement system may advise the system in writing that the employees wish to cease being county employees and become employees of the retirement system.

Prior to the adoption of the resolution by the board of retirement or any time thereafter, an unrepresented employee—except for those who were previously appointed as employees not subject to county civil service—may also advise the system in writing that he or she wishes to cease being a county employee and become an employee of the retirement system. That employee and successor employees in that position will be retirement system employees.

Employees who were not new members under the California Public Employees' Pension Reform Act of 2013 (PEPRA) and who make the election to become retirement system employees will retain the retirement plan available to them before the enactment of PEPRA.

Employees who elect to cease being county employees will become retirement system employees at their existing or equivalent classifications. In the transition from county employment to retirement system employment, employees would retain seniority rights, salary rates, leaves of absence, and leave accrual rates earned as county employees, which are subject to subsequent revisions based on regulations governing the terms and conditions of employment or a subsequent memorandum of understanding. The retirement system would recognize the employee organization of represented county employees who become retirement system employees as their exclusive representative

and would honor any existing memorandum of understanding for its duration. The compensation of personnel appointed as retirement system employees would be considered an expense of administration.

Retirement system employees would be afforded the opportunity to participate in county benefit plans and programs, and the board of retirement would contract with the county to administer the plans and programs for the retirement system's employees and provide the employer cost for such programs unless and until the board of retirement chooses to provide different benefits or benefit levels through another provider.

Any other agreements may be entered into between the board of retirement and the county to implement the objectives related to the election by a retirement system to become a district. The county will cooperate fully and act in a timely manner to implement the agreements; the retirement system will pay reasonable and appropriate expenses related to the implementation of the agreements.

Upon becoming a district, the board of retirement may continue to make regulations not inconsistent with CERL, but such regulations would no longer require approval by the board of supervisors.

AB 526 would also make technical and conforming changes in CERL related to the revolving door of personnel, contracting for legal services, subpoena power, budgeting, and effective date of membership.

AB 526 would apply only to the Sacramento County Employees' Retirement System.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD adopt a "Watch" position on Assembly Bill 526, which provides for the Sacramento County Employees' Retirement System to become a district.

Attachments

Attachment 1—Board Positions Adopted on Related Legislation

Attachment 2—Support And Opposition

AB 526 (Cooper) as amended on April 4, 2017

AB 526 (Cooper) as introduced on February 13, 2017

BOARD POSITIONS ADOPTED ON RELATED LEGISLATION

AB 1853 (2016, vetoed) authorized the retirement board of any retirement system operating under the County Employees Retirement Law of 1937 to become a district. It provided for various administrative requirements and authority related to the implementation of district status by a retirement system. It authorized existing retirement systems that are districts to be able to change to any other existing administrative structure. The Board of Retirement adopted an “Oppose” position.

AB 1291 (Chapter 223, Statutes of 2015) included the Ventura County Employees’ Retirement System (VCERA) within the definition of “district” and authorized the VCERA board of retirement to appoint specified personnel as employees of the retirement system. LACERA’s Board of Retirement adopted a “Watch” position.

SB 673 (Chapter 244, Statutes of 2014) included the Contra Costa County Employees’ Retirement System (CCCERA) within the definition of “district” and authorized the CCCERA board of retirement to appoint personnel as employees of the retirement system. LACERA’s Board of Retirement adopted a “Watch” position.

AB 1034 (2009, died in committee) included the Marin County Employees’ Retirement Association (MCERA) within the definition of “district” upon adoption of a resolution by the MCERA board of retirement and authorized the board to appoint specified personnel as employees of the retirement system. LACERA’s Board of Retirement adopted a “Watch” position.

AB 1406 (Chapter 393, Statutes of 2009) expanded the list of positions that the San Bernardino County Employees’ Retirement Association (SBCERA) board of retirement may appoint as employees of the retirement system. LACERA’s Board of Retirement adopted a “Watch” position.

SB 777 (Chapter 369, Statutes of 2006) included the San Bernardino County Employees’ Retirement Association (SBCERA) within the definition of “district” upon adoption of a resolution by the SBCERA board of retirement and authorized the board to appoint specified personnel as employees of the retirement system. LACERA’s Board of Retirement adopted a “Support” position since the bill contained clean-up provisions related to LACERA’s noncontributory Plan E.

AB 1992 (Chapter 74, Statutes of 2002) included the Orange County Employees Retirement System (OCERS) within the definition of “district” and authorized the OCERS board of retirement to appoint specified personnel as employees of the retirement system. LACERA’s Board of Retirement adopted a “Watch” position.

AB 526
Attachment 2—Support And Opposition
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SUPPORT

Sacramento County Employees' Retirement System (Sponsor)
Law Enforcement Managers' Association
State Association of County Retirement Systems

OPPOSITION

California State Association of Counties
Urban Counties of California

AMENDED IN ASSEMBLY APRIL 4, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 526

Introduced by Assembly Member Cooper

February 13, 2017

An act to amend Section 31459 of the Government Code, relating to county employees' retirement. An act to amend Sections 31468, 31522.5, 31522.7, 31522.9, 31528, 31529.9, 31535, 31557.3, and 31580.2 of, and to add Section 31522.75 to, the Government Code, relating to county employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 526, as amended, Cooper. ~~County employees' retirement. County employees' retirement: districts: retirement system governance.~~

(1) 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 their employees. CERL defines a district for these purposes, includes specified county retirement systems within that definition, and permits a district to participate in CERL retirement systems. CERL generally provides that the personnel of a county retirement system are county employees, subject to county civil service provisions and salary ordinances, but also authorizes the boards of retirement in specified counties to adopt provisions providing for the appointment of personnel who are to be employees of the retirement system, as well as other administrative provisions that reflect the independence of the retirement system from the county.

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 establishes new retirement formulas that a public employer offering a defined benefit pension plan for employees first hired on or after January 1, 2013, may not exceed. PEPPRA authorizes individuals who were employed by any public employer before January 1, 2013, and who became employed by a subsequent public employer for the first time on or after January 1, 2013, to be subject to the retirement plan that would have been available to employees of the subsequent employer who were first employed by the subsequent employer on or before December 31, 2012, if the individual was subject to reciprocity, as specified.

This bill would define the Sacramento County retirement system as a district under CERL. The bill would authorize the board to adopt, by resolution, specified administrative provisions that would classify various personnel of the retirement system as employees of the retirement system and not employees of the county. The bill would require the retirement system to notify, and to meet and discuss with, participating employers in the retirement system, the employees of the system, and specified employee organizations, regarding the retirement system's intent to exercise this authority at least 60 days before considering a resolution to make these provisions applicable. The bill would grant an employee organization representing people who work for the retirement system, and an unrepresented person who works for the retirement system, the right to elect to be employees of the retirement system, which would be irrevocable, except as specified, and the status of the affected employee positions would remain changed for successor employees. In regard to county employees who would become retirement system employees, the bill would prescribe requirements in connection with their compensation and employment benefits and status. These provisions would include maintaining their county retirement benefits that would otherwise be reduced under PEPPRA, keeping their employment classifications, providing for the transfer of leave balances accrued as county employees to the retirement system, as specified, and affording employees the opportunity to continue participation in group health and dental plans, among other things. The bill would prescribe requirements regarding labor negotiations and the continuity of labor agreements. The bill would grant the retirement system the authority to adopt the regulations and enter into the agreements necessary to implement them. The bill would require counties to cooperate and act in a timely manner to establish and implement agreements in this regard. The bill would make technical and conforming changes.

(2) Existing law permits a board of retirement operating under CERL to issue subpoenas and to compensate persons who are subpoenaed. Existing law permits a board to delegate its subpoena power to a referee or administrator who is appointed pursuant to specified authority.

This bill would authorize specified retirement systems operating as districts to delegate the subpoena power, as described above.

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 authorizes the board of supervisors of any county in which the assets of the retirement system exceed \$800,000,000 to establish a board of investments and specifies the division of certain duties between the board of investments and the retirement board.

This bill would make a nonsubstantive change to these provisions.

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 31468 of the Government Code is
2 amended to read:

3 31468. (a) “District” means a district, formed under the laws
4 of the state, located wholly or partially within the county other
5 than a school district.

6 (b) “District” also includes any institution operated by two or
7 more counties, in one of which there has been adopted an ordinance
8 placing this chapter in operation.

9 (c) “District” also includes any organization or association
10 authorized by Chapter 26 of the Statutes of 1935, as amended by
11 Chapter 30 of the Statutes of 1941, or by Section 50024, which
12 organization or association is maintained and supported entirely
13 from funds derived from counties, and the board of any retirement
14 system is authorized to receive the officers and employees of that
15 organization or association into the retirement system managed
16 by the board.

17 (d) “District” also includes, but is not limited to, any sanitary
18 district formed under Part 1 (commencing with Section 6400) of
19 Division 6 of the Health and Safety Code.

20 (e) “District” also includes any city, public authority, public
21 agency, and any other political subdivision or public corporation

1 formed or created under the constitution or laws of this state and
2 located or having jurisdiction wholly or partially within the county.

3 (f) “District” also includes any nonprofit corporation or
4 association conducting an agricultural fair for the county pursuant
5 to a contract between the corporation or association and the board
6 of supervisors under the authority of Section 25905.

7 (g) “District” also includes the Regents of the University of
8 California, but with respect only to employees who were employees
9 of a county in a county hospital, who became university employees
10 pursuant to an agreement for transfer to the regents of a county
11 hospital or of the obligation to provide professional medical
12 services at a county hospital, and who under that agreement had
13 the right and did elect to continue membership in the county’s
14 retirement system established under this chapter.

15 (h) “District” also includes the South Coast Air Quality
16 Management District, a new public agency created on February
17 1, 1977, pursuant to Chapter 5.5 (commencing with Section 40400)
18 of Part 3 of Division 26 of the Health and Safety Code.

19 (1) Employees of the South Coast Air Quality Management
20 District shall be deemed to be employees of a new public agency
21 occupying new positions on February 1, 1977. On that date, those
22 new positions are deemed not to have been covered by any
23 retirement system.

24 (2) No retirement system coverage may be effected for an
25 employee of the South Coast Air Quality Management District
26 who commenced employment with the district during the period
27 commencing on February 1, 1977, and ending on December 31,
28 1978, unless and until the employee shall have elected whether to
29 become a member of the retirement association established in
30 accordance with this chapter for employees of Los Angeles County
31 or the retirement association established in accordance with this
32 chapter for employees of San Bernardino County. The election
33 shall occur before January 1, 1980. Any employee who fails to
34 make the election provided for herein shall be deemed to have
35 elected to become a member of the retirement association
36 established in accordance with this chapter for the County of Los
37 Angeles.

38 (3) The South Coast Air Quality Management District shall
39 make application to the retirement associations established in
40 accordance with this chapter for employees of Los Angeles County

1 and San Bernardino County for coverage of employees of the South
2 Coast Air Quality Management District.

3 (4) An employee of the South Coast Air Quality Management
4 District who commenced employment with the district during the
5 period commencing on February 1, 1977, and ending on December
6 31, 1978, and who has not terminated employment before January
7 1, 1980, shall be covered by the retirement association elected by
8 the employee pursuant to paragraph (2). That coverage shall be
9 effected no later than the first day of the first month following the
10 date of the election provided for in paragraph (2).

11 (5) Each electing employee shall receive credit for all service
12 with the South Coast Air Quality Management District. However,
13 the elected retirement association may require, as a prerequisite
14 to granting that credit, the payment of an appropriate sum of money
15 or the transfer of funds from another retirement association in an
16 amount determined by an enrolled actuary and approved by the
17 elected retirement association's board. The amount to be paid shall
18 include all administrative and actuarial costs of making that
19 determination. The amount to be paid shall be shared by the South
20 Coast Air Quality Management District and the employee. The
21 share to be paid by the employee shall be determined by good faith
22 bargaining between the district and the recognized employee
23 organization, but in no event shall the employee be required to
24 contribute more than 25 percent of the total amount required to be
25 paid. The elected retirement association's board may not grant that
26 credit for that prior service unless the request for that credit is
27 made to, and the required payment deposited with, the elected
28 retirement association's board no earlier than January 1, 1980, and
29 no later than June 30, 1980. The foregoing shall have no effect on
30 any employee's rights to reciprocal benefits under Article 15
31 (commencing with Section 31830).

32 (6) An employee of the South Coast Air Quality Management
33 District who commenced employment with the district after
34 December 31, 1978, shall be covered by the retirement association
35 established in accordance with this chapter for employees of San
36 Bernardino County. That coverage shall be effected as of the first
37 day of the first month following the employee's commencement
38 date.

39 (7) Notwithstanding paragraphs (2) and (4) above, employees
40 of the South Coast Air Quality Management District who were

1 employed between February 1, 1977, and December 31, 1978, and
2 who terminate their employment between February 1, 1977, and
3 January 1, 1980, shall be deemed to be members of the retirement
4 association established in accordance with this chapter for the
5 employees of Los Angeles County commencing on the date of
6 their employment with the South Coast Air Quality Management
7 District.

8 (i) “District” also includes any nonprofit corporation that
9 operates one or more museums within a county of the 15th class,
10 as described by Sections 28020 and 28036 of the Government
11 Code, as amended by Chapter 1204 of the Statutes of 1971,
12 pursuant to a contract between the corporation and the board of
13 supervisors of the county, and that has entered into an agreement
14 with the board and the county setting forth the terms and conditions
15 of the corporation’s inclusion in the county’s retirement system.

16 (j) “District” also includes any economic development
17 association funded in whole or in part by a county of the 15th class,
18 as described by Sections 28020 and 28036 of the Government
19 Code, as amended by Chapter 1204 of the Statutes of 1971, and
20 that has entered into an agreement with the board of supervisors
21 and the county setting forth the terms and conditions of the
22 association’s inclusion in the county’s retirement system.

23 (k) “District” also includes any special commission established
24 in the Counties of Tulare and San Joaquin as described by Section
25 14087.31 of the Welfare and Institutions Code, pursuant to a
26 contract between the special commission and the county setting
27 forth the terms and conditions of the special commission’s
28 inclusion in the county’s retirement system with the approval of
29 the board of supervisors and the board of retirement.

30 (l) (1) “District” also includes the retirement system established
31 under this chapter in Orange County.

32 (2) “District” also includes the retirement system established
33 under this chapter in San Bernardino County at such time as the
34 board of retirement, by resolution, makes this section applicable
35 in that county.

36 (3) “District” also includes the retirement system established
37 under this chapter in Contra Costa County.

38 (4) “District” also includes the retirement system established
39 under this chapter in Ventura County.

1 (5) “District” also includes the retirement system established
2 under this chapter in Sacramento County.

3 (m) “District” also includes the Kern County Hospital Authority,
4 a public agency that is a local unit of government established
5 pursuant to Chapter 5.5 (commencing with Section 101852) of
6 Part 4 of Division 101 of the Health and Safety Code.

7 SEC. 2. Section 31522.5 of the Government Code is amended
8 to read:

9 31522.5. (a) In a county in which the board of retirement has
10 appointed personnel pursuant to Section 31522.1, the board of
11 retirement may appoint an administrator, an assistant administrator,
12 a chief investment officer, senior management employees next in
13 line of authority to the chief investment officer, subordinate
14 administrators, senior management employees next in line of
15 authority to subordinate administrators, and legal counsel.

16 (b) Notwithstanding any other provision of law, the personnel
17 appointed pursuant to this section may not be county employees
18 but shall be employees of the retirement system, subject to terms
19 and conditions of employment established by the board of
20 retirement. Except as specifically provided in this subdivision, all
21 other personnel shall be county employees for purposes of the
22 county’s employee relations resolution, or equivalent local rules,
23 and the terms and conditions of employment established by the
24 board of supervisors for county employees, including those set
25 forth in a memorandum of understanding.

26 (c) Except as otherwise provided by Sections 31529.9 and
27 31596.1, the compensation of personnel appointed pursuant to this
28 section shall be an expense of administration of the retirement
29 system, pursuant to Section 31580.2.

30 (d) The board of retirement and board of supervisors may enter
31 into any agreements as may be necessary and appropriate to carry
32 out the provisions of this section.

33 (e) Section 31522.2 is not applicable to any retirement system
34 that elects to appoint personnel pursuant to this section.

35 (f) This section shall apply ~~only~~ in Orange County.

36 (g) This section shall apply to the retirement system established
37 under this chapter in San Bernardino County at such time as the
38 board of retirement, by resolution, makes this section applicable
39 in that county.

1 *(h) This section shall apply to the retirement system established*
2 *under this chapter in Sacramento County at the time that the board*
3 *of retirement, by resolution, makes this section applicable in that*
4 *county.*

5 SEC. 3. Section 31522.7 of the Government Code is amended
6 to read:

7 31522.7. (a) In addition to the authority provided pursuant to
8 Section 31522.5, the board of retirement in the County of San
9 Bernardino Bernardino, or in any other county in which this section
10 has been made applicable, may appoint an administrator, an
11 assistant administrator, a chief investment officer, senior
12 management employees next in line of authority to the chief
13 investment officer, subordinate administrators, senior management
14 employees next in line of authority to subordinate administrators,
15 supervisors and employees with specialized training and knowledge
16 in pension benefit member services, investment reporting
17 compliance, investment accounting, pension benefit tax reporting,
18 pension benefit financial accounting, pension law, and legal
19 counsel.

20 (b) Notwithstanding any other provision of law, the personnel
21 appointed pursuant to this section may not be county employees
22 but shall be employees of the retirement system, subject to terms
23 and conditions of employment established by the board of
24 retirement. Except as specifically provided in this subdivision, all
25 other personnel shall be county employees for purposes of the
26 county's employee relations resolution, or equivalent local rules,
27 and the terms and conditions of employment established by the
28 board of supervisors for county employees, including those set
29 forth in a memorandum of understanding.

30 (c) Except as otherwise provided by Sections 31529.9 and
31 31596.1, the compensation of personnel appointed pursuant to this
32 section shall be an expense of administration of the retirement
33 system, pursuant to Section 31580.2.

34 (d) The board of retirement and board of supervisors may enter
35 into any agreements as may be necessary and appropriate to carry
36 out the provisions of this section.

37 (e) Section 31522.2 is not applicable if the retirement system
38 elects to appoint personnel pursuant to this section.

39 (f) This section shall apply ~~only~~ to the retirement system
40 established under this chapter in San Bernardino County at such

1 time as the board of retirement, by resolution, makes this section
2 applicable in that county.

3 *(g) This section shall apply to the retirement system established*
4 *under this chapter in Sacramento County at the time as the board*
5 *of retirement, by resolution, makes this section applicable in that*
6 *county.*

7 *SEC. 4. Section 31522.75 is added to the Government Code,*
8 *immediately following Section 31522.7, to read:*

9 *31522.75. (a) The retirement system established under this*
10 *chapter in Sacramento County may elect to make this section,*
11 *paragraph (5) of subdivision (l) of Section 31468, and Section*
12 *31522.5, 31522.7, or 31522.9, applicable to the retirement system*
13 *upon adoption of a resolution by the board of retirement.*

14 *(1) Before deciding upon a particular operating authority, the*
15 *retirement system that intends to make this section applicable shall*
16 *notify the participating employers in the retirement system, the*
17 *employees of the retirement system, and any employee organization*
18 *that represents those employees of its intent at least 60 days prior*
19 *to the board of retirement's consideration of a resolution making*
20 *this section applicable. During this period, the retirement system*
21 *shall meet with and discuss the proposed action with any of these*
22 *parties that wish to do so and shall make good faith efforts to*
23 *address any questions or concerns raised by these parties.*

24 *(2) (A) Prior to the adoption by the board of retirement of a*
25 *resolution making this section applicable, or at any time thereafter,*
26 *any employee organization that represents people who work at*
27 *the retirement system may advise the retirement system in writing*
28 *that the employees represented by the organization wish to cease*
29 *being county employees and wish to elect to become retirement*
30 *system employees under the terms of this section.*

31 *(B) Upon election by an employee organization that the*
32 *employees it represents will become retirement system employees,*
33 *the retirement system job classifications, positions, and future*
34 *retirement system employees represented by that employee*
35 *organization shall be retirement system employees.*

36 *(3) (A) Prior to the adoption by the board of retirement of a*
37 *resolution making this section applicable, or at any time thereafter,*
38 *any unrepresented employee of the retirement system, other than*
39 *those in positions appointed pursuant to Section 31522.2, 31522.3*
40 *or 31522.4, may advise the retirement system in writing that the*

1 *employee wishes to cease being a county employee and wishes to*
2 *elect to become a retirement system employee under the terms of*
3 *this section.*

4 *(B) Upon the election by an unrepresented employee to become*
5 *a retirement system employee, that employee, and future employees*
6 *in that position, shall be retirement system employees.*

7 *(4) An election to cease being a county employee and to become*
8 *a retirement system employee, whether made by an employee*
9 *organization on behalf of the employees it represents or by an*
10 *unrepresented employee, shall be irrevocable, except that an*
11 *employee who has elected to become a retirement system employee*
12 *by virtue of this section who subsequently moves to a position,*
13 *whether with the retirement system or with the county, that is not*
14 *deemed a position of the retirement system, shall be a county*
15 *employee unless and until the time as the employee elects to return*
16 *to being a retirement system employee as that may be authorized*
17 *by this section.*

18 *(5) The retirement system shall elect to make either Section*
19 *31522.5, 31522.7 or 31522.9 applicable to the retirement system,*
20 *as necessary, in order to allow the employees who elect to become*
21 *retirement system employees, successor employees in those*
22 *positions, and other appointed employees to have the status of*
23 *employees of the retirement system.*

24 *(b) The board of retirement may elect to appoint personnel, or*
25 *may authorize the retirement administrator to appoint personnel,*
26 *to administer the system as provided in this section.*

27 *(c) (1) Notwithstanding any other law, the personnel appointed*
28 *pursuant to this section and the sections referenced in subdivision*
29 *(a) shall not be county employees, but shall be employees of the*
30 *retirement system, subject to terms and conditions of employment*
31 *established by the board of retirement and the provisions of this*
32 *section.*

33 *(2) A county employee to whom the California Public*
34 *Employees' Pension Reform Act of 2013 (Article 4 (commencing*
35 *with Section 7522) of Chapter 21 of Division 7 of Title 1) did not*
36 *apply before becoming a retirement system employee shall maintain*
37 *that status as an employee of the retirement system.*

38 *(3) For purposes of employment by a subsequent public*
39 *employer, as described in paragraph (1) of subdivision (c) of*

1 Section 7522.02, the retirement system shall have the status of the
2 county as a subsequent employer.

3 (4) With regard to an individual who was employed by the
4 county before January 1, 2013, and who becomes a retirement
5 system employee and then changes employment positions as
6 described in paragraph (2) of subdivision (c) of Section 7522.02,
7 the retirement system shall have the former obligations of the
8 county to provide a defined benefit plan that otherwise would have
9 been available to the employee had he or she remained a county
10 employee.

11 (d) Any employees who were appointed to retirement system
12 personnel positions pursuant to Section 31522.2, 31522.3, or
13 31522.4, prior to the retirement board electing to make this section
14 applicable, shall cease to be county employees and shall become
15 retirement system employees at their existing or equivalent
16 classifications as of the date the board of retirement makes this
17 section applicable pursuant to subdivision (a), subject to any
18 subsequent revisions the retirement board may make pursuant to
19 regulations governing terms and conditions of employment, and,
20 when applicable, the provisions of a subsequent memorandum of
21 understanding or bargaining agreement covering the employee.

22 (e) Any employees who were appointed to retirement system
23 personnel positions pursuant to Section 31522.1 prior to the
24 retirement board electing to move this section applicable and who
25 are subsequently appointed as retirement system employees
26 pursuant to subdivision (a) shall cease to be county employees
27 and shall become retirement system employees at their existing or
28 equivalent classifications as of the date the board of retirement
29 makes this section applicable, subject to any subsequent revisions
30 the retirement board may make pursuant to regulations governing
31 terms and conditions of employment and, when applicable, the
32 provisions of a subsequent memorandum of understanding or
33 bargaining agreement covering the employee.

34 (f) Upon electing to make this section applicable, the retirement
35 system shall recognize as the exclusive representative of those
36 former county employees who become retirement system employees
37 the employee organization that represented those employees, if
38 any, and shall honor the provisions in any memorandum of
39 understanding or bargaining agreement in effect on the date the

1 board of retirement makes this section applicable for the duration
2 of the memorandum of understanding or bargaining agreement.

3 (g) The following shall apply to those persons who become
4 retirement system employees pursuant to this section:

5 (1) Employment seniority of a retirement system employee,
6 including, but not limited to, an employee's continuous service
7 date used for purposes of retirement or other benefits, as calculated
8 and used under the county system in effect before the date this
9 section becomes applicable, shall be calculated and used in the
10 same manner by the retirement system at the time the county
11 employee becomes a retirement system employee, subject to any
12 subsequent revisions the retirement board may make pursuant to
13 regulations governing terms and conditions of employment, and
14 when applicable, the provisions of a subsequent memorandum of
15 understanding or bargaining agreement covering the employee.

16 (2) Retirement system employees shall have the same status they
17 had as probationary, permanent, or regular employees under the
18 county system in effect on the date this section becomes applicable,
19 subject to any subsequent revisions the retirement board may make
20 pursuant to regulations governing terms and conditions of
21 employment, and, when applicable, the provisions of a subsequent
22 memorandum of understanding or bargaining agreement covering
23 the employee.

24 (3) Retirement system employees shall receive their same salary
25 rates, leaves of absence, leave accrual rates, including all related
26 compensation rules and provisions applicable to those salary rates,
27 leaves, and accrual rates as under the county system on the date
28 this section becomes applicable, subject to any subsequent
29 revisions the retirement board may make pursuant to regulations
30 governing terms and conditions of employment, and when
31 applicable, the provisions of a subsequent memorandum of
32 understanding or bargaining agreement covering the employee.

33 (4) (A) Retirement system employees shall be afforded the
34 opportunity to participate in county benefit plans and programs,
35 including, but not limited to, group health, dental, and life
36 insurance, workers' compensation, and deferred compensation
37 that existed on the date this section becomes applicable, under the
38 same terms and conditions as those programs were available to
39 county employees. The retirement board shall contract with the
40 county to administer the county benefit plans and programs for

1 *retirement system employees, under the same terms and conditions*
2 *applicable to county employees, and shall provide the employer*
3 *cost and reasonable administrative expenses for participation in*
4 *the programs unless and until the retirement board chooses to*
5 *provide different benefits or different benefit levels through another*
6 *provider.*

7 *(B) The participation of retirement system employees in county*
8 *benefit plans or programs, and the county's administration of*
9 *certain compensation or benefits for retirement employees pursuant*
10 *to this section, shall not create or be construed to create a meet*
11 *and confer obligation between the county and any employee*
12 *organization recognized to represent retirement system employees.*

13 *(5) Any leave balance accrued by a county employee prior to*
14 *his or her appointment as a retirement system employee pursuant*
15 *to this section or the provisions that it authorizes the retirement*
16 *system to adopt shall be transferred from the county to the*
17 *retirement system and the county shall pay to the retirement system*
18 *an amount equal to the value of the accrued leave.*

19 *(h) The board of retirement and the county shall enter into any*
20 *agreements necessary and appropriate to carry out this section.*
21 *The county shall cooperate fully, and act in a timely manner, to*
22 *establish and implement these agreements and any other measures*
23 *necessary to accomplish the objectives in this section. The*
24 *retirement system shall pay reasonable and appropriate*
25 *administrative expenses associated with implementing these*
26 *agreements and measures.*

27 *(i) Sections 31522.2, 31522.3, and 31522.4 shall no longer*
28 *apply to the retirement system after electing to make this section*
29 *applicable.*

30 *(j) Upon electing to make this section applicable, the board of*
31 *retirement may make regulations consistent with this chapter, and*
32 *the provisions of Section 31525 that require approval of retirement*
33 *board regulations by the board of supervisors shall no longer*
34 *apply.*

35 *(k) The compensation of personnel appointed pursuant to this*
36 *section shall be an expense of administration of the retirement*
37 *system pursuant to Section 31580.2, except as provided in Section*
38 *31522.5, 31522.7, or 31522.9, as those sections may apply to the*
39 *retirement system.*

1 SEC. 5. Section 31522.9 of the Government Code is amended
 2 to read:

3 31522.9. (a) The board of retirement of a county may appoint
 4 a retirement administrator and other personnel as are required to
 5 accomplish the necessary work of the board. The board may
 6 authorize the administrator to make these appointments on its
 7 behalf. Notwithstanding any other law, the personnel so appointed
 8 shall not be county employees but shall become employees of the
 9 retirement system, subject to terms and conditions of employment
 10 established by the board of retirement, including those set forth in
 11 ~~memoranda~~ a memorandum of understanding executed by the
 12 board of retirement and recognized employee organizations.

13 (b) Sections 31522.1 and 31522.2 shall not apply to a retirement
 14 system that appoints personnel pursuant to this section.

15 (c) The retirement system that appoints personnel pursuant to
 16 this section is a public agency for purposes of the
 17 Meyers-Milias-Brown Act (Chapter 10 (commencing with Section
 18 3500) of Division 4).

19 (d) The compensation of personnel appointed pursuant to this
 20 section shall be an expense of administration of the retirement
 21 system, pursuant to Section 31580.2, except as provided in Sections
 22 31529.5, 31529.9, and 31596.1.

23 (e) The board of retirement and the board of supervisors may
 24 enter into agreements as they determine are necessary and
 25 appropriate in order to carry out the provisions of this section.

26 (f) The retirement system, upon the effective date of this section,
 27 shall retain, for a 90-day transition employment period,
 28 nonprobationary employees who, upon the effective date of this
 29 section, were covered by a county memorandum of understanding
 30 and employed by the county at the retirement system's facilities,
 31 unless just cause exists to terminate the employees or legitimate
 32 grounds exist to lay off these employees. If during the 90-day
 33 period the retirement system determines that a layoff of these
 34 employees is necessary, the retirement system shall retain the
 35 employees by seniority within job classification. The terms and
 36 conditions of employment of the employees retained pursuant to
 37 this subdivision shall be subject to the terms and conditions
 38 established by the applicable ~~memoranda~~ memorandum of
 39 understanding executed by the board of retirement and the
 40 recognized employee organizations. During the 90-day transition

1 period, probationary employees shall maintain only those rights
2 they initially acquired pursuant to their employment with the
3 county.

4 (g) Subject to the employees' rights under the
5 Meyers-Milias-Brown Act (Chapter 10 (commencing with Section
6 3500) of Division 4), the retirement system, upon the effective
7 date of this section, shall recognize as the exclusive representative
8 of the employees retained pursuant to subdivision (f) the recognized
9 employee organizations that represented those employees when
10 employed by the county. The initial terms and conditions for those
11 employees shall be as previously established by the applicable
12 ~~memoranda~~ memorandum of understanding executed by the county
13 and recognized employee organizations.

14 (h) This section shall apply ~~only~~ in Contra Costa County.

15 (i) *This section shall apply to the retirement system established*
16 *under this chapter in Sacramento County at the time that the board*
17 *of retirement, by resolution, makes this section applicable in that*
18 *county.*

19 *SEC. 6. Section 31528 of the Government Code is amended to*
20 *read:*

21 31528. (a) Unless permitted by this chapter, a member or
22 employee of the board shall not become an endorser, surety, or
23 obligor on, or have any personal interest, direct or indirect, in the
24 making of any investment for the board, or in the gains or profits
25 accruing from those investments. A member or employee of the
26 board shall not directly or indirectly, for himself or herself, or as
27 an agent or partner of others, borrow or use any of the funds or
28 deposits of the retirement system, except to make current and
29 necessary payments authorized by the board.

30 (b) A member or employee of the board shall not, directly or
31 indirectly, by himself or herself, or as an agent or partner or
32 employee of others, sell or provide any investment product that
33 would be considered an asset of the fund, to any retirement system
34 established pursuant to this chapter.

35 (c) An individual who held a position designated in Section
36 31522.3, 31522.4, ~~or~~ 31522.5, or *established pursuant to Section*
37 *31522.75, or was a member of the board or an administrator, shall*
38 *not, for a period of two years after leaving that position, for*
39 *compensation, act as agent or attorney for, or otherwise represent,*
40 *any other person except the county, by making any formal or*

1 informal appearance before, or any oral or written communication
2 to, the retirement system, or any officer or employee thereof, if
3 the appearance or communication is made for the purpose of
4 influencing administrative or legislative action, or any action or
5 proceeding involving the issuance, amendment, awarding, or
6 revocation of a permit, license, grant, contract, or sale or purchase
7 of goods or property.

8 *SEC. 7. Section 31529.9 of the Government Code is amended*
9 *to read:*

10 31529.9. (a) In addition to the powers granted by Sections
11 31522.5, 31522.75, 31522.9, 31529, 31529.5, 31614, and 31732,
12 the board of retirement and the board of investment may contract
13 with the county counsel or with attorneys in private practice or
14 employ staff attorneys for legal services.

15 (b) Notwithstanding Sections 31522.5, 31522.7, 31522.75,
16 31529.5, and 31580, the board shall pay, from system assets,
17 reasonable compensation for the legal services.

18 (c) This section applies to any county of the 2nd class, 7th class,
19 9th class, 14th class, 15th class, or the 16th class as described by
20 Sections 28020, 28023, 28028, 28030, 28035, 28036, and 28037.

21 (d) This section shall also apply to any other county if the board
22 of retirement, by resolution adopted by majority vote, makes this
23 section applicable in the county.

24 *SEC. 8. Section 31535 of the Government Code is amended to*
25 *read:*

26 31535. The board may issue subpoenas and subpoenas duces
27 tecum, and compensate persons subpoenaed. This power shall be
28 exercised and enforced in the same manner as the similar power
29 granted the board of supervisors in Article 9 (commencing with
30 Section 25170) of Chapter 1, Part 2, Division ~~2~~; 2, except that the
31 power shall extend only to matters within the retirement board's
32 jurisdiction, and committees of the board shall not have this power.
33 Reasonable fees and expenses may be provided for by board
34 regulation for any or all of such witnesses regardless of which
35 party subpoenaed them.

36 Subpoenas shall be signed by the chairman or secretary of the
37 retirement board, except that the board may by regulation provide
38 for express written delegation of its subpoena power to any referee
39 it appoints pursuant to this chapter or to any administrator

1 appointed pursuant to Section ~~31522.2~~, 31522.2, 31522.5, 31522.7,
2 31522.9, or 31522.10.

3 Any member of the board, the referee, or any person otherwise
4 empowered to issue subpoenas may administer oaths to, or take
5 depositions from, witnesses before the board or referee.

6 *SEC. 9. Section 31557.3 of the Government Code is amended*
7 *to read:*

8 31557.3. On the date a district, as defined in subdivision (l) of
9 Section 31468, is included in the retirement system, any personnel
10 appointed pursuant to Sections 31522.5, 31522.7, 31522.75,
11 31522.9, 31522.10, and 31529.9 who had previously been in county
12 service shall continue to be members of the system without
13 interruption in service or loss of credit. Thereafter, each person
14 entering employment with the district shall become a member of
15 the system on the first day of the calendar month following his or
16 her entrance into service.

17 *SEC. 10. Section 31580.2 of the Government Code is amended*
18 *to read:*

19 31580.2. (a) In counties in which the board of retirement, or
20 the board of retirement and the board of investment, have appointed
21 personnel pursuant to Section 31522.1, 31522.5, 31522.7,
22 31522.75, 31522.9, or 31522.10, the respective board or boards
23 shall annually adopt a budget covering the entire expense of
24 administration of the retirement system which expense shall be
25 charged against the earnings of the retirement fund. The expense
26 incurred in any year may not exceed the greater of either of the
27 following:

28 (1) Twenty-one hundredths of 1 percent of the accrued actuarial
29 liability of the retirement system.

30 (2) Two million dollars (\$2,000,000), as adjusted annually by
31 the amount of the annual cost-of-living adjustment computed in
32 accordance with Article 16.5 (commencing with Section 31870).

33 (b) Expenditures for computer software, computer hardware,
34 and computer technology consulting services in support of these
35 computer products shall not be considered a cost of administration
36 of the retirement system for purposes of this section.

37 ~~SECTION 1. Section 31459 of the Government Code is~~
38 ~~amended to read:~~

39 ~~31459. (a) In a county in which a board of investments has~~
40 ~~been established pursuant to Section 31520.2:~~

- 1 ~~(1) As used in Sections 31453, 31453.5, 31454, 31454.1,~~
2 ~~31454.5, 31472, 31588.1, 31589.1, 31591, 31592.3, 31594,~~
3 ~~31595.1, 31595.9, 31596, 31596.1, 31601.1, 31607, 31611, 31616,~~
4 ~~31625, 31784, and 31872, “board” means a board of investments.~~
5 ~~(2) As used in the first paragraph of Section 31592.2, “board”~~
6 ~~means a board of investments.~~
7 ~~(3) Sections 31510.4, 31522, 31523, 31524, 31525, 31528,~~
8 ~~31529, 31529.5, 31595, 31618, 31680, and 31680.1 apply to both~~
9 ~~the board of retirement and board of investments, and as used in~~
10 ~~those sections, “board” means both “board of retirement” and~~
11 ~~“board of investments.”~~
12 ~~(b) In Article 17 (commencing with Section 31880), “board”~~
13 ~~means the Board of Administration of the Public Employees’~~
14 ~~Retirement System.~~
15 ~~(c) In all other cases, “board” means the board of retirement.~~

ASSEMBLY BILL

No. 526

Introduced by Assembly Member Cooper

February 13, 2017

An act to amend Section 31459 of the Government Code, relating to county employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 526, as introduced, Cooper. County employees' retirement.

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 authorizes the board of supervisors of any county in which the assets of the retirement system exceed \$800,000,000 to establish a board of investments and specifies the division of certain duties between the board of investments and the retirement board.

This bill would make a nonsubstantive change to these provisions.

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 31459 of the Government Code is
2 amended to read:
3 31459. (a) In a county in which a board of investments has
4 been established pursuant to Section 31520.2:
5 (1) As used in Sections 31453, 31453.5, 31454, 31454.1,
6 31454.5, 31472, 31588.1, 31589.1, 31591, 31592.3, 31594,

1 31595.1, 31595.9, 31596, 31596.1, 31601.1, 31607, 31611, 31616,
2 31625, 31784, and 31872, “board” means a board of investments.

3 (2) As used in the first paragraph of Section 31592.2, “board”
4 means a board of investments.

5 (3) Sections 31510.4, 31522, 31523, 31524, 31525, 31528,
6 31529, 31529.5, 31595, 31618, 31680, and 31680.1 apply to both
7 the board of retirement and board of investments, and *as used in*
8 *those sections*, “board” means both “board of retirement” and
9 “board of investments.”

10 (b) In Article 17 (commencing with Section 31880), “board”
11 means the Board of Administration of the Public Employees’
12 Retirement System.

13 (c) In all other cases, “board” means the board of retirement.

O

May 30, 2017

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
William de la Garza, Chair
Vivian H. Gray, Vice Chair
Ronald Okum
Alan Bernstein
David Muir, Alternate

FOR: June 15, 2017 Board of Retirement Meeting

SUBJECT: **Assembly Bill 995—Transfer of Leave Balances**

Author: Limón [D]
Sponsor: Ventura County Employees' Retirement Association
Introduced: February 16, 2017
Amended: April 17, 2017
Status: To SENATE Committee on PUBLIC EMPLOYMENT AND RETIREMENT. (05/24/2017)

IBLC Recommendation: Watch (05/11/2017)
Staff Recommendation: Watch

RECOMMENDATION

That the Board of Retirement adopt a "Watch" position on Assembly Bill 995, which relates to the transfer of leave balances.

LEGISLATIVE POLICY STANDARD

A "Watch" position indicates that the legislative proposal does not affect LACERA and its stakeholders but would be enacted under a law that covers LACERA or other retirement systems of the County Employees Retirement Law of 1937 (CERL). AB 995 amends a provision in CERL that applies only to the Ventura County Employees' Retirement Association and is not consistent with existing legislative policy standards that would entail support or opposition.

SUMMARY

As amended on April 17, 2017, AB 995 requires leave balances accrued by a county employee to be transferred from the county to the retirement system upon his or her appointment as a retirement system employee.

ANALYSIS

Background

The Ventura County Employees' Retirement Association (VCERA) is authorized under AB 1291 (Statutes of 2015, Chapter 223) to become a district and appoint a retirement administrator, chief financial officer, chief operations officer, chief investment officer, and general counsel who would be employees of the retirement system rather than of the County of Ventura.

In its implementation of AB 1291, VCERA was informed by the County of Ventura that the appointment of any existing County employees to VCERA employment would result in the payout of leave balances to those employees pursuant to Section 227.3 of the Labor Code. VCERA sought to have those leave balances transferred from the County to VCERA when appointing existing County employees to VCERA employment to ensure a seamless transition for those employees.

In 2016, VCERA submitted a proposal to the State Association of County Retirement Systems (SACRS) to sponsor legislation for the 2017 legislative year that would enable leave balances to be transferred from the county to the retirement system for county employees appointed to retirement system employment. That proposal was contingent on the enactment of AB 1853, which was sponsored by SACRS for the 2016 legislative year. AB 1853 would have authorized any CERL retirement system to become a district and would have provided for administrative provisions related to the implementation of district status. VCERA's proposal would have expanded the administrative provisions in AB 1853 to include the transfer of leave balances. Since AB 1853 was ultimately vetoed, VCERA's proposal was no longer applicable.

This Bill

AB 995 requires leave balances accrued by a county employee to be transferred from the county to the retirement system upon his or her appointment as a retirement system employee. The value of the leave balance would be based on the compensation paid to the employee by the county immediately before the transfer from the county to the retirement system.

AB 995 applies only to the Ventura County Employees' Retirement Association.

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IT IS THEREFORE RECOMMENDED THAT YOUR BOARD adopt a “Watch” position on Assembly Bill 995, which relates to the transfer of leave balances.

Attachments

Attachment 1—Board Positions Adopted on Related Legislation

Attachment 2—Support And Opposition

AB 995 (Limón) as amended on April 17, 2017

AB 995 (Limón) as amended on March 21, 2017

AB 995 (Limón) as introduced on February 16, 2017

AB 995

Attachment 1—Board Positions Adopted on Related Legislation

Board of Retirement

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BOARD POSITIONS ADOPTED ON RELATED LEGISLATION

AB 1853 (2016, vetoed) authorized the retirement board of any retirement system operating under the County Employees Retirement Law of 1937 to become a district. It provided for various administrative requirements and authority related to the implementation of district status by a retirement system. It authorized existing retirement systems that are districts to be able to change to any other existing administrative structure. The Board of Retirement adopted an “Oppose” position.

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Attachment 2—Support And Opposition
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SUPPORT

Ventura County Employees' Retirement Association (Sponsor)
Peace Officers Research Association of California

OPPOSITION

None

AMENDED IN ASSEMBLY APRIL 17, 2017

AMENDED IN ASSEMBLY MARCH 21, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 995

Introduced by Assembly Member Limón

February 16, 2017

An act to amend Section 31522.10 of the Government Code, relating to county employee retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 995, as amended, Limón. County employee retirement: retirement board appointees: leave balances.

Existing law, the County Employees Retirement Law of 1937, authorizes counties to establish retirement systems, as specified, in order to provide pension benefits to county, city, and district employees. Existing law defines a district for these purposes and includes the retirement system established in Ventura County within the definition. The law authorizes the board of retirement in Ventura County to appoint specified personnel who, subsequent to their appointments, become employees of the retirement system subject to the terms of employment determined by the board of retirement.

This bill would require any leave balance accrued by a county employee prior to his or her appointment as a Ventura County retirement system employee, as described above, to be transferred from the county to the retirement system and would require the county to pay to the retirement system an amount equal to the value of the accrued ~~leave~~ *leave, as specified*.

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 31522.10 of the Government Code is
2 amended to read:
3 31522.10. (a) In a county in which the board of retirement has
4 appointed personnel pursuant to Section 31522.1, the board of
5 retirement may appoint a retirement administrator, chief financial
6 officer, chief operations officer, chief investment officer, and
7 general counsel.
8 (b) Notwithstanding any other law:
9 (1) The personnel appointed pursuant to this section shall not
10 be county employees but shall be employees of the retirement
11 system, subject to terms and conditions of employment established
12 by the board of retirement. Except as specifically provided in this
13 subdivision, all other personnel shall be county employees for
14 purposes of the county’s employee relations resolution, or
15 equivalent local rules, and the terms and conditions of employment
16 established by the board of supervisors for county employees,
17 including those set forth in a memorandum of understanding.
18 (2) Any leave balance accrued by a county employee prior to
19 his or her appointment as a retirement system employee pursuant
20 to this chapter shall be transferred from the county to the retirement
21 ~~system and the system.~~ *The county shall pay to the retirement*
22 *system at the time that the leave is transferred an amount equal*
23 *to the value of the accrued leave. leave at that time based on the*
24 *compensation paid to the employee by the county immediately*
25 *before the transfer.*
26 (c) Except as otherwise provided by Sections 31529.9 and
27 31596.1, the compensation of personnel appointed pursuant to this
28 section shall be an expense of administration of the retirement
29 system, pursuant to Section 31580.2.
30 (d) The board of retirement and board of supervisors may enter
31 into any agreements as may be necessary and appropriate to carry
32 out the provisions of this section.
33 (e) Section 31522.2 is not applicable to a retirement system that
34 elects to appoint personnel pursuant to this section.

1 (f) This section shall apply only to the retirement system
2 established under this chapter in Ventura County at such time as
3 the board of retirement, by resolution, makes this section applicable
4 in that county.

O

AMENDED IN ASSEMBLY MARCH 21, 2017

CALIFORNIA LEGISLATURE—2017—18 REGULAR SESSION

ASSEMBLY BILL

No. 995

Introduced by Assembly Member Limón

February 16, 2017

An act to amend Section ~~25132~~ *31522.10* of the Government Code, relating to ~~local government~~. *county employee retirement*.

LEGISLATIVE COUNSEL'S DIGEST

AB 995, as amended, Limón. ~~Ordinances: violations: administrative fines.~~ *County employee retirement: retirement board appointees: leave balances.*

Existing law, the County Employees Retirement Law of 1937, authorizes counties to establish retirement systems, as specified, in order to provide pension benefits to county, city, and district employees. Existing law defines a district for these purposes and includes the retirement system established in Ventura County within the definition. The law authorizes the board of retirement in Ventura County to appoint specified personnel who, subsequent to their appointments, become employees of the retirement system subject to the terms of employment determined by the board of retirement.

This bill would require any leave balance accrued by a county employee prior to his or her appointment as a Ventura County retirement system employee, as described above, to be transferred from the county to the retirement system and would require the county to pay to the retirement system an amount equal to the value of the accrued leave.

~~Existing law authorizes the legislative body of a county to make, by ordinance, any violation of an ordinance subject to an administrative~~

~~fine or penalty and limits the maximum fine or penalty amounts for infractions, as specified.~~

~~This bill would make nonsubstantive changes to this provision.~~

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 31522.10 of the Government Code is*
2 *amended to read:*

3 31522.10. (a) In a county in which the board of retirement has
4 appointed personnel pursuant to Section 31522.1, the board of
5 retirement may appoint a retirement administrator, chief financial
6 officer, chief operations officer, chief investment officer, and
7 general counsel.

8 (b) Notwithstanding any other ~~law, the law:~~

9 (1) *The personnel appointed pursuant to this section shall not*
10 *be county employees but shall be employees of the retirement*
11 *system, subject to terms and conditions of employment established*
12 *by the board of retirement. Except as specifically provided in this*
13 *subdivision, all other personnel shall be county employees for*
14 *purposes of the county’s employee relations resolution, or*
15 *equivalent local rules, and the terms and conditions of employment*
16 *established by the board of supervisors for county employees,*
17 *including those set forth in a memorandum of understanding.*

18 (2) *Any leave balance accrued by a county employee prior to*
19 *his or her appointment as a retirement system employee pursuant*
20 *to this chapter shall be transferred from the county to the*
21 *retirement system and the county shall pay to the retirement system*
22 *an amount equal to the value of the accrued leave.*

23 (c) Except as otherwise provided by Sections 31529.9 and
24 31596.1, the compensation of personnel appointed pursuant to this
25 section shall be an expense of administration of the retirement
26 system, pursuant to Section 31580.2.

27 (d) The board of retirement and board of supervisors may enter
28 into any agreements as may be necessary and appropriate to carry
29 out the provisions of this section.

30 (e) Section 31522.2 is not applicable to a retirement system that
31 elects to appoint personnel pursuant to this section.

1 (f) This section shall apply only to the retirement system
2 established under this chapter in Ventura County at such time as
3 the board of retirement, by resolution, makes this section applicable
4 in that county.

5 ~~SECTION 1. Section 25132 of the Government Code is~~
6 ~~amended to read:~~

7 ~~25132. (a) Violation of a county ordinance is a misdemeanor~~
8 ~~unless by ordinance it is made an infraction. The violation of a~~
9 ~~county ordinance may be prosecuted by county authorities in the~~
10 ~~name of the people of the State of California, or redressed by civil~~
11 ~~action.~~

12 ~~(b) Every violation determined to be an infraction is punishable~~
13 ~~by the following:~~

14 ~~(1) A fine not exceeding one hundred dollars (\$100) for a first~~
15 ~~violation.~~

16 ~~(2) A fine not exceeding two hundred dollars (\$200) for a second~~
17 ~~violation of the same ordinance within one year.~~

18 ~~(3) A fine not exceeding five hundred dollars (\$500) for each~~
19 ~~additional violation of the same ordinance within one year.~~

20 ~~(c) Notwithstanding any other law, a violation of local building~~
21 ~~and safety codes determined to be an infraction is punishable by~~
22 ~~the following:~~

23 ~~(1) A fine not exceeding one hundred dollars (\$100) for a first~~
24 ~~violation.~~

25 ~~(2) A fine not exceeding five hundred dollars (\$500) for a second~~
26 ~~violation of the same ordinance within one year.~~

27 ~~(3) A fine not exceeding one thousand dollars (\$1,000) for each~~
28 ~~additional violation of the same ordinance within one year of the~~
29 ~~first violation.~~

ASSEMBLY BILL

No. 995

Introduced by Assembly Member Limón

February 16, 2017

An act to amend Section 25132 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 995, as introduced, Limón. Ordinances: violations: administrative fines.

Existing law authorizes the legislative body of a county to make, by ordinance, any violation of an ordinance subject to an administrative fine or penalty and limits the maximum fine or penalty amounts for infractions, as specified.

This bill would make nonsubstantive changes to this provision.

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 25132 of the Government Code is
2 amended to read:
3 25132. (a) Violation of a county ordinance is a misdemeanor
4 unless by ordinance it is made an infraction. The violation of a
5 county ordinance may be prosecuted by county authorities in the
6 name of the people of the State of California, or redressed by civil
7 action.
8 (b) Every violation determined to be an infraction is punishable
9 by ~~(1)~~ a the following:

- 1 (1) A fine not exceeding one hundred dollars (\$100) for a first
2 violation; ~~(2) a violation.~~
- 3 (2) A fine not exceeding two hundred dollars (\$200) for a second
4 violation of the same ordinance within one year; ~~(3) a year.~~
- 5 (3) A fine not exceeding five hundred dollars (\$500) for each
6 additional violation of the same ordinance within one year.
- 7 (c) Notwithstanding any other ~~provision of~~ law, a violation of
8 local building and safety codes determined to be an infraction is
9 punishable by ~~(1) a~~ the following:
- 10 (1) A fine not exceeding one hundred dollars (\$100) for a first
11 violation; ~~(2) a violation.~~
- 12 (2) A fine not exceeding five hundred dollars (\$500) for a second
13 violation of the same ordinance within one year; ~~(3) a year.~~
- 14 (3) A fine not exceeding one thousand dollars (\$1,000) for each
15 additional violation of the same ordinance within one year of the
16 first violation.

May 30, 2017

TO: Each Member,
Board of Retirement

FROM: Insurance, Benefits & Legislative Committee
William de la Garza, Chair
Vivian H. Gray, Vice Chair
Ronald Okum
Alan Bernstein
David Muir, Alternate

FOR: June 15, 2017 Board of Retirement Meeting

SUBJECT: **POLICY ON ENGAGEMENT FOR PUBLIC POLICY ISSUES RELATING TO PLAN ADMINISTRATION AND RETIREMENT AND HEALTH CARE BENEFITS**

RECOMMENDATION

That the Board of Retirement adopt the Policy on Engagement for Public Policy Issues Relating to Plan Administration and Retirement and Health Care Benefits.

LEGAL AUTHORITY

The Board of Retirement addresses public policy, legislative, and benefits issues, including retiree healthcare. These responsibilities are consistent with the plenary authority and fiduciary duty of the Board under Article XVI, Section 17 of the California Constitution to administer the plan, giving precedence to the interests of members and their beneficiaries. In the exercise of its fiduciary duty, the Board may engage with policy issues. The proposed Policy on Engagement for Public Policy Issues Relating to Plan Administration and Retirement and Health Care Benefits (Policy) furthers the performance of the Board's fiduciary duty in this area. The proposed Policy includes a section on Legal Authority that further explains how the proposal is consistent with the Board's fiduciary duty.

DISCUSSION

At the January 2017 Offsite meeting, the Board was provided with a presentation on Activism. During the discussion that followed the presentation, staff was encouraged to present proposed guidelines, policy, and process as to how the Board may engage in matters of public policy. The attached Policy follows from that discussion. The proposed Policy was reviewed and is recommended by the Insurance, Benefits & Legislative Committee (Committee).

The Policy does not predetermine a specific level of activism. Instead, the Policy confirms the Board's view that engagement in public policy is an important part of the Board's performance of its fiduciary duty, while leaving the issues on which the Board will engage, and the method of engagement, to determination on a case-by-case basis. This approach preserves flexibility for the Board.

The Policy includes five sections:

1. **Introduction.** This section confirms the Board's belief in engagement as a tool to positively impact plan administration and retirement and health benefits. The Introduction also provides that the Policy does not bind the Board to specific positions because application will be determined separately for each issue.

The Policy does not replace the current Legislative Policy, jointly adopted by both Boards, which will remain in effect. This Policy, if adopted, and the Legislative Policy will be read and applied together with respect to legislative matters. Based on a suggestion at the Committee meeting, a reference to the Legislative Policy was added to the Introduction.

2. **Legal Authority.** The fiduciary duties of loyalty and prudence are discussed in this section. This section states the Board's belief that engagement is a means for the Board to exercise its fiduciary duty when it will further effective plan administration and is in the interests of members and beneficiaries.
3. **Definitions.** For clarity, the Policy defines "Engagement," "Support," and "Oppose." The definitions were clarified, based on discussion at the Committee meetings, to state that particular actions and positions include "but are not limited to" the list in the definitions.
4. **Guidelines.** This section sets forth general policy propositions which the Board will either support or oppose. Following a suggestion at the Committee meeting, the language in the Guidelines was revised to make clear that the list of propositions in this section is not exclusive and is provided for reference and guidance on an "including but not limited to" basis.
5. **Policy and Process.** This section provides that engagement will be part of the annual Strategic Planning process. Public policy issues will be the subject of ongoing monitoring by staff and, based on comments at the Committee meeting, also by consultants and LACERA's state and federal legislative advocates; monthly reports will be made to the Committee. Following from comments at the Committee meeting, the Policy provides that the Scope of Work in LACERA's contracts with its consultants and legislative advocates will include services needed to comply with the monitoring and reporting requirements of the Policy.

At the request of Board members at the Committee meeting, the Policy sets forth a process for action on proposals for engagement based on the urgency of the matters. In the normal course, proposals will first be presented to the Committee for discussion and formulation of a recommendation to the Board. Where time does not permit consideration by both the Board and the Committee, staff may present a proposal directly to the Board with the approval of the Board Chair, the Committee Chair, and the CEO. Where a matter is so urgent that there is not time to go to either the Board or the Committee, staff may act with the approval of the Board Chair, the Committee Chair, and the CEO, with immediate notice of the action being provided to the full Board in a manner consistent with the Brown Act. Also at the request of Board members at the Committee meeting, the timing for urgency permitting direct Board or staff action will be determined based on the original notice date of the issue to LACERA. Approval of all engagements will be based on a determination that the engagement is in the interest of effective plan administration and members and beneficiaries.

The Policy provides that staff will present reports to the Committee twice per year as to the status of all approved engagements.

The Legal Division coordinated with Investment staff in the final development of this Policy to further the goal, as discussed at the January 2017 Offsite, of making the standards for engagement by the Board of Retirement and the Board of Investments consistent to the extent possible.

CONCLUSION

For the reasons stated above, it is recommended that the Board of Retirement adopt the Policy on Engagement for Public Policy Issues Relating to Plan Administration and Retirement and Health Care Benefits.

Reviewed and Approved.



Gregg Rademacher
Chief Executive Officer

Attachment

- | | | |
|----|------------------|------------------|
| c. | Gregg Rademacher | Jonathan Grabel |
| | Robert Hill | Scott Zdrzil |
| | John J. Popowich | Cynthia Martinez |
| | Cassandra Smith | Richard Bendall |
| | Leilani Ignacio | |
| | Barry Lew | |

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
POLICY ON ENGAGEMENT FOR PUBLIC POLICY ISSUES RELATING TO PLAN
ADMINISTRATION AND RETIREMENT AND HEALTH CARE BENEFITS**

I. INTRODUCTION

The Board of Retirement (Board) values engagement with matters of public policy as a tool to positively impact the administration of the system and retirement and health benefits for LACERA's members and beneficiaries. The Board believes that it should be actively aware of and proactively attempt to affect the environment in which the fund operates when in the interest of plan administration and members and beneficiaries. The Board establishes this Policy on Engagement for Public Policy Issues Relating to Plan Administration and Retirement and Health Care Benefits (Policy) for itself, staff, and consultants to assist in developing and implementing strategies for engagement that will further the achievement of the Board's goals and priorities, and serve the interests of system administration and members and beneficiaries, by influencing public policy and attitudes.

This Policy summarizes the Board's perspectives that will impact the effectiveness of LACERA's engagement program and facilitate consistent promotion of positions. This Policy reflects a statement of values, intent, and process endorsed by the Board; nothing in this Policy binds the Board or limits discussion in determining the Board's position on specific public policy issues and proposals because application will be made on a case-by-case basis.

This Policy is intended to cover all types of engagement the Board may choose to employ to address public policy issues. Because legislative matters are an important aspect of engagement, this Policy will be interpreted consistently with the LACERA Legislative Policy.

II. LEGAL AUTHORITY

Engagement is a means through which the Board can further its fiduciary duty under Article XVI, Section 17 of the California Constitution, the County Employees Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and other governing laws, regulations and case authority. The Board's fiduciary duty has two components:

- A. *Duty of Loyalty.*** Under the duty of loyalty, Board members have the sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. (Article XVI, Section 17(a).) Board members shall discharge their

duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. (CERL Section 31595(a).) A retirement board's duty to participants and their beneficiaries shall take precedence over any other duty. (Article XVI, Section 17(b).)

- B. *Duty of Prudence.*** Under the duty of prudence, Board members shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims. (Article XVI, Section 17(c); CERL Section 31595(b).)

Engagement under this Policy will be consistent with the fiduciary duties of loyalty and prudence when the Board determines that action will assist in the effective administration of the fund and is in the interest of members and their beneficiaries.

III. DEFINITIONS

This Policy is framed in terms of engagement to support and oppose proposals or influence attitudes and outcomes. Key terms are defined as follows:

- A. "*Engagement*"** means the full range of tools that may be lawfully employed by the Board to influence attitudes and outcomes in furtherance of Board objectives, including but not limited to: support or opposition to proposed legislation or regulations; sponsorship of legislation or regulations; initiation or defense of litigation; participation as amicus curiae in litigation between other parties; presence and visibility with the legislative, executive, and judicial branches of state and federal governments; expression of views in the media, including but not limited to traditional and social media; retention and use of consultants; communication with members, member organizations, the plan sponsor, and other stakeholders; contractual provisions and requirements of vendors; participation in interest and advocacy groups; and coordination with public retirement systems and other persons and entities sharing LACERA's values.
- B. "*Support*" and "*Oppose*"** mean the full range of positions that may be lawfully taken to further Board objectives, including but not limited to: protect existing rights and interests concerning administration of the plan and benefits; preserve favorable existing law and policy and cause positive changes where needed to clarify or correct ambiguity in existing rights and interests; create new law and policy protective of existing rights and interests; prevent adverse impact upon

existing rights and interests; and publicly express LACERA's views with respect to existing rights and interests and proposals for change.

IV. GUIDELINES

A. *Support* proposals and action that enhance the administration of the system and protection for the benefit rights of members and their beneficiaries, including but not limited to those that:

1. Safeguard the retirement fund and the Other-Post Employment Benefits (OPEB) program.
2. Give the Board increased flexibility in its administration of the system or reduce administrative costs.
3. Correct ambiguities, errors, or deficiencies in the Plan to ensure clarity of benefits and plan administration.
4. Reduce waste and prevent fraud in or abuse of the LACERA plans and programs.
5. Promote transparency and accountability for the system and entities that conduct business with the system.
6. Enhance ethics and integrity in system governance.
7. Enhance or protect the fiduciary authority of the Board.
8. Foster positive communication to stakeholders and the broader community concerning the retirement system and the benefits administered by the system.
9. Further secure flexible retirement options for employees, including employees in the public and private sectors.
10. Provide for strong health care and prescription drug rights, benefits, and access for retirees.

B. *Oppose* proposals that impede or infringe upon system administration and protection of benefit rights, including but not limited to those that:

1. Deprive members of vested benefits and that do not provide an equivalent, compensating benefit for that deprivation.

2. Endanger the tax-exempt status of the retirement fund or the deferred treatment of income tax on employer and employee contributions and related earnings.
3. Create unreasonable cost, complexity, or uncertainty in the administration of the System.
4. Reduce or limit the Board's administrative and fiduciary authority or flexibility to administer the system.
5. Encourage a negative impression of the retirement system and the benefits provided by the system.
6. Impair the security and flexibility of retirement options for employees, including employees in the public and private sectors.
7. Limit health care and prescription drug rights, benefits, and access for retirees.

V. POLICY AND PROCESS

A. *Strategic Planning.* LACERA's annual Strategic Plan will consider and include goals with respect to engagement on public policy issues relating to the administration of the system and retirement and health benefits for LACERA's members and beneficiaries consistent with the Guidelines.

B. *Monitoring, Information, and Proposals for Engagement.* Staff, LACERA's consultants, and LACERA's state and federal legislative advocates are responsible to proactively monitor public policy issues that may impact or relate to the issues described in Section IV. Staff, working with the consultants and legislative advocates, will provide information on a monthly basis to the Insurance, Benefits & Legislative Committee (Committee) concerning such issues, including, where appropriate, proposals for engagement. LACERA's contracts with consultants and legislative advocates will include services necessary to comply with this Policy in the Scope of Work.

C. *Process for Action on Proposals for Engagement.*

Proposals for engagement may be presented by Board members, staff, LACERA's consultants, and LACERA's legislative advocates for action through the applicable process, as follows:

///

- 1. Committee Process.** Except as provided in Section V.C. 2 and 3, proposals for engagement will first be presented to the Committee for consideration and formulation of a recommendation to the Board. Thereafter, each Committee recommendation will be approved or rejected by the Board on a case-by-case basis. With respect to each recommendation, the Board will discuss and determine that the proposed action will assist in the effective administration of the fund and is in the interest of members and their beneficiaries.
- 2. Board-Only Process.** If staff reasonably believes there is not enough time, based on the original notice date of a potential issue that may support engagement and applicable deadlines in order for LACERA to be heard on an issue that may significantly impact LACERA's interests as described in Section IV. Guidelines, to follow the Committee process described in Section V.C.1, staff may, with the approval of the Board Chair, the Committee Chair, and the Chief Executive Officer (CEO), present a proposal for engagement directly to the Board for action on a case-by-case basis following the same standard for Board discussion and determination as set forth in Section V.C.1.
- 3. Staff Delegation Process.** If staff reasonably believes there is not enough time, based on the original notice date of a potential issue that may support engagement and applicable deadlines in order for LACERA to be heard on an issue that may significantly impact LACERA's interests as described in Section IV, to follow the Committee process described in Section V.C.1 or the Board-only process described in Section V.C.2, staff may, with the approval of the Board Chair, the Committee Chair, and the Chief Executive Officer (CEO), take action on a proposal for engagement, provided that the Board shall be notified of the action immediately in accordance with the Ralph M. Brown Act.

D. Review and Reporting. Staff will present semi-annual reports to the Committee each year as to the status of all approved engagements.

Adopted: Board of Retirement, June __, 2017



June 1, 2017

TO: Each Member
Board of Retirement

From: Operations Oversight Committee
Alan Bernstein, Chair
Anthony Bravo, Vice Chair
Joseph Kelly
Ronald Okum
David Muir, Alternate

FOR: June 15, 2017 Board of Retirement Meeting

RE: **Proposed Revisions to the Records and Information Management (RIM) Policy (Revised May 23, 2017)**

RECOMMENDATION

That the Board of Retirement approve the proposed revisions to the Records and Information Management (RIM) Policy. (Revised May 23, 2017).

LEGAL AUTHORITY

LACERA's records and information are vital for ongoing operations, providing valuable evidence of business decisions and member information, and for complying with legal and regulatory obligations. Government Code Section 31537 of CERL provides that the board may establish efficient records management procedures, which may include, but need not be limited to maintenance and disposal of records in its jurisdiction.

EXECUTIVE SUMMARY

In March, the California Supreme Court, in a unanimous decision, held that emails and text messages sent to or from personal email accounts of public employees and public officials that relate to the public's business are subject to disclosure under the California Public Records Act (CPRA). *City of San Jose vs. Superior Court of Santa Clara County* (2017) 2 Cal. 5th 608. The Supreme Court recognized the need to broaden the definition of "public records" to address the "evolving methods of electronic communication."

The *City of San Jose* decision will have a direct and immediate impact on public agencies that regularly receive such requests and on employees and officials who will now be responsible for conducting searches of their personal accounts for responsive documents. For this reason, staff is proposing adding more stringent compliance

guidelines in the RIM Policy to address the court's broader definition of public records. A redline copy of the proposed revisions to the RIM Policy is Attachment A and Attachment B is a clean line copy of the proposed changes.

CITY OF SAN JOSE V. SUPERIOR COURT

In *City of San Jose*, a resident made requests for any and all voicemails, emails or text messages sent or received on private electronic devices used by the mayor, two city council members and their staff related to redevelopment efforts in the City downtown. The City refused to provide the information on private devices stating that they were not public records because the emails and texts were not within the City's custody or control. The City disclosed responsive nonexempt records sent from or received on private electronic devices using the individuals' government accounts, but not records from those personal private electronic devices using their private accounts (e.g., a message sent from a private Gmail account using the person's own smartphone or other electronic device).

Although the ruling did not consider the content of specific records, the ruling is nonetheless very significant due to the widespread use of private electronic devices and personal accounts.

Here are some significant takeaways from the Supreme Court ruling:

- We likewise hold that documents otherwise meeting CPRA's definition of "public records" do not lose this status because they are located in an employee's personal account.
- If communications sent through personal accounts were categorically excluded from CPRA, government officials could hide their most sensitive, and potentially damning, discussions in such accounts.
- Any personal information not related to the conduct of public business, or material falling under a statutory exemption, can be redacted from public records that are produced or presented for review. Privacy concerns can and should be addressed on a case-by-case basis.
- The analysis here, as with other exemptions, appropriately focuses on the content of specific records rather than the location or medium of communication.
- We clarify, however, that to qualify as a public record under CPRA, at a minimum, a writing must relate in some substantive way to the conduct of the public's business. Communications that are primarily personal, containing no more than incidental mentions of agency business, generally will not constitute public records.

- Whether a writing is sufficiently related to public business will not always be clear. For example, depending on the context, an email to a spouse complaining "my coworker is an idiot" would likely not be a public record. Conversely, an email to a superior reporting the coworker's mismanagement of an agency project might well be.

GUIDANCE FOR CONDUCTING SEARCHES

Additionally, the *City of San Jose* decision offers guidance to government employees and officials for conducting searches. In this regard the Court offered these suggestions:

- CPRA does not prescribe specific methods of searching for documents. Agencies may develop their own internal policies for conducting searches. As to requests seeking public records held in employees' nongovernmental accounts, an agency's first step should be to communicate the request to the employee in question. The agency may then reasonably rely on these employees to search their own personal files, accounts and devices for responsive material.
- Further, agencies can adopt policies that will reduce the likelihood of public records being held in employees' private accounts. Agencies are in the best position to implement policies that fulfill their obligations under public records law yet also preserve the privacy rights of their employees.

PROPOSED REVISIONS TO RIM POLICY

The proposed revisions to the RIM Policy require LACERA employees to send electronic communications relating to LACERA business utilizing LACERA's system whether the communication is sent/received internally or sent/received externally. It strongly discourages the use of private communication accounts and private devices for conducting LACERA business. This proposal, of requiring LACERA employees to use LACERA's email system, will also be included in LACERA's Information Technology Policy and in user agreements for LACERA devices.

Staff believes that the proposed revisions to Section 8.3 Electronic Communications is necessary for the following reasons: 1) fulfills LACERA's obligations under the CPRA; 2) reduces the likelihood of public records being held in employee's private accounts and thereby protecting LACERA employees' privacy; and 3) increases likelihood that LACERA records are in compliance with LACERA's Records Inventory and Maintenance schedule.

For these reasons, staff is proposing revisions to Section 8.3 Electronic Communications, the definition of Records in Section 4.1, as well as other minor edits.

In addition, the current retention period for emails, which is seventy-four days from inception, is being reviewed by staff to determine whether it should be increased given the widespread use of electronically stored information. The RIM Unit will work with Systems and Legal staff to determine what is technically feasible and what time period best serves LACERA's interest. If staff determines that increasing the retention period is technically feasible and serves LACERA's best interest we will bring the RIM Policy back to your Board for approval.

RECOMMENDATION

That the Board of Retirement approve the proposed revisions to the Records and Information Management (RIM) Policy. (Revised May 23, 2017).

Reviewed and Approved



Steven P. Rice
Chief Counsel

Attachments

c: Gregg Rademacher
Robert Hill
JJ Popowich

Attachment A

Proposed Revisions to RIM Policy



RECORDS & INFORMATION MANAGEMENT (RIM) POLICY

Last Revised: ~~July 1, 2016~~ May 23, 2017

Records & Information Management (RIM) Policy

Subject	Records & Information Management (RIM)
Effective Date	September 15, 2016
Date of last Revisions	July 1, 2016 May 23, 2017
Previous Policy	Records Retention Policy and Schedule
Contact	James Beasley
Related Documents	Records & Information Management (RIM) Manual Records Retention Schedule

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1. Background & Rationale

1.1 Background

The Records & Information Management (RIM) Policy replaces the previous Records Management Policy that was approved by the Board of Retirement on March 13, 2008.

1.2 Rationale

LACERA recognizes that we conduct the business of the people, and that information and records are assets, vital for both ongoing operations and also in providing valuable evidence of business decisions, activities, member information, and transactions.

2. Purpose

The purpose of the RIM Policy is to (1) establish an efficient organization-wide records management system for identifying, maintaining, retrieving, preserving and destroying records, (2) ensure that records are adequately protected, (3) preserve LACERA's history, (4) ensure that records that are no longer needed or of no value are destroyed at the appropriate time, (5) comply with all applicable local, state, and federal laws and regulations, and (6) provide guidance for the Managers, Staff, and other constituencies with respect to their responsibilities concerning document retention and destruction.

3. Authority, Application & Compliance

3.1 Authority

This ~~policy~~ Policy has been authorized by the Board of Retirement and is available to all staff. It has been developed in consultation with the Legal Office and will be revised, as provided in Section 3.4. Ownership of the ~~policy~~ Policy rests with the Records and Information Management (RIM) Unit in the Administrative Services Division whom are responsible for LACERA's compliance with ~~policy~~ Policy requirements Requirements and ~~recordkeeping~~ Recordkeeping standards Standards.

3.2 Application

All staff must comply with this ~~policy~~ Policy in their conduct of ~~official~~ all business for LACERA. This ~~policy~~ Policy applies to records in all formats, including electronic records. See section 4.1 for the definition of a record.

3.3 Compliance

Compliance with this Policy will be monitored by the ~~Records Information and Management~~ RIM Unit (with the support of ~~management~~ Management). Failure to comply with this Policy, particularly, disobeying any preservation/litigation hold could result in possible civil or criminal sanctions. In addition, for ~~staff~~ Staff, it could lead to disciplinary action including possible termination.

3.4 Policy Updates

The RIM Unit will update this Policy as needed if there are any changes in the business or regulatory environment. Minor changes or updates such as contact information, grammatical errors and online references do not require review/approval by the Operations Oversight Committee and Board of Retirement. This Policy will be reviewed by the RIM Unit and the Legal Office on an annual basis.

4. General Provisions

LACERA records, ~~regardless of of physical form or characteristics, which may be electronic or paper form,~~ — shall be retained in accordance with the applicable guidelines including internal, state, and federal regulations. Records that do not need to be retained shall be destroyed after the requisite retention period has passed. A log or other documentation of records destruction will be created to track compliance with periodic audits for regulatory compliance. Pending or potential litigation may require a “hold” or suspension of regularly scheduled destruction of records or other information.

4.1 Definitions:

Records & Information Management (RIM) Policy

Updated: ~~July~~ May 123, 2017~~6~~

Non-Record Material: “Non-record material” consists of library material, publications not produced by LACERA, blank forms, and other materials that do not record the position or operations of the organization.

~~Official-Final~~ Record: An ~~“official-Final R~~record” reflects the final, official record position or activities of an organization related to the specific content of the record.

Record: A “Record” is any information, regardless of physical form or characteristics, that is created, received, or maintained because of law, regulation, or in the normal course of LACERA business AND is kept as evidence of that activity. Records include, but are not limited to the following: writings (Word, Excel, PowerPoint, ~~PDF~~and PDF), emails, films, tapes, electronic or computer based information, or data compilations in any format or medium, graphical images, and voice or data transmissions. Records can be stored in a variety of storage media, such as microfilm, microfiche, diskette, optical disk, CD-ROM, videotape, hard drives, local and system level drives, cloud, and paper.~~A “record” is any information, paper or electronic, recorded in a tangible form that is created or received by LACERA and documents some aspect of its operations.~~

Electronic Communications: Electronic Communication is the sending and receiving of electronic messages, regardless of the technology platform, using any type of electronic device, such as a computer, mobile phone or a tablet.

Unofficial-Draft Record: An ~~“unofficial-Draft R~~record” does not yet reflect the final, official position or activities of an

Records & Information Management (RIM) Policy

Updated: ~~July~~ May 123, 2017~~6~~

organization and are subject to change before completion.

Vital Record:

As part of the Records Information and Management ~~program~~ Program and the Business Continuity Program, Vital Records are essential to the survival of the organization and are identified for protection from destruction in the event of a disaster. During the records inventory, which is conducted every five (5) years or when required, each ~~division~~ Division will determine which records for which they are responsible contain information vital for continued operations should a disaster occur. LACERA's Vital Records include those documents that are critical for both ongoing operations and also in providing valuable evidence of business decisions, activities, member information, and transactions.

4.2 Roles & Responsibilities

All Employees:

All employees are responsible for the creation and management of information and records as defined by this Policy including, but not limited to, safe storage, quick retrieval, records confidentiality, and appropriate records retention period for any record identified on the Record Retention Schedule.

Deputy Chief Executive Officer (DEO)/ Assistant Executive Officers (AEO): The Deputy CEO/AEO is responsible for the visible support of, and adherence to, this Policy by promoting a culture of compliant records and information management within the organization and contributing to the development of strategic documents such as the records and information management framework and strategy.

Records & Information Management (RIM) Policy

Updated: ~~July~~ May 123, 2017~~6~~

Chief Executive ~~Officer~~ (CEO): The CEO is ultimately responsible for the management of information and records within LACERA. The CEO promotes compliance with this Policy and delegates responsibility for the operational planning and running of the records and information program to his or her designee.

Contract Staff: Contract staff should create and manage records in accordance with this Policy to the extent specified in the contract.

Legal Office: The Legal Office is responsible, annually, for reviewing and approving any updates or changes to the retention schedule and RIM Policy, ensuring compliance with minimum retention periods pursuant to state, federal, and/or regulatory requirements; and communication of the implementation of “preservation hold,” “litigation hold,” or “~~legal hold~~ Legal Hold” procedures that supersede an established retention schedule. The Legal Office will work with the RIM Unit ~~as needed~~ on an ongoing in connection with implementation of this ~~P~~ policy.

Managers/Supervisors: Managers and ~~supervisors~~ Supervisors are responsible for ensuring ~~staff~~ Staff, including ~~contract~~ Contract sStaff, are aware of and follow the records and information management practices defined in this Policy. They should advise the RIM Unit of any barriers to staff complying with this Policy. They should also advise the ~~unit~~ Unit of any changes in the business environment which would impact the records and information management requirements.

RIM Unit: Under the leadership of the delegated Division Manager, the RIM Unit is responsible for

Records & Information Management (RIM) Policy

Updated: ~~July~~ May 123, 2017~~6~~

overseeing the management of records and information consistent with the requirements described in this Policy. This includes providing annual training, advice and general support to staff, overseeing the proper use of record destruction methodologies, records inventory, and ongoing maintenance of the Record Retention Schedule. Information management products and tools may be used in the execution of the RIM Unit's duties and such tools may include data systems to assist in the creation of complete and accurate records, developing and implementing strategies to enable sound records management practices, monitoring compliance with the RIM Policy, procedures, and directives, and advising the Deputy CEO/AEO(s), Internal Audit, and the Legal Office of any risks associated with non-compliance. The RIM Unit will review the RIM Policy on an on-going basis to ensure organizational efficiency, as provided in Section 3.4.

Systems Division:

Systems staff is responsible for supporting the RIM Program by maintaining the technology for LACERA's business information and records systems necessary for the implementation of this Policy, including appropriate system accessibility, security and back-up. Systems and RIM staff have an important joint role in supporting the organization to ensure compliance with LACERA's policies, procedures, and guidelines of the records and information management program.

5. Records as a Resource

LACERA recognizes that its records are a vital asset to:

- facilitate information accessibility, and enhance operations by supporting program delivery, management and administration.

-
- deliver member services in an efficient, fair and equitable manner.
- provide evidence of actions and decisions and precedents for future decision making, and
- protect the rights and interests of the County of Los Angeles, LACERA and its members.

6. Benefits

The RIM Policy ensures the reasonable and good faith retention of all records created by or under the control of LACERA, whether paper or electronic, that are necessary or advisable to retain for: business operations; historical value; payment of member benefits; member service; accounting, audit, tax and financial purposes; compliance with applicable law; possible future use in litigation involving LACERA; and possible future use in an official proceeding, audit or other matters. A ~~legal hold~~ Legal Hold notice shall be issued by the Legal Office when it becomes necessary to preserve a record or other information which may not otherwise be retained or is scheduled or due for ordinary and appropriate destruction in accordance with this Policy.

RIM's primary concern is the efficient and effective management of information. The guiding principle of RIM is to insure that information is available when and where it is needed, in an organized and efficient manner, and in a well-maintained environment. RIM is more than the retention schedule and the disposition of records; RIM also encompasses all the record-keeping requirements that allow LACERA to establish and maintain control over information flow and administrative operations. RIM seeks to control and manage records through the entirety of their life cycle, from their creation to their final disposition.

Other benefits of effective records management include:

- Space Savings
- Reduced expenditures for new filing equipment
- Increased efficiency in information retrieval

- Compliance with legal, administrative, and fiscal retention requirements
- Identification and protection of Vital Records
- Identification of records with research value
- Identification of records with historical value

7. Best Practices

Best ~~practices~~Practices, based on documented experience from a variety of recognized sources, are contained in the Policy, and will be maintained through the Policy review process, to help avoid problems and maintain high standards for Records and Information Management at LACERA. Best ~~practices~~Practices, as documented in the Policy, extend to LACERA's general policy and practices, codes of conduct, and related procedures, and are the basis of good Records and Information Management.

8. Elements of the Records & Information Management Program

8.1 Storage

Current hardcopy records should be stored in designated storage areas with access restrictions as appropriate to the level of confidentiality required.

Rarely used records or records no longer in use for official purposes that are still required to be retained in accordance with the current Retention Schedule should be forwarded to archive. Electronic records must be retained on LACERA's network. Records of short term value will be disposed of at suitable intervals by the Systems Division. Records of long term or archival value should be retained on LACERA's network.

8.2 Records Retention Schedule

A ~~Records R~~etention Schedule ("Schedule") is a control document that sets out the amount of time that LACERA needs to keep certain types of records in accordance with state or federal guidelines and as necessitated by business practices. The schedule applies to all records irrespective of the format in which they are maintained or the media upon which they are held.

A properly prepared and approved ~~Records Retention~~ Schedule is LACERA's legal authority to do what needs to be done with records and documents entrusted to the organization's care. It certifies the life, care, and disposition of LACERA records.

A ~~Record Retention~~ Schedule does not look at individual records but rather at the individual group, records series or collection of related records, and, for retention purposes, are evaluated together.

The ~~Record Retention~~ Schedule will be reviewed annually in accordance with the Policy and amended as needed to reflect changing legal requirements, business needs or evolving practices. The authority for any changes made to the ~~Record Retention~~ Schedule to conform to applicable state ~~or~~ federal laws and the necessity for business purposes is delegated to the CEO or his/her designee. Changes will be approved by the Legal Office prior to being made.

8.3 ~~Emails~~ Electronic Communications

~~Sending and receiving electronic communication regarding LACERA business official on personal devices is strongly discouraged. LACERA Staff should send electronic communications relating to LACERA business utilizing LACERA's system whether the electronic communication is sent/received internally or sent/received externally. Sending and receiving electronic communication regarding LACERA business using a non-official electronic messaging account is strongly discouraged.~~

~~LACERA Staff may not create or send a record using a non-official electronic messaging account unless Staff 1) copies a LACERA email address of Staff in the original creation or transmission of the record; or 2) forwards a complete copy of the record to LACERA's email system after the original creation or transmission of the record.~~

Email messages are electronic records created and sent to, or received by, a user of a computer system. The email itself is a communication method of transmission of information. ~~Official~~ All "Final Records" and "Vital Records" created using the email system should be saved to an appropriate archival

medium. It is each individual user's responsibility to apply the appropriate retention period from the ~~Records Retention~~ Schedule (~~"Schedule"~~) to the subject matter of the email, including any attachments. Each user is responsible for the application of the proper retention period regardless of whether they are the sender or the receiver and regardless of whether the email is sent/received internally or sent/received externally.

For example, an email from a member to a Member Services Retirement Benefits Specialist regarding a member's account would be classified as a "Member Record" on the ~~Records Retention~~ Schedule and must be stored indefinitely in the member's account per the Schedule.

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Email messages that are not archived to an appropriate medium will remain in the email system for sixty (60) calendar days from inception date, and then moved automatically by the email system to the "Trash" folder; items in "Trash" will be deleted within fourteen (14) calendar days, from placement in the "Trash" folder, regardless of the inception date. Support can be obtained from the Systems Division with respect to the proper archiving of email messages. ~~LACERA's email is for business purposes only.~~

8.4 Preservation/Litigation Hold

Records should be kept for a period of time not exceeding the established retention period, unless under relevant litigation or potential litigation, audit, or investigation and are subject to litigation holds. If the Legal Office informs you, that LACERA records are relevant to litigation or potential litigation you must preserve these records until the Legal Office determines that the records are no longer needed. This exception supersedes any previously or subsequently established destruction schedule for those records such that records subject to a litigation hold should not be destroyed with the permission of the Legal Office. Further, if ~~state~~ State or ~~F~~ federal ~~regulations~~ Regulations specifies a longer retention period for any record identified on the retention schedule, ~~state~~ State or ~~federal~~ Federal ~~r~~ Regulations will supersede the ~~Record Retention~~ Schedule, as monitored and communicated by the Legal Office. Legal Office will inform RIM

~~staff~~ Staff of any updates or changes that needs to be made to the retention schedule, ensuring compliance with minimum retention periods pursuant to state, federal, and/or regulatory requirements. ~~—If you have~~ Any questions concerning retention of records that may be relevant to litigation or a legal issue, regardless of whether they are subject to a litigation hold, the Legal Office should be consulted and will provide guidance.

8.5 Access

Records must be available to all authorized staff that requires access ~~to them~~ for business purposes. The Legal Office will determine which records are public and all public records requests shall be directed to the Legal Office. All public access to LACERA records can be made through the Request for Public Records process. Questions regarding public access to documents should be directed to the Legal Office.

8.6 Contractors & Outsourced Functions

All records created by contractors performing work on behalf of LACERA belong to LACERA and are LACERA records, subject to the terms of LACERA's contract with each individual contractor. ~~—This~~ includes the records of contract staff working on the premises as well as external service providers.

Contracts should clearly state that ownership of records resides with LACERA, and instructions regarding creation, management, and access to the records created. The Legal Office must be consulted during the formulation of the contract.

8.7 Maintenance & Monitoring

The location of all maintained records should be recorded and updated at every movement of the record. This ensures that records, as assets, can be accounted for in the same way that the other assets of LACERA.

The RIM Unit is responsible for ensuring that records and environmental conditions are monitored regularly to protect records. This includes checking temperature and humidity levels in dedicated records storage areas for paper records as well as regularly validating proper maintenance of records at offsite storage facilities.

The Systems Division is responsible for ensuring that digital records are stored, refreshed, and secured as required.

LACERA has implemented a number of security and Business Continuity measures, including information security policies, for safeguarding its information assets. Staff should abide by these measures at all times.

8.8 Transfer

LACERA has an off-site storage facility for the storage of physical records that are infrequently used for business purposes but still need to be retained according to the ~~Records Retention~~ Schedule. The RIM Unit is responsible for transferring these records to the facility.

8.9 Disposal

LACERA has a defined ~~Records Retention~~ Schedule for all ~~divisions~~ Divisions. The RIM Unit recommends that disposal actions are assigned to records in all formats on creation to ensure they are managed appropriately. No LACERA records can be dispensed of unless in accordance with the ~~Records Retention~~ Schedule. Approval and signed authorization for retention, destruction or transfer of records must be sought from the appropriate division manager before any disposal takes place.

Records shall be maintained for as long as the period stated in the Records Retention Schedule, which schedule is based on the minimum periods required by applicable state or federal law, and necessity for ongoing business purposes.

Unless a ~~legal hold~~ Legal Hold is in effect, destruction of records shall occur within one (1) month after the time period stated in the Records Retention

Schedule has been met. Management will be contacted prior to the scheduled destruction for their final approval. Any request to extend the retention period of a document or a series of documents, must be made in writing to RIM staff providing business justification and approved by the Legal Office.

The RIM Unit will monitor and assure compliance with the disposal requirements of the Records Retention Schedule.

8.10 PROCEDURES MANUAL

The ~~Administrative Services~~ RIM Unit shall be responsible for preparing and maintaining a procedures manual that details the records management process and any delegated duties and defined terminology. This ~~procedures-Procedures manual-Manual~~ shall include this policy and must be approved by the ~~Chief Executive Officer~~ CEO. These ~~procedures-Procedures~~ may be modified at any time as deemed necessary, provided that the ~~procedures-Procedures~~ remain within the framework of this ~~policy~~ Policy.

In the event that there is a conflict between this ~~p~~ Policy and the ~~procedures Procedures manual-Manual~~ the ~~policy~~ Policy shall prevail.

Attachment B

RIM Policy Incorporating Proposed Revisions



RECORDS & INFORMATION MANAGEMENT (RIM) POLICY

Last Revised: May 23, 2017

Records & Information Management (RIM) Policy

Subject	Records & Information Management (RIM)
Effective Date	September 15, 2016
Date of Revisions	July 1, 2016 May 23, 2017
Previous Policy	Records Retention Policy and Schedule
Contact	James Beasley
Related Documents	Records & Information Management (RIM) Manual Records Retention Schedule

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1. Background & Rationale

1.1 Background

The Records & Information Management (RIM) Policy replaces the previous Records Management Policy that was approved by the Board of Retirement on March 13, 2008.

1.2 Rationale

LACERA recognizes that we conduct the business of the people, and that information and records are assets, vital for both ongoing operations and also in providing valuable evidence of business decisions, activities, member information, and transactions.

2. Purpose

The purpose of the RIM Policy is to (1) establish an efficient organization-wide records management system for identifying, maintaining, retrieving, preserving and destroying records, (2) ensure that records are adequately protected, (3) preserve LACERA's history, (4) ensure that records that are no longer needed or of no value are destroyed at the appropriate time, (5) comply with all applicable local, state, and federal laws and regulations, and (6) provide guidance for the Managers, Staff, and other constituencies with respect to their responsibilities concerning document retention and destruction.

3. Authority, Application & Compliance

3.1 Authority

This Policy has been authorized by the Board of Retirement and is available to all staff. It has been developed in consultation with the Legal Office and will be revised, as provided in Section 3.4. Ownership of the Policy rests with the Records and Information Management (RIM) Unit in the Administrative Services Division whom are responsible for LACERA's compliance with Policy Requirements and Recordkeeping Standards.

3.2 Application

All staff must comply with this Policy in their conduct of all business for LACERA. This Policy applies to records in all formats, including electronic records. See section 4.1 for the definition of a record.

3.3 Compliance

Compliance with this Policy will be monitored by the RIM Unit (with the support of Management). Failure to comply with this Policy, particularly, disobeying any preservation/litigation hold could result in possible civil or criminal sanctions. In addition, for Staff, it could lead to disciplinary action including possible termination.

3.4 Policy Updates

The RIM Unit will update this Policy as needed if there are any changes in the business or regulatory environment. Minor changes or updates such as contact information, grammatical errors and online references do not require review/approval by the Operations Oversight Committee and Board of Retirement. This Policy will be reviewed by the RIM Unit and the Legal Office on an annual basis.

4. General Provisions

LACERA records, regardless of physical form or characteristics, shall be retained in accordance with the applicable guidelines including internal, state, and federal regulations. Records that do not need to be retained shall be destroyed after the requisite retention period has passed. A log or other documentation of records destruction will be created to track compliance with periodic audits for regulatory compliance. Pending or potential litigation may require a “hold” or suspension of regularly scheduled destruction of records or other information.

4.1 Definitions:

Non-Record Material: “Non-record material” consists of library material, publications not produced by LACERA, blank forms,

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Updated: May 23, 2017

and other materials that do not record the position or operations of the organization.

Final Record:

A “Final Record” reflects the final, official record position or activities of an organization related to the specific content of the record.

Record:

A “Record” is any information, regardless of physical form or characteristics, that is created, received, or maintained because of law, regulation, or in the normal course of LACERA business AND is kept as evidence of that activity. Records include, but are not limited to the following: writings (Word, Excel, PowerPoint, and PDF), emails, films, tapes, electronic or computer based information, or data compilations in any format or medium, graphical images, and voice or data transmissions. Records can be stored in a variety of storage media, such as microfilm, microfiche, diskette, optical disk, CD-ROM, videotape, hard drives, local and system level drives, cloud, and paper.

Electronic Communications:

Electronic Communication is the sending and receiving of electronic messages, regardless of the technology platform, using any type of electronic device, such as a computer, mobile phone or a tablet.

Draft Record:

A “Draft Record” does not yet reflect the final, official position or activities of an organization and are subject to change before completion.

Vital Record:

As part of the Records Information and Management Program and the Business Continuity Program, Vital Records are essential to the survival of the organization and are identified for protection from destruction in the event of a disaster. During the records inventory, which is

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conducted every five (5) years or when required, each Division will determine which records for which they are responsible contain information vital for continued operations should a disaster occur. LACERA's Vital Records include those documents that are critical for both ongoing operations and also in providing valuable evidence of business decisions, activities, member information, and transactions.

4.2 Roles & Responsibilities

All Employees:

All employees are responsible for the creation and management of information and records as defined by this Policy including, but not limited to, safe storage, quick retrieval, records confidentiality, and appropriate records retention period for any record identified on the Record Retention Schedule.

Deputy Chief Executive Officer (DEO)/ Assistant Executive Officers (AEO):

The Deputy CEO/AEO is responsible for the visible support of, and adherence to, this Policy by promoting a culture of compliant records and information management within the organization and contributing to the development of strategic documents such as the records and information management framework and strategy.

Chief Executive Officer (CEO):

The CEO is ultimately responsible for the management of information and records within LACERA. The CEO promotes compliance with this Policy and delegates responsibility for the operational planning and running of the records and information program to his or her designee.

Contract Staff:

Contract staff should create and manage records in accordance with this Policy to the extent specified in the contract.

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Legal Office:

The Legal Office is responsible, annually, for reviewing and approving any updates or changes to the retention schedule and RIM Policy, ensuring compliance with minimum retention periods pursuant to state, federal, and/or regulatory requirements; and communication of the implementation of “preservation hold,” “litigation hold,” or “Legal Hold” procedures that supersede an established retention schedule. The Legal Office will work with the RIM Unit on an ongoing in connection with implementation of this Policy.

Managers/Supervisors:

Managers and Supervisors are responsible for ensuring Staff, including Contract Staff, are aware of and follow the records and information management practices defined in this Policy. They should advise the RIM Unit of any barriers to staff complying with this Policy. They should also advise the Unit of any changes in the business environment which would impact the records and information management requirements.

RIM Unit:

Under the leadership of the delegated Division Manager, the RIM Unit is responsible for overseeing the management of records and information consistent with the requirements described in this Policy. This includes providing annual training, advice and general support to staff, overseeing the proper use of record destruction methodologies, records inventory, and ongoing maintenance of the Record Retention Schedule. Information management products and tools may be used in the execution of the RIM Unit’s duties and such tools may include data systems to assist in the creation of complete and accurate records, developing and implementing strategies to enable sound records management

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Updated: May 23, 2017

practices, monitoring compliance with the RIM Policy, procedures, and directives, and advising the Deputy CEO/AEO(s), Internal Audit, and the Legal Office of any risks associated with non-compliance. The RIM Unit will review the RIM Policy on an on-going basis to ensure organizational efficiency, as provided in Section 3.4.

Systems Division:

Systems staff is responsible for supporting the RIM Program by maintaining the technology for LACERA's business information and records systems necessary for the implementation of this Policy, including appropriate system accessibility, security and back-up. Systems and RIM staff have an important joint role in supporting the organization to ensure compliance with LACERA's policies, procedures, and guidelines of the records and information management program.

5. Records as a Resource

LACERA recognizes that its records are a vital asset to:

- facilitate information accessibility, and enhance operations by supporting program delivery, management and administration,
- deliver member services in an efficient, fair and equitable manner,
- provide evidence of actions and decisions and precedents for future decision making, and
- protect the rights and interests of the County of Los Angeles, LACERA and its members.

6. Benefits

The RIM Policy ensures the reasonable and good faith retention of all records created by or under the control of LACERA, whether paper or electronic, that are necessary or advisable

to retain for: business operations; historical value; payment of member benefits; member service; accounting, audit, tax and financial purposes; compliance with applicable law; possible future use in litigation involving LACERA; and possible future use in an official proceeding, audit or other matters. A Legal Hold notice shall be issued by the Legal Office when it becomes necessary to preserve a record or other information which may not otherwise be retained or is scheduled or due for ordinary and appropriate destruction in accordance with this Policy.

RIM's primary concern is the efficient and effective management of information. The guiding principle of RIM is to insure that information is available when and where it is needed, in an organized and efficient manner, and in a well-maintained environment. RIM is more than the retention schedule and the disposition of records; RIM also encompasses all the record-keeping requirements that allow LACERA to establish and maintain control over information flow and administrative operations. RIM seeks to control and manage records through the entirety of their life cycle, from their creation to their final disposition.

Other benefits of effective records management include:

- Space Savings
- Reduced expenditures for new filing equipment
- Increased efficiency in information retrieval
- Compliance with legal, administrative, and fiscal retention requirements
- Identification and protection of Vital Records
- Identification of records with research value
- Identification of records with historical value

7. Best Practices

Best Practices, based on documented experience from a variety of recognized sources, are contained in the Policy, and will be maintained through the Policy review process, to help avoid problems and maintain high standards for Records and Information Management at LACERA. Best Practices, as documented in the Policy, extend to LACERA's general policy and

practices, codes of conduct, and related procedures, and are the basis of good Records and Information Management.

8. Elements of the Records & Information Management Program

8.1 Storage

Current hardcopy records should be stored in designated storage areas with access restrictions as appropriate to the level of confidentiality required.

Rarely used records or records no longer in use for official purposes that are still required to be retained in accordance with the current Retention Schedule should be forwarded to archive. Electronic records must be retained on LACERA's network. Records of short term value will be disposed of at suitable intervals by the Systems Division. Records of long term or archival value should be retained on LACERA's network.

8.2 Records Retention Schedule

A Records Retention Schedule ("Schedule") is a control document that sets out the amount of time that LACERA needs to keep certain types of records in accordance with state or federal guidelines and as necessitated by business practices. The schedule applies to all records irrespective of the format in which they are maintained or the media upon which they are held.

A properly prepared and approved Schedule is LACERA's legal authority to do what needs to be done with records and documents entrusted to the organization's care. It certifies the life, care, and disposition of LACERA records.

A Schedule does not look at individual records but rather at the individual group, records series or collection of related records, and, for retention purposes, are evaluated together.

The Schedule will be reviewed annually in accordance with the Policy and amended as needed to reflect changing legal requirements, business needs or evolving practices. The authority for any changes made to the Schedule to conform to applicable state or federal laws and the necessity for business purposes is delegated to the CEO or his/her designee. Changes will be approved by the Legal Office prior to being made.

8.3 Electronic Communications

LACERA Staff should send electronic communications relating to LACERA business utilizing LACERA's system whether the electronic communication is sent/received internally or sent/received externally. Sending and receiving electronic communication regarding LACERA business using a non-official electronic messaging account is strongly discouraged.

LACERA Staff may not create or send a record using a non-official electronic messaging account unless Staff 1) copies a LACERA email address of Staff in the original creation or transmission of the record; or 2) forwards a complete copy of the record to LACERA's email system after the original creation or transmission of the record.

Email messages are electronic records created and sent to, or received by, a user of a computer system. The email itself is a communication method of transmission of information. All "Final Records" and "Vital Records" created using the email system should be saved to an appropriate archival medium. It is each individual user's responsibility to apply the appropriate retention period from the Schedule to the subject matter of the email, including any attachments. Each user is responsible for the application of the proper retention period regardless of whether they are the sender or the receiver and regardless of whether the email is sent/received internally or sent/received externally.

For example, an email from a member to a Member Services Retirement Benefits Specialist regarding a member's account would be classified as a "Member Record" on the Schedule and must be stored indefinitely in the member's account per the Schedule.

Email messages that are not archived to an appropriate medium will remain in the email system for sixty (60) calendar days from inception date, and then moved automatically by the email system to the "Trash" folder; items in "Trash" will be deleted within fourteen (14) calendar days, from placement in the "Trash" folder, regardless of the inception date. Support can be obtained from the Systems Division with respect to the proper archiving of email messages.

8.4 Preservation/Litigation Hold

Records should be kept for a period of time not exceeding the established retention period, unless under relevant litigation or potential litigation, audit, or investigation and are subject to litigation holds. If the Legal Office informs you, that LACERA records are relevant to litigation or potential litigation you must preserve these records until the Legal Office determines that the records are no longer needed. This exception supersedes any previously or subsequently established destruction schedule for those records such that records subject to a litigation hold should not be destroyed with the permission of the Legal Office. Further, if State or Federal Regulations specifies a longer retention period for any record identified on the retention schedule, State or Federal Regulations will supersede the Schedule, as monitored and communicated by the Legal Office. Legal Office will inform RIM Staff of any updates or changes that needs to be made to the retention schedule, ensuring compliance with minimum retention periods pursuant to state, federal, and/or regulatory requirements. Any questions concerning retention of records that may be relevant to litigation or a legal issue, regardless of whether they are subject to a litigation hold, the Legal Office should be consulted and will provide guidance.

8.5 Access

Records must be available to all authorized staff that requires access for business purposes. The Legal Office will determine which records are public and all public records requests shall be directed to the Legal Office.

8.6 Contractors & Outsourced Functions

All records created by contractors performing work on behalf of LACERA belong to LACERA and are LACERA records, subject to the terms of LACERA's contract with each individual contractor. This includes the records of contract staff working on the premises as well as external service providers.

Contracts should clearly state that ownership of records resides with LACERA, and instructions regarding creation, management, and access to the records created. The Legal Office must be consulted during the formulation of the contract.

8.7 Maintenance & Monitoring

The location of all maintained records should be recorded and updated at every movement of the record. This ensures that records, as assets, can be accounted for in the same way that the other assets of LACERA.

The RIM Unit is responsible for ensuring that records and environmental conditions are monitored regularly to protect records. This includes checking temperature and humidity levels in dedicated records storage areas for paper records as well as regularly validating proper maintenance of records at offsite storage facilities.

The Systems Division is responsible for ensuring that digital records are stored, refreshed, and secured as required.

LACERA has implemented a number of security and Business Continuity measures, including information security policies, for safeguarding its information assets. Staff should abide by these measures at all times.

8.8 Transfer

LACERA has an off-site storage facility for the storage of physical records that are infrequently used for business purposes but still need to be retained according to the Schedule. The RIM Unit is responsible for transferring these records to the facility.

8.9 Disposal

LACERA has a defined Schedule for all Divisions. The RIM Unit recommends that disposal actions are assigned to records in all formats on creation to ensure they are managed appropriately. No LACERA records can be dispensed of unless in accordance with the Schedule. Approval and signed authorization for retention, destruction or transfer of records must be sought from the appropriate division manager before any disposal takes place.

Records shall be maintained for as long as the period stated in the Records Retention Schedule, which schedule is based on the minimum periods required by applicable state or federal law, and necessity for ongoing business purposes.

Unless a Legal Hold is in effect, destruction of records shall occur within one (1) month after the time period stated in the Records Retention Schedule has been met. Management will be contacted prior to the scheduled destruction for their final approval. Any request to extend the retention period of a document or a series of documents, must be made in writing to RIM staff providing business justification and approved by the Legal Office.

The RIM Unit will monitor and assure compliance with the disposal requirements of the Records Retention Schedule.

8.10 PROCEDURES MANUAL


The RIM Unit shall be responsible for preparing and maintaining a procedures manual that details the records management process and any delegated duties and defined terminology. This Procedures Manual shall include this policy and must be approved by the CEO. These Procedures may be modified at any time as deemed necessary, provided that the Procedures remain within the framework of this Policy.

In the event that there is a conflict between this Policy and the Procedures Manual the Policy shall prevail.



May 31, 2017

TO: Each Member
Board of Retirement

FROM: Fern M. Billingsy 
Senior Staff Counsel

DATE: Meeting of June 15, 2017

SUBJECT: **Canine Handlers, Sheriff's Department – Countywide Services
Division**

The Los Angeles County Sheriff's Department, Countywide Services Division (CWSD), seeks Board approval to treat as pensionable the additional compensation received by deputies who are canine handlers.

Some deputies assigned to the CWSD are responsible for the care and maintenance of explosive detection, narcotics detection, and tracking/trailing dogs. Each week these deputies are given an additional three hours of compensation for the care and maintenance of these dogs, commonly called K-9 pay. Otherwise, they work a normal 40-hour assignment.

Theodore King, Section Head, Benefits Division, verified that these duties are part of the normal work schedule of the canine handlers. His memo in support of the request is attached. Although the initial request relates to five employees, your Board's determination will apply to all future canine handlers within the CWSD.

The Legal Office reviewed the documents provided including the policy of the CWSD K-9 Detection Program, and determined that the additional compensation received for the care and maintenance of the dogs qualifies as compensation and should be included in the definition of compensation earnable*.

Therefore, we recommend that your Board:

1. Adopt the attached resolution specifying that canine handlers pay earned on and after December 2015, by employees in the Countywide Services Division of the Sheriff's Department qualifies as compensation earnable;

* Please note the inclusion of pay does not affect members covered under California Government Code section 7522 et seq.

2. Instruct staff to implement this change by coordinating with the County Auditor-Controller to remit member and employer contributions; and
3. Instruct staff to collect arrears contributions for canine handlers pay in accordance with the Board's policy regarding implementation of new pensionable pay items.

ANALYSIS

A. Canine Handlers Pay Should Be Treated As Pensionable

In City of Sacramento v. PERS, (1991) 229 Cal. App. 3d 1470, the appellate court determined that firefighters' regular overtime ("premium overtime") under the applicable FLSA exemption qualified as compensation earnable.

Specifically, the appellate court upheld the PERS Board's ability to treat such overtime as compensation earnable under the PERL because the firefighters normally are required to work more than the FLSA maximum for normally required duties. The rule in determining if overtime actually is compensation earnable is whether the hours for which the pay is received are considered "normal" or part of normal duties (Id. at 1484). The court discussed and relied upon Rose v. City of Hayward, (1981) 126 Cal. App. 3d 926 (premium holiday pay is compensation earnable where law enforcement members regularly are required to work holidays, even though not all employees worked the same holiday).

LACERA confirmed that the additional work hours of these legacy employees are part of the normal duties of canine handlers assigned to this division. The hours assigned are not sporadic and arbitrary. The employees have 24 hour responsibility for the canines. Given these confirmations, it appears that these regularly worked hours do not constitute "overtime" that would be excluded from the definition of "compensation earnable" under Government Code Section 31461[†].

[†] It should be noted that the Sheriffs may also receive "true" overtime for additional hours worked. They do not dispute this type of pay is properly excluded from compensation earnable.

B. Effective Date for Treating Canine Handlers Pay as Pensionable

A claim against LACERA for the failure to treat compensation pensionable is limited by a three (3) year statute of limitations (Code of Civil Procedure section 338(d)). As no affected individual has brought a claim against LACERA, we would normally recommend this income be treated as pensionable commencing three (3) years prior to the request. However, in this instance, the position was recently added. The canine handlers began duties in December of 2015. Therefore, staff recommends that this income be treated as pensionable commencing December 1, 2015, the date the division began compensating canine handlers.

C. Collection of Arrears Contributions

If your Board determines that this canine handlers pay qualifies for inclusion in the definition of compensation earnable, employee contributions on prior earnings may be required.

In Marin County Employees Retirement Association v. County of Marin Association of Firefighters, (1994) 30 Cal. App. 4th 1638, the Court of Appeal determined that once a Retirement Board has determined that an element of compensation is “compensation earnable”, the Board must include that element in final compensation. Under the reasoning in Barrett v. Stanislaus County Employee Retirement Association, (1987) 189 Cal. App. 3d 1593 (cited with approval in Marin, supra), the Board had the ability to impose arrears contributions where it was required to classify certain active general members as safety members. The Court stated:

“A review of the entire statutory scheme reveals a retirement system based on contributions by both employer and employee. ...Thus, imposition of an arrears contributions obligation on plaintiffs would place them in the position they would have been had they been properly classified from the date of their employment.” (Id. at 1609.)

The Court in Marin noted the applicable statute of limitations is the three (3) year period set forth in Code of Civil Procedure section 338(d) for a claim based on mistake and

Each Member
Board of Retirement
May 31, 2017
Page Four

that the statute does not begin to run until the discovery of the mistake. LACERA did not discover its mistake until sometime after April 19, 2017, when the failure to treat the additional hours as pensionable was brought to our attention. Thus, LACERA is not barred by the statute of limitations from seeking arrears contributions.

Your Board's policy for collecting arrears contributions is currently in place. Staff will apply that policy to the collection of arrears contributions relating to canine handlers pay, and will make every effort to collect contributions from all affected members.

THEREFORE, IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt the attached resolution specifying that canine handlers pay earned on and after December 1, 2015, by Sheriff's Department, Countywide Services Division qualifies as compensation earnable;
2. Instruct staff to implement this change by coordinating with the County Auditor-Controller to remit member and employer contributions; and
3. Instruct staff to collect arrears contributions for canine handlers pay in accordance with the Board's policy regarding implementation of new pensionable pay items.

Reviewed and Approved



Steven P. Rice
Chief Counsel

FMB/et
BOR/Canine Handlers Sheriffs Dept.docx

Attachments



May 18, 2017

TO: Fern M. Billiny
Senior Staff Counsel
Legal Division

FROM: Theodore J. King, Section Head
Special Benefits Services
Benefits Division

SUBJECT: **K-9 Handlers in the Los Angeles County Sheriff's Department,
Countywide Services Division**

The Los Angeles County Sheriff's Department, Countywide Services Division submitted a formal request on behalf of Sergeant John Davoren, Deputy Daniel Cassese, Deputy Nicolas Castellanos, Deputy Guillermo Loza, and Deputy Bradley Feder. This request is to determine if the compensation that these sheriffs receive for canine care should be deemed pensionable income. These sheriffs are canine handlers for the Countywide Service Division and are all legacy members.

To assist with the determination of the formal request for these Sheriffs, I contacted Sergeant John Davoren, of the Countywide Services Division and he provided me with the Countywide Services Divisions canine policy that outlined the responsibilities the handlers provide for the canine. In addition to this I also received confirmation from Lieutenant Keith Lieberman of the Countywide Service Division that these Sheriffs have been canine handlers since December of 2015. The Sheriffs perform their mandatory duties full-time, 40 hours per week and are also responsible for the 24 hour care, maintenance, and housing of their canine. As a result of this, the Sheriffs are entitled to three hours of additional compensation per week to care for the canine. Currently, the additional three hours of pay is designated as "overtime". I have enclosed supporting documents for your review.

Therefore, I ask for assistance to treat three (3) hours per week as compensation earnable for the Sheriff's Department of Los Angeles County, Countywide Services Division, canine handlers.

I will continue to assist other K-9 units, and stand ready to facilitate similar implementation(s) if and when other animal care units meet the high standard to classify "care and feed" hours earnable.

TK:bb
Div\ben\retstaff\K9Handlers\VariousMembers.doc

c: Bernie Buenaflor
Robert Hill

Enclosures

COUNTY OF LOS ANGELES
SHERIFF'S DEPARTMENT

"A Tradition of Service"

OFFICE CORRESPONDENCE

DATE: April 19, 2017

Theodore J. King, Section Head
Los Angeles County Employment Retirement Association
Benefits Division
300 North Lake Avenue, Suite 650
Pasadena, California 91101

Dear Mr. King:

The purpose of this correspondence is to notify you of the Los Angeles County Sheriff's Department, canine handler duties.

The Los Angeles County Sheriff's Department; Countywide Services Canine Unit, has five dedicated canine handler. Sergeant John Davoren employee #404340, Deputy Daniel Cassese employee # 519467, Deputy Nicolas Castellanos employee # 475070, Deputy Guillermo Loza employee # 521383, and Deputy Bradley Feder employee # 505726, have been assigned to Countywide Services Division as an explosive detection, narcotics detection and tracking/ trailing canine handlers since December 2015. They performs their mandatory duties full-time, 40-hours per week, and are also responsible for the 24-hour care, maintenance and housing of their canines. Therefore, they are entitled to 3-hours per week for the care, maintenance and housing of their canines. This results in all of the canine handlers submitting a 3-hour paid overtime position every week for work reflected on their regular day off.

Should you have any questions regarding this correspondence, please call Lieutenant Keith Lieberman (323) 981-5300.

Respectfully
Lieutenant Keith Lieberman

KL:kl

BEFORE THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

RESOLUTION OF THE
BOARD OF RETIREMENT
SPECIFYING SHERIFF'S DEPARTMENT,
COUNTYWIDE SERVICES DIVISION
"CANINE HANDLERS PAY" EARNED ON
AND AFTER DECEMBER 1, 2015 SHALL
QUALIFY AS "COMPENSATION" AND
"COMPENSATION EARNABLE"

RESOLUTION NO. 2017-BR003

WHEREAS, LACERA calculates retirement allowances based on a member's "final compensation."

WHEREAS, LACERA is required to include in the calculation of "final compensation" a member's base pay, and certain other items of remuneration, if such remuneration qualifies as "compensation" under Government Code Section 31460 and "compensation earnable" under Government Code Section 31461.

WHEREAS, the Board of Retirement previously adopted Resolutions specifying certain items of remuneration payable to employees of the County of Los Angeles which the Board determined qualify as "compensation" under Government Code Section 31460 and "compensation earnable" under Section 31461.

WHEREAS, remuneration accounted for by the Sheriff's Department Countywide Services Division under the description "Canine Handlers Pay" is not included in the list of items determined to qualify as "compensation" and "compensation earnable."

WHEREAS, on April 19, 2017, a request was filed on behalf of canine handlers of the County of Los Angeles Sheriff's Department, Countywide Services Division alleging, inter alia, earnings described as "Canine Handlers Pay" qualify as "compensation" and "compensation earnable."

WHEREAS, the Board of Retirement has determined that Countywide Services Division "Canine Handlers Pay" is regularly worked and does not constitute "overtime" that would be excluded from the definition of "compensation earnable" under Government Code Section 31461.

WHEREAS, the Board of Retirement has determined that remuneration accounted for as "Canine Handlers Pay" qualifies as "compensation" and "compensation earnable."

NOW THEREFORE, BE IT RESOLVED, AS FOLLOWS:

1. Earnings on and after December 1, 2015, designated as Countywide Services Division Canine Handlers Pay shall qualify as "compensation," as defined in Government Code Section 31460 and "compensation earnable," as defined in Section 31461, for purposes of calculating a member's retirement allowance.
2. Attachment No. 1 of this Resolution sets forth a listing of all items of remuneration qualifying as "compensation" and "compensation earnable" for purposes of calculating a member's retirement allowance.
3. Staff shall collect arrears contributions from members.

BOARD OF RETIREMENT,
LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION

Shawn Kehoe
Chair, Board of Retirement

Approved as to Form

ATTEST:

Steven P. Rice
Chief Counsel

Vivian H. Gray
Vice Chair, Board of Retirement

ITEMS OF COUNTY REMUNERATION WHICH QUALIFY AS "COMPENSATION," AS DEFINED BY GOVERNMENT CODE SECTION 31460, AND/OR "COMPENSATION EARNABLE," AS DEFINED BY GOVERNMENT CODE SECTION 31461.

<u>EARNINGS</u>	<u>ITEMS</u>
<u>CODE NO.</u>	
099	PATROL STATION RETENTION BONUS
249	AGRICULTURE INSPECTORS AID ROVER BONUS
334	CUSTODY ASSISTANT ACADEMY DRILL INSTRUCTOR
346	HAZARDOUS MATERIALS II EMERGENCY OPERATIONS ASSIGNMENT
347	WELLNESS/FITNESS FOR LIFE BONUS – 1%
348	WELLNESS/FITNESS FOR LIFE BONUS – 2%
349	WELLNESS/FITNESS FOR LIFE BONUS
350	"PILOT PAY" – FIRE DEPARTMENT
358	TEMPORARY PROMOTION BONUS
359	LIFEGUARD PARAMEDIC, CATALINA
362	PARAMEDIC COORDINATOR/EMS CAPTAIN
369	ADVANCED EDUCATION DEGREE BONUS
381	DENTAL PROFESSIONALS BOARD CERTIFICATION BONUS
384	HIGH DESERT HEALTH ASSIGNMENT BONUS

388 SHERIFF DETENTION FACILITY ASSIGNMENT BONUS

389 MENTAL HEALTH PSYCHIATRIST BOARD
CERTIFICATION – MORE THAN ONE SPECIALTY

463 DRINKING WATER TREATMENT AND DISTRIBUTION

503 UNIFORM ALLOWANCE

504 NIGHT SHIFT DIFFERENTIAL

505 CORONER'S INQUEST REPORTER

506 VEHICLE USE ALLOWANCE

507 CO-GENERATION MAINTENANCE

508 HENNINGER FLATS WATCHMAN

509 FREEZER WORK

510 DEPARTMENT HEAD MERIT

511 BOARD OF SUPERVISORS PERFORMANCE LUMP SUM

512 FIRE SUPPRESSION TRANSPORTATION TRUCK DRIVER

514 BACKHOE OPERATOR

515 WEEKEND BONUS

516 EXPLOSIVES WORK

517 EVENING SHIFT DIFFERENTIAL

518 POWER EQUIPMENT REPAIR, SNOW CONDITIONS

519 ENGINEERING EMPLOYEES, HAZARD PAY

520 HOME CARE COMPENSATION

522 CUSTODIAN ACTING AS WATCHMAN

523 HYDROELECTRIC OPERATIONS

- 525 CONTRACTING AND PRODUCTIVITY IMPROVEMENT INCENTIVE FOR MANAGERS
- 528 WEBCOM PRESS OPERATOR
- 529 POWER EQUIPMENT OPERATOR, FIRE SUPPRESSION
- 530 RN EXTRA WEEKENDS WORKED
- 531 STANDBY
- 532 ADDITIONAL RESPONSIBILITIES OR EXCEPTIONAL PERFORMANCE
- 533 POWER SWEEPER OPERATOR IN EMERGENCY CONDITIONS
- 534 POWER PLANT RELIEF ENGINEER
- 535 CLINIC PHYSICIAN, FIRST HOUR AND ONE-HALF
- 536 CONSULTING SPECIALIST, MD, & MENTAL HEALTH CONSULTANT, MD, FIRST AND FIFTH HOURS
- 538 RN ASSIGNED AS ACTING OR RELIEF CHARGE NURSE
- 539 RN WEEKEND DIFFERENTIAL
- 540 RELIEF NURSE HOLIDAY DIFFERENTIAL (HOURLY ITEM)
- 541 RELIEF NURSE WEEKEND DIFFERENTIAL (HOURLY ITEM)
- 544 APPRAISERS LAUNDRY AND DRY CLEANING ALLOWANCE
- 545 HEAVY DUTY TOW TRUCK DRIVER
- 546 SLURRY SEAL TRUCK DRIVER
- 547 LIFEGUARD PARAMEDIC – SHIFT

548 LIFEGUARD PARAMEDIC – HOURLY

550 INCENTIVE AWARDS FOR MEDICAL
REIMBURSEMENTS, HEALTH SERVICES

551 GROUP INCENTIVE AWARD, TREASURER TAX
COLLECTOR

552 STANDBY – EMERGENCY ROLLOUT PROGRAM

553 PIONEER EXCAVATION, TUNNEL OPERATIONS, FIRE
SUPPRESSION, AND SNOW REMOVAL -
CONSTRUCTION INSPECTION AND SURVEYING
GROUPS

554 PIONEER EXCAVATION, TUNNEL OPERATIONS, FIRE
SUPPRESSION, AND SNOW REMOVAL

555 SCAFFOLD OR SWING STAGE, 30 FEET ABOVE GRADE

556 HIGH SCALE AND RIGGING OPERATIONS, GENERAL

557 EVENING SHIFT, MED TECH

558 NIGHT SHIFT, MED TECH

565 PARAMEDIC RECERTIFICATION BONUS

567 DEPUTY SHERIFF RESERVE ANNUAL COMPENSATION

570 HOME CARE PROGRAM STANDBY

571 CSW LICENSURE SUPERVISION

572 MOU LUMP SUM BONUS

575 WASTEWATER PLANT RELIEF BONUS

576 “SOLO DAILY” PAY – COURT REPORTERS

577 INTERPRETER HALF DAY BONUS – SUP. CT.

581 SWIM PROFICIENCY BONUS

601 LIFEGUARD PARAMEDIC, RELIEF

602 SUPERVISING TRANSPORTATION DEPUTY
PERFORMING DISPATCHER DUTIES

603 AUTOMOTIVE SERVICE EXCELLENCE CERTIFICATES

604 RN MOBILE INTENSIVE CARE CERTIFICATION

605 CUSTODIAN FLOOR WAXING BONUS

606 FIRE EQUIPMENT MECHANIC ASSIGNED FIELD REPAIR
DUTIES

607 SDPO ASSIGNED ACTING DIRECTOR IN A CAMP

608 BILINGUAL BONUS

609 RN ASSIGNED TO EMERGENCY ROOM

610 ANTELOPE VALLEY FIREFIGHTING CREW

611 TREE TRIMMER SUPERVISOR, POWER OPERATIONS

612 SHOOTING BONUS, EXPERT

613 SHOOTING BONUS, DISTINGUISHED EXPERT

614 SHOOTING BONUS, MARKSMAN

615 SHOOTING BONUS, SHARPSHOOTER

616 ANTELOPE VALLEY QUARTERS, ON FIRE CALL

617 CLINIC NURSE ASSIGNED TO PROBATION CAMP

618 TRANSPORTATION BUS DRIVER, SHERIFF

619 CERTIFIED ACCESS SPECIALISTS

- 620 SAN GABRIEL DAM OPERATOR
- 621 NURSE RETENTION INCENTIVE
- 622 ADVANCED APPRAISER CERTIFICATION
- 623 PROBATION TRANSCRIBER TYPIST PRODUCTION INCENTIVE
- 624 BILINGUAL ADDITIONAL BONUS, CHILDREN'S SOCIAL WORKERS
- 625 AGRICULTURE INSPECTORS ASSIGNED TO STANDARDIZATION
- 626 FIREFIGHTER PARAMEDIC NOT ASSIGNED TO A PARAMEDIC POST
- 627 DETENTION AND TRANSPORTATION EXTRA SUPERVISION BONUS
- 628 BILINGUAL BONUS FOR OTHER THAN MONTHLY EMPLOYEES
- 629 MORTUARY ATTENDANT AT LAC/USC MC
- 630 SAFETY POLICE EDUCATIONAL/LONGEVITY INCENTIVE
- 632 MENTAL HEALTH WORKERS ASSIGNED TO SHERIFF'S DETENTION FACILITIES
- 634 SUPERVISING DETENTION SERVICES OFFICER OF THE DAY
- 635 TRANSPORTATION DEPUTY BUS DRIVER, PROBATION
- 636 SHERIFF'S STATION COMMANDER EXPENSES
- 637 PROFESSIONAL DEVELOPMENT EXPENSES

638 PROBATION TELECOM EQUIPMENT BONUS

639 INTERN HOUSING ALLOWANCE LAC/USC MED. CENTER

640 CHILDREN'S SERVICES ERCP RETENTION

641 SHOOTING BONUS, EXPERT – RESERVE

642 SHOOTING BONUS, DISTINGUISHED EXPERT –
RESERVE

643 SHOOTING BONUS, MARKSMAN – RESERVE

644 SHOOTING BONUS, SHARPSHOOTER – RESERVE

645 WELDER CERTIFICATION BONUS

646 EMERGENCY ROLLOUT PROGRAM & SHIFT BONUS

647 BILINGUAL ADDITIONAL BONUS, PSYCHIATRIC SOCIAL
WORK

648 DEFIBRILLATION AIRWAY BONUS

649 MAMMOGRAPHY BONUS

650 PRESIDING JUDGE 4% BONUS

653 EQUINE HANDLERS PAY

653 K-9 HANDLERS PAY

694 PARK, TAXABLE

695 TRANSPORTATION ALLOW

696 TRAFFIC MITIGATION

700 "OVERNIGHT TRIP" PAY - SHERIFF'S STATEWIDE UNIT

730 PREMIUM OVERNIGHT TRIP

782	FLSA PREMIUM PAY FOR REGULARLY SCHEDULED WORK ASSIGNMENT
903	NON-ELECTIVE LEAVE BUYBACK
910	SICK BUYBACK
911	VACATION BUYBACK
912	HOLIDAY BUYBACK
913	SICK PRE-71 BUYBACK
914	SICK BUYBACK –PROBATION 56 – HOUR
915	VACATION BUYBACK - 56 HOUR
930	SPECIAL PAID LEAVE BUYBACK
931	APPRAISERS LEAVE BUYBACK
932	INTERN/RESIDENT LEAVE BUYBACK
PP046	EMPLOYEE SUGGESTION
NONE	PARK, NONTAXABLE
NONE	PRIOR SALARY
NONE	56 HOUR TO 40 HOUR ASSIGNMENT BONUS
NONE	REGISTERED NURSE ASSIGNED TO CRITICAL CARE UNIT



June 6, 2017

TO: Each Member
Board of Retirement

FROM: Fern M. Billingsy 
Senior Staff Counsel

DATE: Meeting of June 15, 2017

SUBJECT: **COMPENSATION EARNABLE & PENSIONABLE
COMPENSATION, BARGAINING UNIT 612**

INTRODUCTION

Your Board is charged with determining which items of compensation qualify as pensionable earnings includable in the member's retirement allowance.

The Chief Executive Office of the County of Los Angeles recently requested determination of the pensionability of a new pay item.

The Legal Office recommends inclusion of this item in the definition of compensation earnable and exclusion of this item in the definition of pensionable compensation.*

COMPENSATION EARNABLE

In January of 1998, your Board determined that pursuant to the California Supreme Court's decision in Ventura County Deputy Sheriff's Association v. County of Ventura (1997) 16 Cal. 4th 483 ("Ventura"), certain items of remuneration must be included in the definition of "compensation earnable." Your Board then adopted Resolution 98-001 identifying those items. Since that time other Resolutions have been adopted when new items of compensation are determined to be included in or excluded from the definition of "compensation earnable." In making those determinations, your Board reviewed analysis of all items of compensation and adopted recommendations from the Legal Office regarding the definition of "compensation earnable."

* Compensation earnable applies to our legacy members subject to the County Employees Retirement Law ("CERL"), while pensionable compensation applies to our members subject to the California Public Employees' Pension Reform Act (PEPRA).

Section 31461 defines "compensation earnable." It states:

"(a) "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.

(b) "Compensation earnable" does not include, in any case, the following:

(1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:

(A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.

(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.

(C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period regardless of when reported or paid.

- (2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.
 - (3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
 - (4) Payments made at the termination of employment, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.
- (c) The terms of subdivision (b) are intended to be consistent with and not in conflict with the holdings in *Salus v. San Diego County Employees Retirement Association* (2004) 117 Cal.App.4th 734 and *In re Retirement Cases* (2003) 110 Cal.App.4th 426."

PENSIONABLE COMPENSATION

On January 1, 2013, with the enactment of PEPRRA, new members are subject to the definition of "pensionable compensation." Section 7522.34(a) states:

““Pensionable compensation” of a new member of any public retirement system means the normal monthly rate of pay or base pay of a member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.” (Emphasis added).

This section provides that any compensation outside of base pay may not be included in final compensation when calculating a member’s retirement allowance. However, “base pay” is not defined in the statute. The section goes on to specifically delineate which items of compensation should be excluded.

Subdivision (c) states:

“(c) "Pensionable compensation" does not include the following:

- (1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.
- (2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
- (3) Any one-time or ad hoc payments made to a member.
- (4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.
- (5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
- (6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
- (7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
- (8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.
- (9) Employer contributions to deferred compensation or defined contribution plans.
- (10) Any bonus paid in addition to the compensation described in subdivision (a).

- (11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).
- (12) Any other form of compensation a public retirement board determines should not be pensionable compensation.”

NEW ITEM OF COMPENSATION

The County Chief Executive Office recently informed LACERA of an amendment to the Memorandum of Understanding (“MOU”) for Bargaining Unit 612, Supervisory Peace Officers. We reviewed County Codes and the MOU in preparing our recommendation. A summary of our analysis is attached for your convenience.

1) Peace Officers Standards and Training (POST), Supervisory Bonus

This payment is defined by an amendment to the MOU for Bargaining Unit 612 (Supervisory Peace Officer). It provides a POST bonus to employees of the unit who possess a POST Supervisory Certificate. Additionally, in order to qualify for this bonus, employees must possess certain minimum qualifications and experience. Eligible current employees will receive 1½% bonus added to base pay, 2% added in 2018, and 3½% added thereafter. Historically your Board approved similar items for legacy members consistent with the holding of Ventura that remuneration did not have to be received by all persons in the same grade or class at the same rate of pay to qualify as compensation earnable.

This payment should be excluded for PEPRA members since it is not found on a public pay schedule. In order for additional compensation to be included in the definition of pensionable compensation, certain criteria must be met. Section 7522.34 requires all compensation earnable to be paid in cash pursuant to “publicly available pay schedules.” As this bonus will be a percentage of the employee’s earnings, it cannot be found on a pay schedule.

Recommendation: Include under 31461
Exclude under 7522.34

Each Member
Board of Retirement
June 6, 2017
Page Six

CONCLUSION

Consistent with the foregoing, we submit the attached Resolutions of the Board of Retirement specifying pay items as "Compensation Earnable" under Government Code section 31461 and "Pensionable Compensation" under Government Code section 7522.34.

IT IS THEREFORE RECOMMENDED your Board:

1. Adopt the enclosed Resolutions specifying pay items as "compensation earnable" and "pensionable compensation."
2. Instruct staff to coordinate with the County of Los Angeles to establish necessary reporting mechanism and procedures to permit LACERA to include the qualifying items in the calculation of final compensation.

Reviewed and Approved



Steven P. Rice
Chief Counsel

FMB/et
Attachment

Billingsy/BOR/Pen Comp Comp Earn June 2017

**Attachment: Newly Discovered or Newly Created Codes
reviewed under Section 31461 and 7522.34**

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
INCLUDED under Section 31461					
NONE	Peace Officers Standards and Training (POST) Supervisory Bonus	Provides bonus increasing from one and one-half percent (1½%) to a maximum three and one-half percent (3½%) for deputies that meet requirements defined by a new section of BU 612's Article 7, section 11,	(a)	—	<p>This payment is defined by a new section of BU 612's Article 7, section 11, POST Supervisory Bonus which states that effective July 1, 2017 eligible deputies shall qualify for a POST Supervisory Bonus and shall receive one and one-half percent (1½%) bonus applied to their base salary, effective July 1, 2018, members of this unit who possess a POST Supervisory Certificate, or meet the criteria and POST related requirements, shall qualify for a POST Supervisory Bonus and shall receive an additional two percent (2%) bonus applied to their base salary, and after July 1, 2018, members of this unit meeting these requirements who have not received the POST Supervisory Bonus shall receive a maximum three and one-half percent (3½%) applied to their base salary if upon verification they: 1) Possess or be eligible to possess a POST intermediate Certificate; and, 2) Possess a minimum of two (2) years law enforcement experience as a permanent first-level supervisor or higher with the County of Los Angeles; and 3) Successfully complete a POST certified 80-hour Supervisory course 4) Complete a minimum of 60 semester units an accredited degree or 1,200 Post certified training hours.</p> <p>This bonus includes earnings based on the "average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay," and is included under 31461(a).</p>

**Attachment: Newly Discovered or Newly Created Codes
reviewed under Section 31461 and 7522.34**

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
EXCLUDED under Section 7522.34					
NONE	Peace Officers Standards and Training (POST) Supervisory Bonus	Provides bonus increasing from one and one-half percent (1½%) to a maximum three and one-half percent (3½%) for deputies that meet requirements defined by a new section of BU 612's Article 7, section 11,	—	(c)(11) (c)(10)	<p>This payment is defined by a new section of BU 612's Article 7, section 11, POST Supervisory Bonus which states that effective July 1, 2017 eligible deputies shall qualify for a POST Supervisory Bonus and shall receive one and one-half percent (1½%) bonus applied to their base salary, effective July 1, 2018, members of this unit who possess a POST Supervisory Certificate, or meet the criteria and POST related requirements, shall qualify for a POST Supervisory Bonus and shall receive an additional two percent (2%) bonus applied to their base salary, and after July 1, 2018, members of this unit meeting these requirements who have not received the POST Supervisory Bonus shall receive a maximum three and one-half percent (3½%) applied to their base salary if upon verification they: 1) Possess or be eligible to possess a POST intermediate Certificate; and, 2) Possess a minimum of two (2) years law enforcement experience as a permanent first-level supervisor or higher with the County of Los Angeles; and 3) Successfully complete a POST certified 80-hour Supervisory course 4) Complete a minimum of 60 semester units an accredited degree or 1,200 Post certified training hours.</p> <p>This bonus is excluded as inconsistent with the requirements of 7522.34(a). It is not listed on a Public Pay Schedule, and is not an essential part of the job function.</p>

BEFORE THE BOARD OF RETIREMENT
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

RESOLUTION OF THE BOARD OF
RETIREMENT SPECIFYING ITEMS
OF REMUNERATION AS
“COMPENSATION EARNABLE”

RESOLUTION NO. 2017-BR004

WHEREAS, LACERA calculates retirement allowances based on a member’s “final compensation;” and

WHEREAS, LACERA is required to include in the calculation of “final compensation” a member’s base pay, and certain other items of remuneration, if such remuneration qualifies as “compensation” under Government Code section 31460 and “compensation earnable” under Government Code section 31461; and

WHEREAS, on March 4, 1998, the Board of Retirement adopted Resolution No. 98-004 specifying certain items of remuneration payable to employees of the County of Los Angeles which the Board determined qualify as “compensation” under Government Code section 31460 and “compensation earnable” under section 31461; and

WHEREAS, the Court’s ruling in Ventura County Deputy Sheriff’s Association v. County of Ventura (1997) 16 Cal. 4th 483 became final on October 1, 1997, and requires LACERA to include in the calculation of retirement allowances various forms of remuneration not formerly included; and

WHEREAS, the Board of Retirement adopted various Resolutions specifying additional items of remuneration qualify as “compensation” and “compensation earnable” under Government Code sections 31460 and 31461, respectively;

NOW THEREFORE, BE IT RESOLVED, AS FOLLOWS:

1. The items of remuneration set forth in Attachment 1 qualify as “compensation earnable” as defined in Government Code section 31461, for purposes of calculating a member’s retirement allowance.

BOARD OF RETIREMENT,
LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION

Shawn Kehoe
Chair, Board of Retirement

Approved as to Form:

ATTEST:

Steven P. Rice
Chief Counsel

Vivian H. Gray
Vice Chair, Board of Retirement

ITEMS OF COUNTY REMUNERATION WHICH QUALIFY AS
"COMPENSATION," AS DEFINED BY GOVERNMENT CODE SECTION 31460,
AND/OR "COMPENSATION EARNABLE," AS DEFINED BY GOVERNMENT
CODE SECTION 31461.

<u>EARNINGS</u>	<u>ITEMS</u>
<u>CODE NO.</u>	
099	PATROL STATION RETENTION BONUS
249	AGRICULTURE INSPECTORS AID ROVER BONUS
334	CUSTODY ASSISTANT ACADEMY DRILL INSTRUCTOR
346	HAZARDOUS MATERIALS II EMERGENCY OPERATIONS ASSIGNMENT
347	WELLNESS/FITNESS FOR LIFE BONUS – 1%
348	WELLNESS/FITNESS FOR LIFE BONUS – 2%
349	WELLNESS/FITNESS FOR LIFE BONUS
350	"PILOT PAY" – FIRE DEPARTMENT
358	TEMPORARY PROMOTION BONUS
359	LIFEGUARD PARAMEDIC, CATALINA
362	PARAMEDIC COORDINATOR/EMS CAPTAIN
369	ADVANCED EDUCATION DEGREE BONUS
381	DENTAL PROFESSIONALS BOARD CERTIFICATION BONUS
384	HIGH DESERT HEALTH ASSIGNMENT BONUS

388 SHERIFF DETENTION FACILITY ASSIGNMENT BONUS

389 MENTAL HEALTH PSYCHIATRIST BOARD
CERTIFICATION – MORE THAN ONE SPECIALTY

463 DRINKING WATER TREATMENT AND DISTRIBUTION

503 UNIFORM ALLOWANCE

504 NIGHT SHIFT DIFFERENTIAL

505 CORONER'S INQUEST REPORTER

506 VEHICLE USE ALLOWANCE

507 CO-GENERATION MAINTENANCE

508 HENNINGER FLATS WATCHMAN

509 FREEZER WORK

510 DEPARTMENT HEAD MERIT

511 BOARD OF SUPERVISORS PERFORMANCE LUMP SUM

512 FIRE SUPPRESSION TRANSPORTATION TRUCK DRIVER

514 BACKHOE OPERATOR

515 WEEKEND BONUS

516 EXPLOSIVES WORK

517 EVENING SHIFT DIFFERENTIAL

518 POWER EQUIPMENT REPAIR, SNOW CONDITIONS

519 ENGINEERING EMPLOYEES, HAZARD PAY

520 HOME CARE COMPENSATION

522 CUSTODIAN ACTING AS WATCHMAN

523 HYDROELECTRIC OPERATIONS

- 525 CONTRACTING AND PRODUCTIVITY IMPROVEMENT INCENTIVE FOR MANAGERS
- 528 WEBCOM PRESS OPERATOR
- 529 POWER EQUIPMENT OPERATOR, FIRE SUPPRESSION
- 530 RN EXTRA WEEKENDS WORKED
- 531 STANDBY
- 532 ADDITIONAL RESPONSIBILITIES OR EXCEPTIONAL PERFORMANCE
- 533 POWER SWEEPER OPERATOR IN EMERGENCY CONDITIONS
- 534 POWER PLANT RELIEF ENGINEER
- 535 CLINIC PHYSICIAN, FIRST HOUR AND ONE-HALF
- 536 CONSULTING SPECIALIST, MD, & MENTAL HEALTH CONSULTANT, MD, FIRST AND FIFTH HOURS
- 538 RN ASSIGNED AS ACTING OR RELIEF CHARGE NURSE
- 539 RN WEEKEND DIFFERENTIAL
- 540 RELIEF NURSE HOLIDAY DIFFERENTIAL (HOURLY ITEM)
- 541 RELIEF NURSE WEEKEND DIFFERENTIAL (HOURLY ITEM)
- 544 APPRAISERS LAUNDRY AND DRY CLEANING ALLOWANCE
- 545 HEAVY DUTY TOW TRUCK DRIVER
- 546 SLURRY SEAL TRUCK DRIVER
- 547 LIFEGUARD PARAMEDIC – SHIFT
- 548 LIFEGUARD PARAMEDIC – HOURLY
- 550 INCENTIVE AWARDS FOR MEDICAL REIMBURSEMENTS, HEALTH SERVICES

551 GROUP INCENTIVE AWARD, TREASURER TAX
COLLECTOR

552 STANDBY – EMERGENCY ROLLOUT PROGRAM

553 PIONEER EXCAVATION, TUNNEL OPERATIONS, FIRE
SUPPRESSION, AND SNOW REMOVAL -
CONSTRUCTION INSPECTION AND SURVEYING
GROUPS

554 PIONEER EXCAVATION, TUNNEL OPERATIONS, FIRE
SUPPRESSION, AND SNOW REMOVAL

555 SCAFFOLD OR SWING STAGE, 30 FEET ABOVE GRADE

556 HIGH SCALE AND RIGGING OPERATIONS, GENERAL

557 EVENING SHIFT, MED TECH

558 NIGHT SHIFT, MED TECH

565 PARAMEDIC RECERTIFICATION BONUS

567 DEPUTY SHERIFF RESERVE ANNUAL COMPENSATION

570 HOME CARE PROGRAM STANDBY

571 CSW LICENSURE SUPERVISION

572 MOU LUMP SUM BONUS

575 WASTEWATER PLANT RELIEF BONUS

576 “SOLO DAILY” PAY – COURT REPORTERS

577 INTERPRETER HALF DAY BONUS – SUP. CT.

581 SWIM PROFICIENCY BONUS

601 LIFEGUARD PARAMEDIC, RELIEF

602 SUPERVISING TRANSPORTATION DEPUTY
PERFORMING DISPATCHER DUTIES

603 AUTOMOTIVE SERVICE EXCELLENCE CERTIFICATES

604 RN MOBILE INTENSIVE CARE CERTIFICATION

605 CUSTODIAN FLOOR WAXING BONUS

606 FIRE EQUIPMENT MECHANIC ASSIGNED FIELD REPAIR DUTIES

607 SDPO ASSIGNED ACTING DIRECTOR IN A CAMP

608 BILINGUAL BONUS

609 RN ASSIGNED TO EMERGENCY ROOM

610 ANTELOPE VALLEY FIREFIGHTING CREW

611 TREE TRIMMER SUPERVISOR, POWER OPERATIONS

612 SHOOTING BONUS, EXPERT

613 SHOOTING BONUS, DISTINGUISHED EXPERT

614 SHOOTING BONUS, MARKSMAN

615 SHOOTING BONUS, SHARPSHOOTER

616 ANTELOPE VALLEY QUARTERS, ON FIRE CALL

617 CLINIC NURSE ASSIGNED TO PROBATION CAMP

618 TRANSPORTATION BUS DRIVER, SHERIFF

619 CERTIFIED ACCESS SPECIALISTS

620 SAN GABRIEL DAM OPERATOR

621 NURSE RETENTION INCENTIVE

622 ADVANCED APPRAISER CERTIFICATION

623 PROBATION TRANSCRIBER TYPIST PRODUCTION INCENTIVE

624 BILINGUAL ADDITIONAL BONUS, CHILDREN'S SOCIAL WORKERS

- 625 AGRICULTURE INSPECTORS ASSIGNED TO STANDARDIZATION
- 626 FIREFIGHTER PARAMEDIC NOT ASSIGNED TO A PARAMEDIC POST
- 627 DETENTION AND TRANSPORTATION EXTRA SUPERVISION BONUS
- 628 BILINGUAL BONUS FOR OTHER THAN MONTHLY EMPLOYEES
- 629 MORTUARY ATTENDANT AT LAC/USC MC
- 630 SAFETY POLICE EDUCATIONAL/LONGEVITY INCENTIVE
- 632 MENTAL HEALTH WORKERS ASSIGNED TO SHERIFF'S DETENTION FACILITIES
- 634 SUPERVISING DETENTION SERVICES OFFICER OF THE DAY
- 635 TRANSPORTATION DEPUTY BUS DRIVER, PROBATION
- 636 SHERIFF'S STATION COMMANDER EXPENSES
- 637 PROFESSIONAL DEVELOPMENT EXPENSES
- 638 PROBATION TELECOM EQUIPMENT BONUS
- 639 INTERN HOUSING ALLOWANCE LAC/USC MED. CENTER
- 640 CHILDREN'S SERVICES ERCP RETENTION
- 641 SHOOTING BONUS, EXPERT – RESERVE
- 642 SHOOTING BONUS, DISTINGUISHED EXPERT – RESERVE
- 643 SHOOTING BONUS, MARKSMAN – RESERVE
- 644 SHOOTING BONUS, SHARPSHOOTER – RESERVE
- 645 WELDER CERTIFICATION BONUS

646 EMERGENCY ROLLOUT PROGRAM & SHIFT BONUS

647 BILINGUAL ADDITIONAL BONUS, PSYCHIATRIC SOCIAL
WORK

648 DEFIBRILLATION AIRWAY BONUS

649 MAMMOGRAPHY BONUS

650 PRESIDING JUDGE 4% BONUS

653 EQUINE HANDLERS PAY

653 K-9 HANDLERS PAY

694 PARK, TAXABLE

695 TRANSPORTATION ALLOW

696 TRAFFIC MITIGATION

700 "OVERNIGHT TRIP" PAY - SHERIFF'S STATEWIDE UNIT

730 PREMIUM OVERNIGHT TRIP

782 FLSA PREMIUM PAY FOR REGULARLY SCHEDULED
WORK ASSIGNMENT

903 NON-ELECTIVE LEAVE BUYBACK

910 SICK BUYBACK

911 VACATION BUYBACK

912 HOLIDAY BUYBACK

913 SICK PRE-71 BUYBACK

914 SICK BUYBACK –PROBATION 56 – HOUR

915 VACATION BUYBACK - 56 HOUR

930 SPECIAL PAID LEAVE BUYBACK

931 APPRAISERS LEAVE BUYBACK

932	INTERN/RESIDENT LEAVE BUYBACK
PP046	EMPLOYEE SUGGESTION
NONE	PARK, NONTAXABLE
NONE	PRIOR SALARY
NONE	56 HOUR TO 40 HOUR ASSIGNMENT BONUS
NONE	REGISTERED NURSE ASSIGNED TO CRITICAL CARE UNIT
NONE	POST, SUPERVISORY BONUS

BEFORE THE BOARD OF RETIREMENT
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

RESOLUTION OF THE BOARD OF
RETIREMENT SPECIFYING ITEMS OF
REMUNERATION AS "PENSIONABLE
COMPENSATION"

RESOLUTION NO. 2017-BR005

WHEREAS, Government Code section 7522.34 governs the determination of pensionable compensation for those members who became active members for the first time on or after January 1, 2013, who are subject to the California Public Employees' Pension Reform Act of 2013; and

WHEREAS, LACERA calculates retirement allowances based on a member's final compensation; and

WHEREAS, LACERA is required to include in the calculation of "final compensation," a member's base pay and certain other items of compensation, if such compensation qualifies as "pensionable compensation" under Government Code section 7522.34; and

WHEREAS, Government Code section 7522.34 defines "pensionable compensation" as:

". . .the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules"; and

WHEREAS, the Board has analyzed each current pay item and determined whether or not those items should be included in "pensionable compensation"; and

WHEREAS, the Board may find it necessary from time to time to amend its determinations based on changes made by employers, the Legislature, or the Courts;

NOW THEREFORE, BE IT RESOLVED, AS FOLLOWS:

1. For purposes of calculating a member's retirement allowance, earnings on or after January 1, 2013, for members subject to Government Code section 7522.32, as set forth in Attachment No. 1 do not qualify as "pensionable compensation" as defined in section 7522.34.

BOARD OF RETIREMENT,
LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION

Shawn Kehoe
Chair, Board of Retirement

Approved as to Form

ATTEST:

Steven P. Rice
Chief Counsel

Vivian H. Gray
Vice Chair, Board of Retirement

ITEMS OF REMUNERATION EARNED ON OR AFTER JANUARY 1, 2013, FOR MEMBERS SUBJECT TO GOVERNMENT CODE SECTION 7522.32, WHICH DO NOT QUALIFY AS "PENSIONABLE COMPENSATION" AS DEFINED IN SECTION 7522.34.

EARNINGS **ITEMS**
CODE NO.

200	76-INCH MOWER BONUS
201	ACTING DEPARTMENT HEAD
202	ACTING MEDICAL DIRECTOR
203	ADDITIONAL RESPONSIBILITIES
204	AMERICAN MEDICAL ASSOCIATION BOARD CERT 8.25%
205	AMERICAN MEDICAL ASSOCIATION BOARD CERT 5.50%
209	MANPOWER SHORTAGE RANGE
210	MEDICAL DIRECTOR'S BONUS - 2.75
211	MEDICAL DIRECTOR'S BONUS - 5.50%
212	MEDICAL DIRECTOR'S BONUS - 8.25%
214	OUT OF CLASS BONUS
215	POST BONUS _ ADVANCE/EXECUTIVE
217	POST BONUS - INTERMEDIATE
219	SUPERIOR SUBORDINATE PAY
220	WATCHMAN - CUSTODIAN

221 WELFARE RECIPIENT SUPERVISOR
222 OUT OF CLASS BONUS SCHEDULE/LEVEL/PERCENT
223 TEMPORARY CLERICAL & OFFICE SERVICES EMPLOYEES
224 PBP NON-BASE MERIT SALARY ADJUSTMENT
225 EXECUTIVE SECRETARY ADDED SALARY SCHEDULES
227 PBP TO SCHEDULE SALARY ADJUSTMENT
228 ADDITIONAL RESPONSIBILITIES – REPRESENTED
229 TEMPORARY SPECIAL MAP ACHIEVEMENT – FLAT
230 TEMPORARY SPECIAL MAP ACHIEVEMENT – PERCENT
231 TEMPORARY ASSIGNMENT MAP EMPLOYEE – FLAT
240 AGRICULTURAL INSPECTOR BONUS
243 CAREER DEVELOPMENT INTERN BONUS
248 REGIONAL PLANNING AICP CERTIFICATION BONUS
249 AGRICULTURE INSPECTORS AID ROVER BONUS
250 ACCOUNTING CERTIFICATE
252 6TH AND 7TH STEP FINANCIAL SPECIALIST
256 ANIMAL CONTROL MGR-BOARD LIAISON BONUS
257 HALF STEP-01
258 HALF STEP-02
263 AUDITOR-CONTROLLER MERIT - ONE SCHEDULE
264 AUDITOR-CONTROLLER MERIT - TWO SCHEDULES
265 AUDITOR-CONTROLLER MERIT - THREE SCHEDULES
266 AUDITOR-CONTROLLER MERIT - FOUR SCHEDULES

267 AUDITOR-CONTROLLER MERIT - FIVE SCHEDULES
268 AUDITOR-CONTROLLER MERIT - SIX SCHEDULES
270 BOARD OF SUPERVISOR SPECIAL ASSIGNMENT
271 ASSESSMENT APPEALS BOARD ASSIGNMENT
272 HEAD BOARD SPECIALIST ADDITIONAL STEPS
273 MAPP TIER II STEP 13
274 MAPP TIER II STEP 14
275 MAPP TIER II STEP 15
276 MAPP TIER II STEP 16
277 MAPP TIER II STEP 17
278 MAPP TIER II STEP 18
281 MAPP TO SCHEDULE FLAT AMOUNT
282 MAPP TO SCHEDULE PERCENTAGE
283 PERM PHYSICIAN TRANSITION RATE – PERCENT
285 COURT CLERK - GREATER SKILLS
291 INTERGOVERNMENTAL RELATIONS
293 LEGISLATIVE REPRESENTATIVE-CAO
295 MANAGEMENT TRAINEE
300 CURATOR BONUS
310 LEGISLATIVE ADVOCATE - COUNTY COUNSEL
320 ACCOUNTING CERTIFICATE - DA
321 DISTRICT ATTORNEY - OUT OF CLASS BONUS
322 RECLASSIFIED INVESTIGATOR

323 ANTELOPE VALLEY ASSIGN. 30 MILES FROM RESIDENCE
332 JOURNEY EMPLOYEES BONUS
334 CUSTODY ASSISTANT ACADEMY DRILL INSTRUCTOR
338 ELEVATOR ADJUSTOR
340 A OR B MOTOR VEHICLE LICENSE BONUS
347 WELLNESS/FITNESS FOR LIFE BONUS – 1%
348 WELLNESS/FITNESS FOR LIFE BONUS – 2%
349 WELLNESS/FITNESS FOR LIFE BONUS
356 FIRE SAFETY PERSONNEL BONUS
357 HELICOPTER INSPECTION LICENSE
358 TEMPORARY PROMOTION BONUS
361 TEMPORARY PROMOTION BONUS - NON SCHEDULE
367 MEDICAL STAFF CREDENTIALING ASSIGNMENT BONUS
368 RN ASSIGNED TO SHERIFFS DEPT
369 RN ADVANCED EDUCATIONAL DEGREE BONUS
370 CLINIC NURSE - STAND BY
371 CLINICAL INSTRUCTOR - GENERAL
372 CLINICAL INSTRUCTOR - LAC+USC MEDICAL CENTER
373 EMERG MEDICINE - BOARD CERTIFICATION
374 EMERG MEDICINE - BOARD CERT
375 EMERG MEDICINE - BOARD CERTIFICATION 8.25%
376 HIGH DESERT HOSPITAL - PHYSICIAN BONUS
377 JOURNEY EMPLOYEES BONUS

- 379 SUPERVISING NURSE - ICU
- 380 SUPVG RAD TECHN - DIAGNOSTIC ULTRASOUND
- 381 DENTAL PROFESSIONALS BOARD CERTIFICATION BONUS
- 383 VETERINARY MEDICINE- BOARD CERTIFICATION
- 384 HIGH DESERT HEALTH ASSIGNMENT BONUS
- 385 PSYCHIATRY SPECIALTY BONUS
- 386 PHYSICIAN SPECIALTY BONUS
- 387 PHARMACIST SPECIALTY ASSIGNMENTS
- 388 SHERIFF DETENTION FACILITY ASSIGNMENT BONUS
- 389 MENTAL HEALTH PSYCHIATRIST BOARD CERTIFICATION – MORE THAN ONE SPECIALTY
- 392 LIBRARIAN BONUS
- 395 PHYSICIAN SPECIALTY BONUS - 5.75%
- 396 PHYSICIAN ADDITIONAL COMPENSATION
- 397 PHYSICIAN FORENSIC PATHOLOGY BONUS
- 398 HOSPITAL ADMINISTRATOR - ADDITIONAL COMPENSATION
- 400 DEPUTY COURT ADMINISTRATOR - OPINION/ADVISOR
- 401 DEPUTY MARSHALL - LEVEL I BONUS
- 402 DEPUTY MARSHALL - LEVEL II BONUS
- 403 DEPUTY MARSHALL TRAINEE
- 404 ELECTRONIC RECORDING EQUIPMENT
- 405 MARSHALL SUPERVISING BONUS
- 406 DEPUTY MARSHAL SPECIAL TRAINING - 6TH STEP

407 SKILL & RESPONSIBILITY BONUS
408 DEPUTY CLERK III OUT OF CLASS BONUS
409 STENOGRAPHIC SKILLS
410 SUPERVISING DEPUTY CLERK
411 ADVISOR-COURT ADMINISTRATOR AND JUDGES
412 NIGHT SHIFT AND WEEKEND BONUS
413 DEPUTY CLERK IV - GREATER SKILLS
414 RECORDING EQUIPMENT-DEPUTY CLERK IV M.C.
430 ASST. DIRECTOR - PUBLIC SOCIAL SERVICES
432 DEPUTY DISTRICT DIRECTOR TRAINEE
441 CATALINA ISLAND LIVING - SHERIFF
450 SHERIFF OUT OF CLASS BONUS
453 SERGEANT-AT-ARMS BOARD OF SUPERVISOR
456 TRAINING OFFICER/INVESTIGATOR/K-9 BONUS
458 ACTING CAPACITY BONUS
461 SHERIFF BUSINESS MACHINE TECHNICIAN
464 STATE OF CALIF STRUCTURAL ENGINEER LICENSE BONUS
465 REHABILITATION INSPECTOR-PUBLIC WORKS
468 LICENSED LAND SURVEYOR BONUS
469 LICENSED REGISTERED TRAFFIC ENGINEER BONUS
470 BUSINESS LICENSE LIAISON
475 CERTIFICATION BONUS - LACERA
480 SUPERIOR COURT CLERK BONUS

481 COURT REPORTERS REALTIME CERTIFICATION
482 JUDICIAL ASSISTANT BONUS
483 REALTIME WRITING BONUS
485 SUP CRT EXEC OFFICER ADDITIONAL COMPENSATION
493 SENIOR PROBATION DIRECTOR-CENTRAL JUVENILE HALL
494 SENIOR PROB DIR-LOS PADRINOS/SAN FERNANDO JUV
HALL
495 PROBATION DIRECTOR-ADMIN RESP./FOOTHILL JUV AREA
498 PROBATION DIRECTOR-CHALLENGER YOUTH CENTER
501 BOARD OF RETIREMENT CASE REVIEW
503 UNIFORM ALLOWANCE
504 NIGHT SHIFT DIFFERENTIAL
505 CORONER'S INQUEST REPORTER
506 ALLOWANCE IN LIEU OF VEHICLE USE
507 CO-GENERATION MAINTENANCE
508 HENNINGER FLATS WATCHMAN
509 FREEZER WORK
510 DEPARTMENT HEAD MERIT
511 BOARD OF SUPERVISORS PERFORMANCE LUMP SUM
512 FIRE SUPPRESSION TRANSPORTATION TRUCK DRIVER
513 MOU LUMP SUM BONUS
514 BACKHOE OPERATOR
515 WEEKEND BONUS

516 EXPLOSIVES WORK
517 EVENING SHIFT DIFFERENTIAL
518 POWER EQUIPMENT REPAIR, SNOW CONDITIONS
519 ENGINEERING EMPLOYEES, HAZARD PAY
520 HOME CARE COMPENSATION
522 CUSTODIAN ACTING AS WATCHMAN
523 HYDROELECTRIC OPERATIONS
525 CONTRACTING & PRODUCTIVITY IMPROVE INCNTV FOR
MNGR
528 WEBCOM PRESS OPERATOR
529 POWER EQUIPMENT OPERATOR, FIRE SUPPRESSION
531 STANDBY
532 ADDITIONAL RESPONSIBILITIES AND EXCEPTIONAL
PERFORMANCE
533 POWER SWEEPER OPERATOR IN EMERGENCY
CONDITIONS
534 POWER PLANT RELIEF ENGINEER
535 CLINIC PHYSICIAN FIRST HOUR
536 CONSULTING SPEC, MD & MNTL HEALTH CONSLT, 1st & 5th
538 RN ASSIGNED AS ACTING OR RELIEF CHARGE NURSE
539 RN WEEKEND DIFFERENTIAL
540 RELIEF NURSE HOLIDAY DIFFERENTIAL
541 RELIEF NURSE WEEKEND DIFFERENTIAL
544 APPRAISERS LAUNDRY AND DRY CLEANING ALLOWANCE

545 HEAVY DUTY TOW TRUCK DRIVER

546 SLURRY SEAL TRUCK_DRIVER

548 LIFEGUARD PARAMEDIC - RELIEF

550 INCENTIVE AWARDS FOR MEDI-CAL REIMBRMNTS/ HEALTH SR

551 GROUP INCENTIVE AWARD, TREASURER TAX COLLECTOR

552 STANDBY - EMERGENCY ROLL OUT PROGRAM

553 PIONEER EXCAVTN, TUNNEL OPERATNS, FIRE SUPP, SNOW

554 PIONEER EXCAVTN, TUNNEL OPERATNS, FIRE SUPP, SNOW

555 SCAFFOLD OR SWING STAGE, 30 FEET ABOVE GRADE

556 HIGH SCALE AND RIGGING OPERATIONS, GENERAL

557 EVENING SHIFT, MED TECH

558 NIGHT SHIFT, MED TECH

565 PARAMEDIC RECERTIFICATION BONUS

565A PARAMEDIC RECERTIFICATION BONUS-ELIGIBILITY INDICATOR

567 DEPUTY SHERIFF RESERVE ANNUAL COMPENSATION

568 ASSESMENT APPEALS FULL DAY INCREMENT

570 HOME CARE PROGRAM STANDYBY

571 CHILDREN'S SOCIAL WORKERS LICENSURE SUPERVISION

572 MOU LUMP SUM BONUS

574 STANDBY - INS WITNESS PROGRAM

575 WASTEWATER PLANT RELIEF BONUS

576 SOLO DAILY EARNINGS

577 INTERPRETER HALF DAY BONUS - SUP CT

578 ER ATTENDING PHYSICIAN - DAY RATE

579 ER ATTENDING PHY/-WKDY EVE/WKND HOLIDAY

580 ER ATTENDING PHY/-WKDY NITE/WKND HOLIDAY EVE NITE

581 SWIM PROFICIENCY BONUS

582 INTERPRETER REGULAR MULTIPLE LANGUAGE SAME DAY

583 INTERPRETER-HOURLY/DAILY MULT LANG SAME DAY

584 PHYSICIAN STIPENDS

600 REGISTERED NURSE MOBILE INTENSIVE CARE
CERTIFICATION, SUB-ITEM D

602 SUPERVISING TRANSPORTATN DEPTY PERFORMING
DISPATCHER DUTIES

603 AUTOMOTIVE SERVICE EXCELLENCE CERTIFICATE

604 REGISTERED NURSE MOBILE INTENSIVE CARE
CERTIFICATION

605 CUSTODIAN FLOOR WAXING BONUS

606 FIRE EQUIPMENT MECHANIC ASSIGNED FIELD REPAIR
DUTY

606A FIRE EQUIPMENT MECHANIC ASSIGNED FIELD REPAIR
DUTY - ELIGIBILITY INDICATOR

607 SUPERVISING DEPUTY PROBATION OFFICER (SPDO)
ASSIGNED ACTING DIRECTOR IN A CAMP

608 BILINGUAL BONUS

609 REGISTERED NURSE ASSIGNED TO EMERGENCY ROOM

610 ANTELOPE VALLEY FIREFIGHTING CREW

611 TREE TRIMMER SUPERVISOR, POWER OPERATIONS
612 SHOOTING BONUS, EXPERT
613 SHOOTING BONUS, DISTINGUISHED EXPERT
614 SHOOTING BONUS, MARKSMAN
615 SHOOTING BONUS, SHARPSHOOTER
616 ANTELOPE VALLEY QUARTERS, ON FIRE CALL
617 CLINIC NURSE ASSIGNED TO PROBATION CAMP
618 TRANSPORTATION BUS DRIVER, SHERIFF
619 CERTIFIED ACCESS SPECIALIST
620 SAN GABRIEL DAM OPERATOR
621 NURSE RETENTION INCENTIVE
622 ADVANCED APPRAISER CERTIFICATION
624 BILINGUAL ADDITIONAL BONUS, CHILDREN'S SOCIAL
WORK
625 AGRICULTURE INSPECTORS ASSIGNED TO
STANDARDIZATION
627 DETENTION & TRANSPORTATION EXTRA SUPERVISION
BONUS
628 BILINGUAL BONUS FOR OTHER THAN MONTHLY
628A BILINGUAL BONUS FOR OTHER THAN MONTHLY-
ELIGIBILITY INDICATOR
629 MORTUARY ATTENDANT AT LAC+USCMC
631 BILINGUAL BONUS-SUB D
632 MENTAL HEALTH WORKERS ASSIGNED SHERIFF DETENTN
FACL

- 633 RN ASSIGNED TO EMERGENCY ROOM SUB D
- 634 SUPERVISING DETENTION SERVICES OFFICER OF THE DAY
- 635 TRANSPORTATION DEPUTY BUS DRIVER, PROBATION
- 636 INCIDENTAL EXPENSE ALLOWANCE
- 637 PROFESSIONAL DEVELOPMENT EXPENSES
- 638 PROBATION TELECOM EQUIPMENT BONUS
- 640 CHILDRENS SERVICES ERCP RETENTION
- 641 SHOOTING BONUS, EXPERT – RESERVE
- 642 SHOOTING BONUS, DISTINGUISHED EXPERT – RESERVE
- 643 SHOOTING BONUS, MARKSMAN – RESERVE
- 644 SHOOTING BONUS, SHARPSHOOTER – RESERVE
- 645 EMERGENCY ROOM BONUS/PAT FIN SVCS WKR/PAT RES WKR
- 646 EMERGENCY ROLL OUT PROGRAM & SHIFT BONUS
- 647 BILINGUAL ADDITIONAL BONUS, PSYCH SOCIAL WORK
- 648 DEFIBRILLATION AIRWAY BONUS
- 649 MAMMOGRAPHY BONUS
- 690 CELLULAR PHONE STIPEND - VOICEMAIL
- 691 CELLULAR PHONE STIPEND - DATA ONLY
- 692 CELLULAR PHONE STIPEND - VOICE AND DATA
- 694 CIVIC CENTER COMMUTER ALLOWANCE
- 695 DEPARTMENT HEAD TRANSPORTATION ALLOWANCE
- 696 DEPARTMENT HEAD TRAFFIC MITIGATION ALLOWANCE

700	PENSIONABLE OVERTIME
730	PREMIUM OVERTIME - SYSTEM PENSIONABLE
PF004	MEGAFLEX PENSIONABLE CONTRIBUTION
PF007	FLEX PENSIONABLE CONTRIBUTION
PF010	CHOICES PENSIONABLE CONTRIBUTION
PF013	OPTIONS PENSIONABLE CONTRIBUTION
PK003	NON-ELECTIVE LEAVE
PK011	SICK - 100%
PK012	HOLIDAY
PK021	VACATION
PK030	SPECIAL PAID LEAVE
PK031	APPRAISERS LEAVE
PK032	INTERN/RESIDENT LEAVE
PK113	SICK PRE-71
PKP11	SICK LEAVE BUYBACK 100%
PKP21	VACATION BUYBACK
PP046	EMPLOYEE SUGGESTION
NONE	REGISTERED NURSE ASSIGNED TO CRITICAL CARE UNITS
NONE	FIRE SUPPRESSION CAMP ASSIGNMENT – PREMIUM
NONE	FIRE SUPPRESSION CAMP ASSIGNMENT – COMPENSATORY TIME EARNED
NONE	POST, SUPERVISORY BONUS



June 1, 2017

TO: Each Member
Board of Retirement
Board of Investments

FROM: Gregg Rademacher 
Chief Executive Officer

FOR: Board of Investments Meeting of June 14, 2017
Board of Retirement Meeting of June 15, 2017

**SUBJECT: FINAL PROPOSED FISCAL YEAR 2017-2018 ADMINISTRATIVE
AND RETIREE HEALTHCARE BENEFITS BUDGETS**

RECOMMENDATION

Adopt the final proposed LACERA Fiscal Year 2017-2018 Administrative and Retiree Healthcare Benefits Budgets.

INTRODUCTION

We are pleased to present the proposed 2017-2018 Administrative and Retiree Healthcare Benefits Budgets for your approval. The Board of Retirement and the Board of Investments will each separately approve the budgets at their regularly scheduled meetings. Attached are the minutes for the FY 2017-2018 budget hearings held on May 10, 2017 and May 11, 2017.

DISCUSSION

The 2017-2018 Administrative budget request for \$83,554,666 is the financial representation of the Strategic Plans approved by the Boards and represents LACERA's continuing dedication to fulfilling the mission to Produce, Protect, and Provide the Promised Benefits to our members.

California Government Code 31580.2 states the annual budget for administrative expenses of a retirement system established under the County Employees Retirement Law of 1937 (CERL) may not exceed twenty-one hundredths (0.21 percent) of one (1) percent of the Accrued Actuarial Liability of the retirement system.

LACERA's Actuarial Accrued Liability as of June 30, 2016 is \$62.2 billion; allowing LACERA a statutory budget appropriation of up to \$130.6 million. The \$83.6 million request represents 64 percent of the statutory limit, reserving a \$47 million Contingency Fund.

Changes to Final Proposed Budgets since Budget Hearings

Both the Administrative and Retiree Healthcare Benefits budgets have been revised since the budget hearings to reflect Board actions taken after the February 28, 2017 budget preparation cut-off date. These changes include the addition of the salary range change approved for the Chief Investment Officer by the Boards in March, and the additional positions, classification changes, and compensation changes included in the LACERA Management Study, approved by the Board of Retirement on April 13, 2017, and by the Board of Investments on May 10, 2017.

Administrative Budget

The additional positions, classification changes, and compensation changes resulted in a 2.2 percent increase in the overall Administrative budget from the proposed budget presented during the Budget Hearings. The overall budget increased by \$1.8 million, from \$81,744,576 to \$83,554,666.

The increase includes a 2.7 percent increase in Salaries & Employee Benefits from \$63,845,876 million to \$65,577,866 million and a 0.4 percent increase in the Services & Supplies budget from \$17,898,700 to \$17,976,800. The increases to the Services & Supplies portion of the budget are for education, travel, and other expenses to accommodate the new staff.

Retiree Healthcare Benefits Budget

The changes to the Administrative Budget also filter through to the Retiree Healthcare Benefits Budget. The Retiree Healthcare Benefits Budget will decrease by 0.2 percent from \$6,266,933 million to \$6,256,982 million.

These costs decrease by a minimal amount due to the way in which LACERA allocates costs to the Retiree Healthcare Benefits Budget. The additional positions, classification changes, and compensation changes added to the budget were for

positions allocated to the Administrative budget so there are no direct cost increases to the Retiree Healthcare Benefits Budget.

However, portions of the Retiree Healthcare costs are calculated as a proportionate percentage of the Administrative costs and allocated as overhead. In other words, LACERA allocates a proportionate percentage of Salaries & Employee Benefits and Services & Supplies to Retiree Healthcare for services and supplies shared with the organization. Since there is a greater number of employees overall, these costs are now spread across a larger number of employees causing the overhead costs to decrease which also causes a decrease in costs allocated to Retiree Healthcare.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Adopt the final proposed LACERA Fiscal Year 2017-2018 Administrative and Retiree Healthcare Benefits Budgets.

GR:jp

Attachments

MINUTES OF THE SPECIAL JOINT MEETING OF THE
BOARD OF RETIREMENT AND BOARD OF INVESTMENTS
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CA
WEDNESDAY, MAY 10, 2017 *and* THURSDAY, MAY 11, 2017

WEDNESDAY, MAY 10, 2017

BOARD OF INVESTMENTS

PRESENT:

Wayne Moore
Diane Sandoval

STAFF, ADVISORS, PARTICIPANTS

Gregg Rademacher	Vincent Lim
Robert Hill	Vache Mahseredjian
JJ Popowich	Cynthia Martinez
James Pu	Robert Morgan
Beulah Auten	John Nogales
Richard Bendall	Arlene Owens
Roxana Castillo	Steven Rice
Michael Cordial	Trina Sanders
Tamara Caldwell	Cassandra Smith
Allan Cochran	Kaelyn Ung
Jonathan Gabel	Roberta Van Nortrick
Ted Granger	Scott Zdrazil
Cynthia Guider	

The meeting was called to order at 2:35 p.m. in the Board Room at Gateway Plaza.

MINUTES OF THE SPECIAL JOINT MEETING OF THE
BOARD OF RETIREMENT AND BOARD OF INVESTMENTS
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CA
WEDNESDAY, MAY 10, 2017 *and* THURSDAY, MAY 11, 2017

THURSDAY, MAY 11, 2017

BOARD OF RETIREMENT

PRESENT: Shawn R. Kehoe, Chair
Alan Bernstein
Joseph Kelly

BOARD OF INVESTMENTS

PRESENT: Shawn R. Kehoe, Vice Chair
Joseph Kelly

STAFF, ADVISORS, PARTICIPANTS

Gregg Rademacher	Ted Granger
Robert Hill	Cynthia Guider
JJ Popowich	Francisco Jaranilla
James Pu	Barry Lew
Beulah Auten	Cynthia Martinez
Lilit Bagdzhyan	Norma Minjarez
Allison Barrett	Robert Morgan
James Beasley	Quoc Nguyen
Frank Boyd	John Nogales
Bernie Buenaflor	Arlene Owens
Roxana Castillo	Steven Rice
Allan Cochran	Cassandra Smith
Ricki Contreras	Kaelyn Ung
Michael Cordial	Roberta van Nortrick
Eugenia Der	

The meeting was called to order at 1:20 p.m. in the Board Room at Gateway Plaza.

May 10, 2017

May 11, 2017

Page 3

I. BUDGET HEARING

A. Discussion of LACERA Fiscal Year 2017-2018 Administrative and Retiree Healthcare Benefits Budgets

We will be presenting the budget for adoption at the regular meetings of the Boards of Investments and Retirement on June 14 and June 15, respectively.

The budget is a spending plan to enable us to meet LACERA's mission to "Produce, Protect, and Provide the Promised Benefits." Our budget is our annual spending plan so we can continue to earn our Members' and the County's trust in meeting our mission.

The budget is built upon LACERA's vision and the Boards' stated priorities, including:

- Delivering quality service experiences to our members
- Providing timely service
- Securely funding benefit obligations
- Implementing Board policies and decisions
- Executing directives from the Strategic Plans adopted by the Boards
- Always paying the promised benefit timely

Our mission to Produce, Protect, and Provide the Promised Benefits is distilled into the building blocks of the budget. The foundation is built on pursuing excellence, seeking self sufficiency, managing complexity, and providing leadership to others in the pension industry.

The majority of LACERA's spending plan is for day-to-day support, but additional resources are being asked to start new projects to move the organization forward. LACERA's budget maintains current operations, but also will take us to the next level of excellence for this organization.

Our budget for 2017-2018 begins with LACERA's statutory limit of \$130.6 million. Under California state law, the annual budget for administrative expenses may not exceed 21 hundredths of 1% of the plan liabilities. The operational budget is approximately \$81.7 million, leaving a contingency reserve of \$48.9 million for unanticipated events or projects. If there is a need to use the contingency reserve, staff would bring that request to the Boards for funding approval. We expend money only when needed and budgeted money not spent is not carried over from year to year.

I. BUDGET HEARING (Continued)

Enterprise Information Technology (IT)

Enterprise IT management is three very important things – security, reliability, and performance. In order to maintain an effective operation, we must have all three. These factors are not static but are propelled by complexity, which continues to grow. To manage complexity we must be the best at what we do. Staffing is the centerpiece, requiring specialization and deep expertise to support new technologies being introduced. We need to build the human resource that will allow us to maintain operational capabilities and the security of our system. We must also provide operational resiliency, service excellence, strategic IT, and integrated security.

Renovations

Between the current fiscal year and this budget request we are increasing staff by approximately 7%. Gateway Plaza is almost 100% leased, so we need to make the best use of our available space, which will mean relocating some divisions. We will be relocating Quality Assurance to the third floor, making room for the expansion of Investments and Internal Audit. We will be providing additional space for Retiree Healthcare. Financial and Accounting Services will be moving to the second floor, with Systems taking the entire seventh floor. With the additional space on the second and third floors we will provide for growth for the next five to six years. With so many projects, the onetime budget expense is calculated at approximately \$650,000.

Salaries and Employee Benefits (S&EB)

The \$63.8 million S&EB is a 6% cost increase over the current year projected expenditures, largely driven by increases in staffing in Systems and Investments. There are also notable requests for Member Services and Retiree Healthcare to provide direct services to our members. The remainder of the staffing is spread out strategically among the other divisions who provide valuable support services to LACERA operations and members.

Services and Supplies (S&S)

We are requesting \$17.8 million in S&S, a 6.8% increase over last year. This reflects a modest increase of just 3% in recurring costs. Requested one-time costs of \$1.2 million will cover Systems and renovations.

May 10, 2017

May 11, 2017

Page 5

I. BUDGET HEARING (Continued)

Filling the Vacancies

We currently have 47 staffing vacancies, adding 24 positions, which will take us to 71 vacancies. Vacancies exist due to market competitiveness, internal movement of staff, training time frames, and the tightening of the labor market. The management team is committed to filling these vacancies as quickly as possible. As of the end of April, we have 32 current ongoing recruitments.

Retiree Healthcare

The Retiree Healthcare budget is derived separately from the Administrative budget. We cannot spend retirement trust fund assets on Retiree Healthcare, so we charge a monthly per premium administrative fee of \$8. Retiree Healthcare is responsible for over 90,000 policy holders. As operations are becoming much more complex, we have added six staff in the current year and are requesting two additional staff in this budget. A large portion of the additional S&S budget is to cover three program audits, and \$450,000 in postage. Retiree Healthcare is well positioned within their budget.

Budget preparations begin in October, and we have a cutoff date of February 28 upon which to base the budget. All newly requested positions, classification changes, services and supplies are gathered by that point. This year the Boards approved compensation changes for some classifications, and created some new classifications, after the February 28 cutoff. We will be presenting a final budget request reflecting these changes, which will include an increase in Salaries and Employee Benefits, and a slight increase in Services and Supplies to support the new positions. This is a necessary step as we could not include those changes until the Boards had approved the new positions and compensation.

QUESTIONS AND COMMENTS – MEETING OF WEDNESDAY, MAY 10, 2017

Ms. Sandoval asked if there was room for new staff in Systems.

That is being covered in planned renovations in the upcoming budget year.

Ms. Sandoval asked if the space allocation to the accounting staff is about the same as currently.

Staffing plans are projected five years out, and they will have room to expand should they need to. That is true for all divisions.

May 10, 2017

May 11, 2017

Page 6

I. BUDGET HEARING (Continued)

Ms. Sandoval asked what was the rationale for moving Quality Assurance.

Quality Assurance is currently located between the Investments and Internal Audit Divisions. Their relocation will open additional space for those two divisions.

Ms. Sandoval asked if the staffing vacancies are spread throughout the organization, and where are the largest number of vacancies.

Vacancies are spread throughout LACERA, with the largest numbers being in Systems, Member Services, and Investments.

Ms. Sandoval asked if the vacancies have significantly impacted the service to members.

It has not impacted the quality or accuracy of service, but response timeliness has been effected. We are not answering calls as quickly as we would like. Also, we have cut back on the number of outside events we do for Outreach.

Ms. Sandoval asked if a classification study is being contemplated for the Accounting Division.

We are looking for a vendor to assist us with an accounting classification study. We have been very deliberate in finding a vendor that recognizes the investment/accounting connection.

Mr. Moore asked if there were any issues with the Board of Investments budget of \$181,000, what does that budget cover, and also what is the reason for the \$33,000 increase from last year.

The Board of Retirement and Board of Investments expenses used to be budgeted through the Executive Office, but are now covered under two separate Board office budget sections. The budgets basically cover education, travel, stipends, publications, and registrations. The \$33,000 increase in education and travel costs for the Board is based on trend analysis.

Ms. Sandoval asked if the Board Secretaries could be issued LACERA cell phones, as Board members often need to contact them when traveling.

LACERA phones have been issued based on business resumption, disaster recovery, and also for assorted staff that have a need. We can certainly address this with the Board Secretaries regarding their needs.

May 10, 2017

May 11, 2017

Page 7

I. BUDGET HEARING (Continued)

Mr. Moore asked if we have offsite emergency recoveries, as well as in house.

Yes we do.

Ms. Sandoval asked if we do a test audit on retiree healthcare as we do on the administrative side.

We do an OPEB valuation every two years which looks at all the different parts of that benefit. Internal Audit does operational reviews of all divisions, including Retiree Healthcare. When the external auditors are here, they do look at the cash accounts for the Retiree Healthcare Division as part of the audit.

QUESTIONS AND COMMENTS – MEETING OF THURSDAY, MAY 11, 2017

Mr. Kelly asked how much space LACERA occupies at Gateway Plaza.

We occupy six floors. We occupy the floors that are, historically, not prime rental space.

Mr. Kehoe asked if in the consideration for space have we considered remote sites.

That is always under discussion. We have looked 10 years out on the current space. There will be new space becoming available in 2022, and we would be looking at possibly taking over that space when it becomes available.

Mr. Kehoe wanted to point out that in 2013 we were a \$53 million budget, and now we are \$81 million. That is a large increase over a five year period.

Mr. Kelly requested that the big components of that increase could be laid out separately which would be informative in framing the reasons for the expenditures for that time period.

Mr. Kelly asked if we have explored a vendor to do both printing and mailing.

Staff recently went on a due diligence tour of our current vendor's new facilities. We are in the process of redoing our annual member statements and estimates, and once that is done we are going to issue an RFP for printing and mailing services.

May 10, 2017

May 11, 2017

Page 8

I. BUDGET HEARING (Continued)

Mr. Bernstein asked if there is a chart showing what percentage of our allowed budget we have used from year to year.

Since the California state law changed to make the budget a percentage of liabilities owed, it has been very stable in the percentage used. Each year we have had the resources to complete our strategic objectives within the budgetary limit. There is not a chart showing what percentage of our allowed budget we have used from year to year. Staff will forward this information separately.

II. PUBLIC COMMENT

III. GOOD OF THE ORDER

(For information purposes only)

IV. ADJOURNMENT

The meeting of Wednesday, May 10, 2017 adjourned at 3:20 p.m.

The meeting of Thursday, May 11, 2017 adjourned at 2:00 p.m.

HELPING PEOPLE

The Los Angeles County Employees Retirement Association



Final Proposed Budget Fiscal Year 2017-2018

JUNE 14, 2017 - JUNE 15, 2017

ROB HILL
Assistant Executive Officer

THE BIG PICTURE

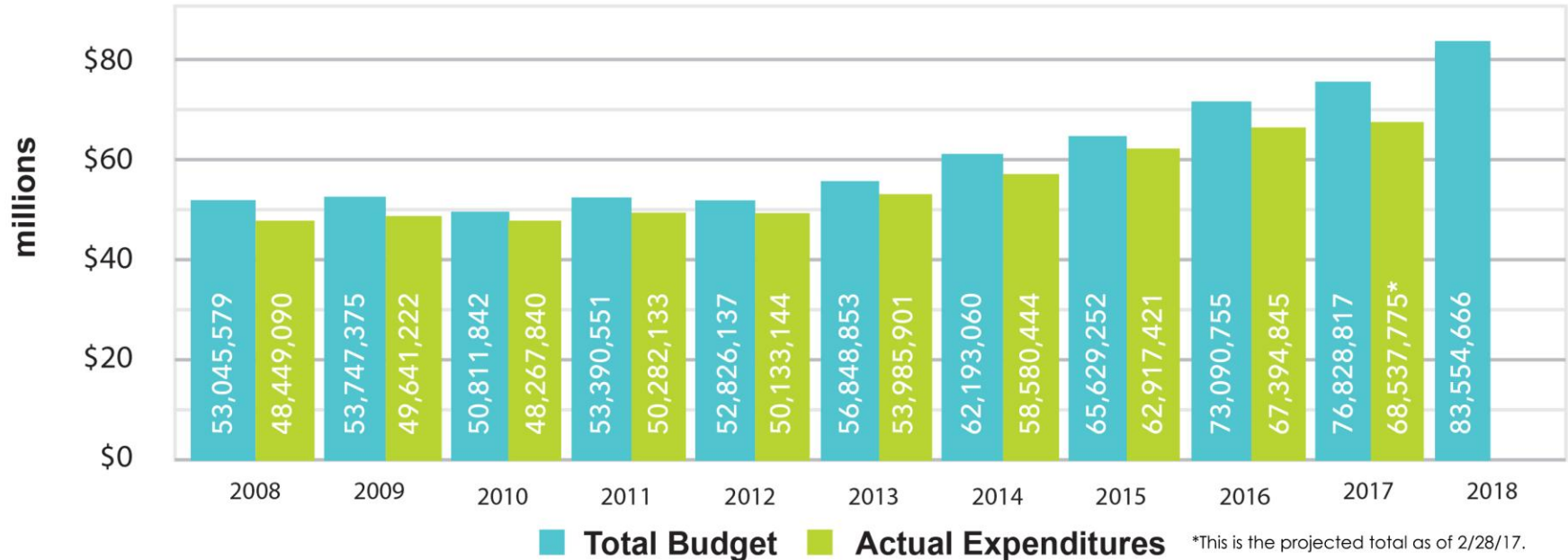


STATUTORY LIMIT	\$130.61 MILLION
LESS: OPERATING BUDGET	(\$83.55 MILLION)
<hr/>	
AVAILABLE FOR CONTINGENCY	\$47.06 MILLION

JJ POPOWICH
Assistant Executive Officer

THE BIG PICTURE

Budget Expenditures



JJ POPOWICH
Assistant Executive Officer

COST CATEGORIES

SALARIES AND
EMPLOYEE BENEFITS

SERVICES AND SUPPLIES

ONE-TIME PROJECTS

BUDGET

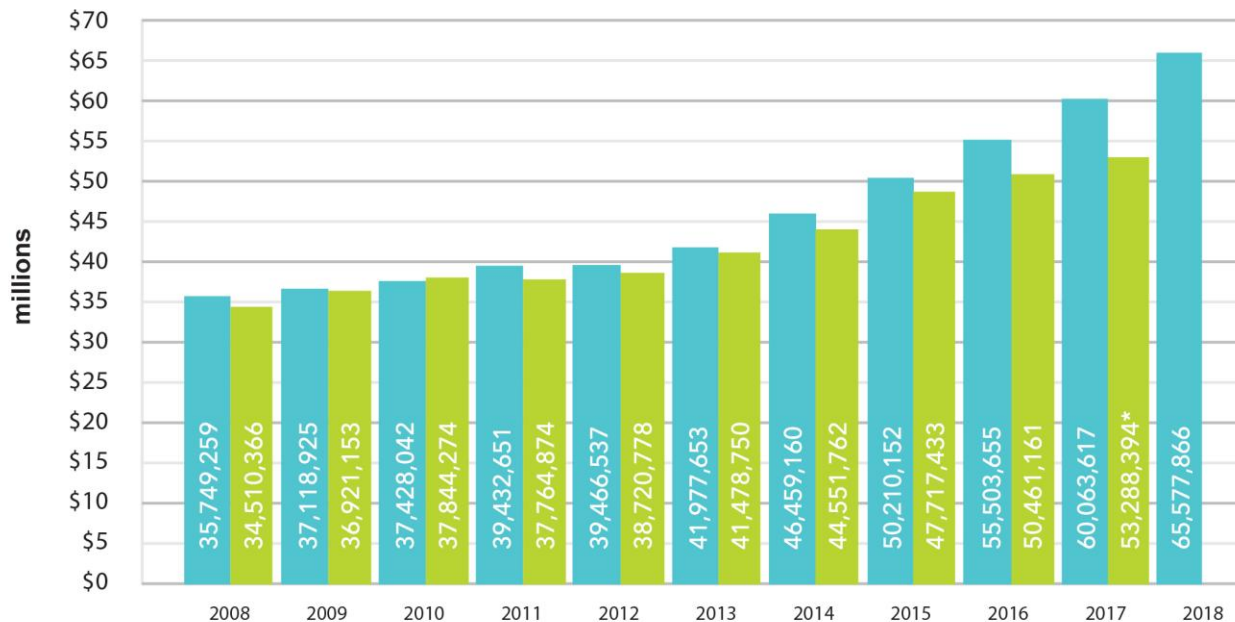


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graph LR; A[SALARIES AND EMPLOYEE BENEFITS] --> B((BUDGET)); C[SERVICES AND SUPPLIES] --> B; D[ONE-TIME PROJECTS] --> B;
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JJ POPOWICH
Assistant Executive Officer

SALARY & EMPLOYEE BENEFITS

\$65.5 MILLION
9.2% INCREASE



429
Budgeted Staff

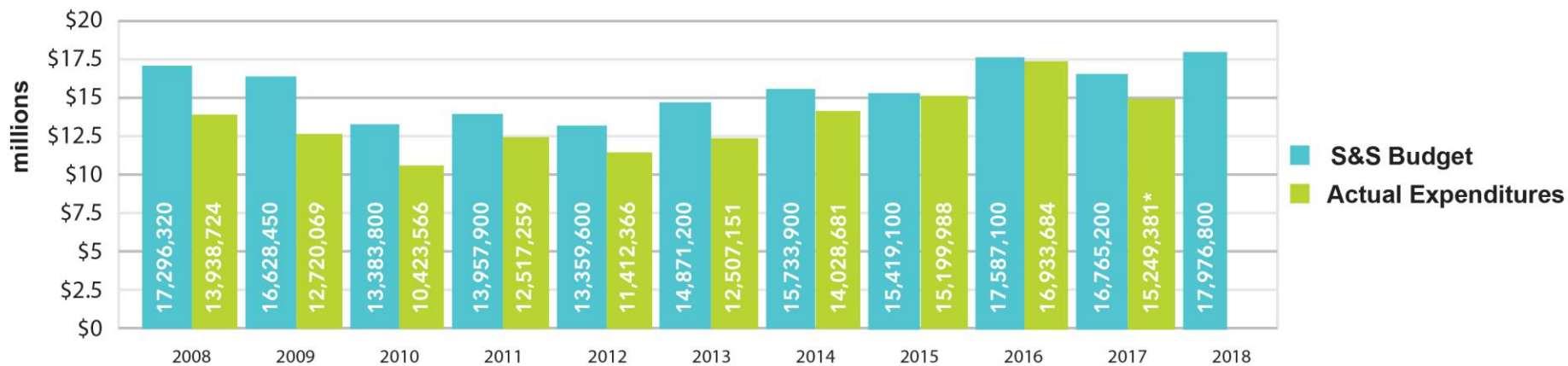
■ S & EB Budget
■ Actual Expenditures

*This is the projected total as of 2/28/17.

JJ POPOWICH
Assistant Executive Officer

SERVICES AND SUPPLIES

\$17.9 MILLION
7.2% INCREASE

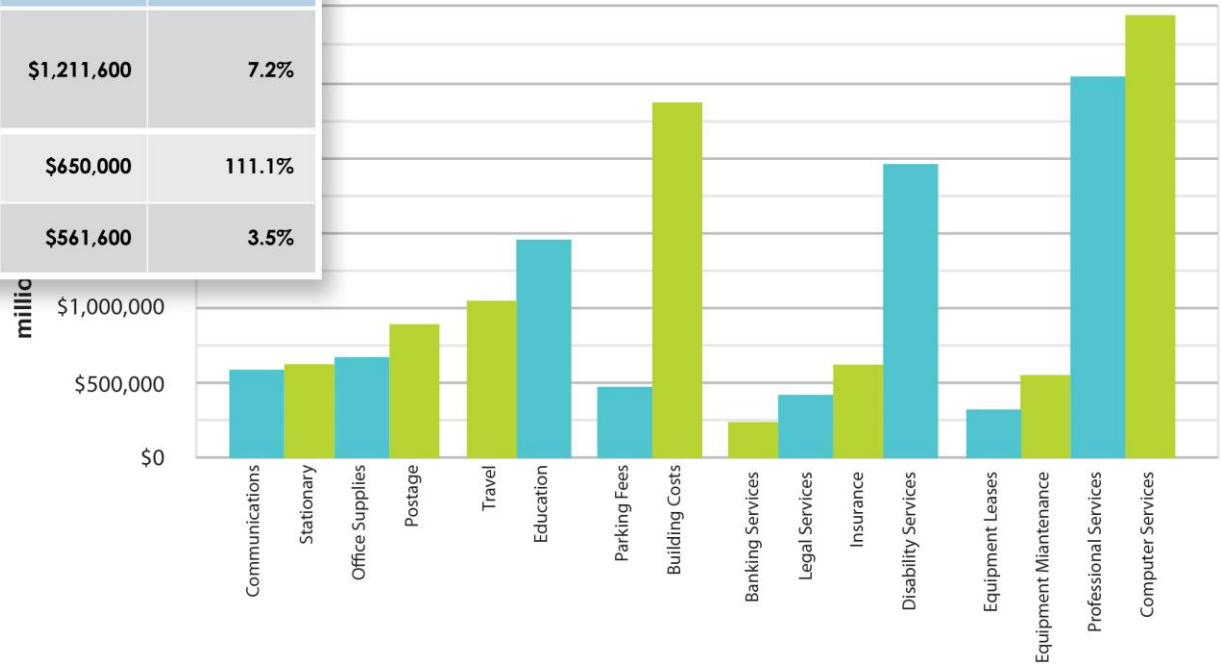


*This is the projected total as of 2/28/17.

JJ POPOWICH
Assistant Executive Officer

SERVICES AND SUPPLIES

	Budget 2018	Budget 2017	Change	Percentage
Total Services and Supplies Budget	\$17,976,800	\$16,765,200	\$1,211,600	7.2%
One-Time Projects	\$1,235,000	\$585,000	\$650,000	111.1%
Recurring S&S	\$16,741,800	\$16,180,200	\$561,600	3.5%



JJ POPOWICH
Assistant Executive Officer

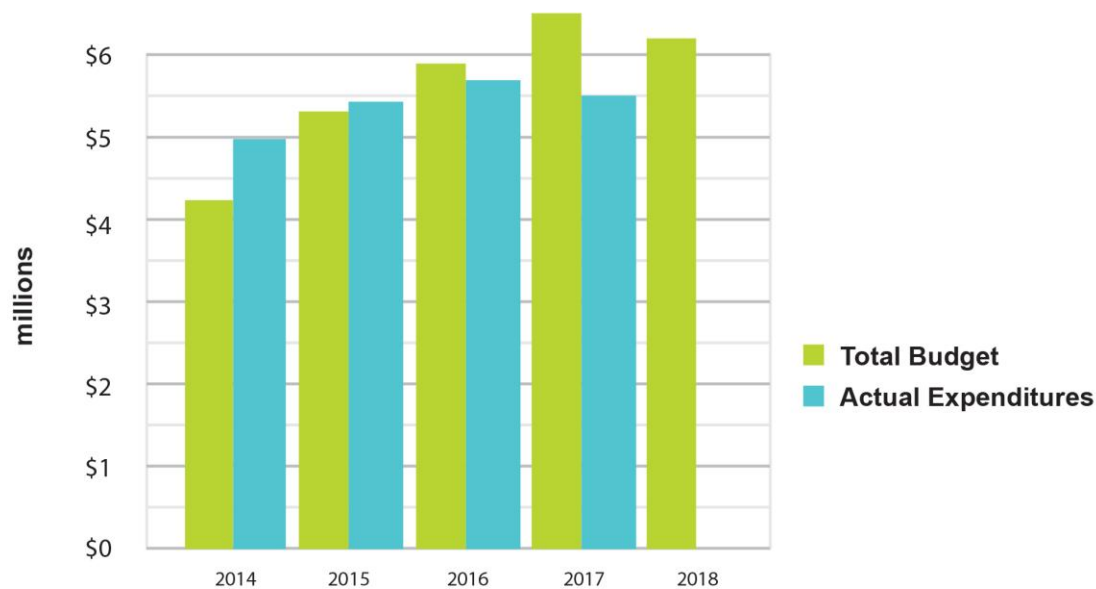
CHANGES TO FINAL PROPOSED BUDGET SINCE BUDGET HEARINGS

	Final Proposed Budget FY 2017-18	Budget Proposed During Hearings FY 2017-18	\$ Change	% Change
Salaries & Employee Benefits	\$65,577,866	\$63,845,876	\$1,731,990	2.7%
Recurring Services & Supplies	\$16,741,800	\$16,663,700	\$78,100	0.5%
One-time costs	\$1,235,000	\$1,235,000	\$0	0.0%
Total Services & Supplies	\$17,976,800	\$17,898,700	\$78,100	0.4%
Grand Total	\$83,554,666	\$81,744,576	\$1,810,090	2.2%
Contingency	\$47,063,682	\$48,873,772	(\$1,810,090)	(3.7%)

ROB HILL
Assistant Executive Officer

RETIREE HEALTHCARE PROGRAM

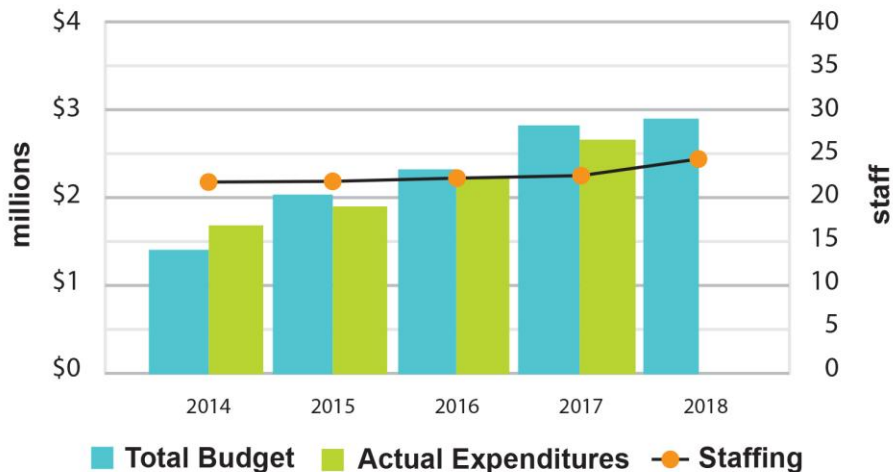
\$6.3 MILLION
3.8% DECREASE



ROB HILL
Assistant Executive Officer

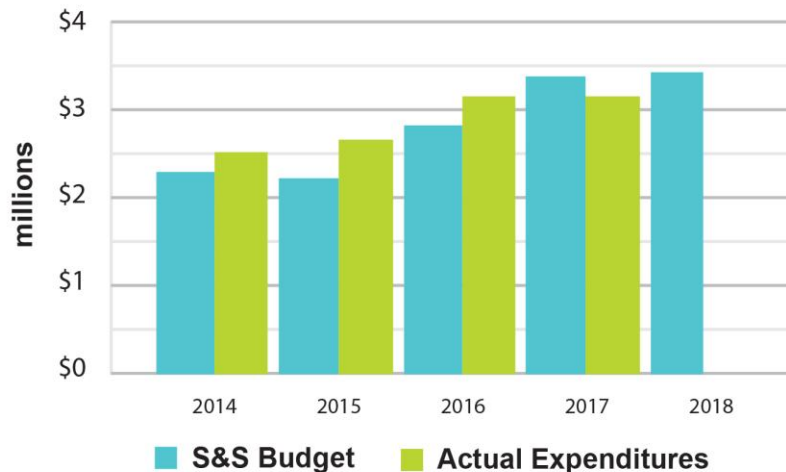
RETIREE HEALTHCARE PROGRAM

Staffing



Services & Supplies

PROGRAM AUDITS - \$787K
POSTAGE SPECIAL MAILINGS - \$450K
OPEB VALUATION/AUDIT - \$0



ROB HILL
Assistant Executive Officer

CHANGES TO FINAL PROPOSED RHC BUDGET SINCE BUDGET HEARINGS

	Final Proposed Budget FY 2017-18	Budget Proposed During Hearings FY 2017-18	\$ Change	% Change
Salaries & Employee Benefits	\$2,808,462	\$2,809,092	(\$630)	0.0%*
Recurring Services & Supplies	N/A	N/A	N/A	N/A
One-time costs	N/A	N/A	N/A	N/A
Total Services & Supplies	\$3,448,521	\$3,457,841	(\$9,320)	(0.3%)
Grand Total	\$6,256,982	\$6,266,933	(\$9,950)	(0.2%)
Contingency	N/A	N/A	N/A	NA

*Actual change is (.02%). Rounded for consistency.

HELPING PEOPLE
The Los Angeles County Employees Retirement Association



Questions?

Budget Adoption / Fiscal Year 2017-2018

JUNE 14, 2017 - JUNE 15, 2017



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**