

AGENDA

A REGULAR MEETING OF THE BOARD OF RETIREMENT LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M.,* WEDNESDAY, NOVEMBER 7, 2018

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

*Although the meeting is scheduled for 9:00 a.m., the meeting will start at the conclusion of the Joint Board Meeting scheduled for the same time.

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Regular Meeting of October 11, 2018
- IV. OTHER COMMUNICATIONS
 - A. For Information
 - 1. September 2018 All Stars
 - 2. Interim Chief Executive Officer's Report
(Memo dated October 29, 2018)
- V. PUBLIC COMMENT
- VI. CONSENT ITEMS
 - A. Ratification of Service Retirement and Survivor Benefit Application Approvals.
 - B. Recommendation as submitted by Francis J. Boyd, Senior Staff Counsel: That the Board terminate the contract of panel physician Harmoz Zahiri, M.D. (Memo dated October 23, 2018)

VI. CONSENT ITEMS (Continued)

- C. Recommendation as submitted by Vanessa Gonzalez, Benefits Division, Interim Division Manager: That the Board 1) Determine, based upon medical evaluation conducted September 12, 2017, that Alejandro E. Estella is not incapacitated for the duties assigned to him in the position of Children’s Social Worker III, and 2) Grant the application of Alejandro E. Estella for reinstatement to active membership. (Memo dated October 23, 2018)

VII. NON-CONSENT ITEMS

- A. Recommendation as submitted by the Les Robbins, Chair, Insurance, Benefits, and Legislative Committee: That the Board direct its voting delegate to support SACRS sponsorship of “Compensation of Board Members” as proposed by the Orange County Employees’ Retirement System for the 2019 legislative platform of the State Association of County Retirement Systems. (Memo dated October 11, 2018)
(Supplemental Agenda Information – Memo dated October 23, 2018)

VIII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

IX. REPORTS

- A. For Information Only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services, regarding the Application Processing Time Snapshot Reports. (Memo dated October 22, 2018)
- B. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the October 2018 Fiduciary Counsel Contact and Billing Report. (Memo dated November 1, 2018) (Privileged and Confidential Attorney-Client Communication/Attorney Work Product)

X. ITEMS FOR STAFF REVIEW

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

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

- A. Applications for Disability
- B. Referee Reports

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

C. Staff Recommendations

1. Recommendation as submitted by Jason E. Waller, Senior Staff Counsel: That the Board find that the delay in filing Jessica D. Reed's application was due to her inability to ascertain the permanency of her incapacity and that she be granted the option of choosing a Disability Retirement Effective Date earlier than her date of application in accordance with Government Code Section 31724.
(Memo dated October 18, 2018)
2. Recommendation as submitted by Eugenia W. Der, Senior Staff Counsel: That the Board find that the delay in filing Olivia Shelman's application was due to her inability to ascertain the permanency of her incapacity, and that she be granted the option of an earlier effective date.
(Memo dated October 24, 2018)
3. Recommendation as submitted by Ricki Contreras, Manager, Disability Retirement Services Division: That the Board approve the service provider invoice for Israel Gorinstein, M.D., Inc.
(Memo dated October 23, 2018)
4. For Information Only as submitted by Ricki Contreras, Manager, Disability Retirement Services Division regarding the 2018 Quarterly Reports of Paid Invoices. (Memo dated October 23, 2018)

XIII. EXECUTIVE SESSION

- A. Conference with Legal Counsel – Anticipated Litigation
Significant Exposure to Litigation (Pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9)
 1. Markos Mirzoian/Viktoria Igoumnova
- B. Conference with Legal Counsel - Existing Litigation
(Pursuant to Paragraph (1) of Subdivision (d) of California Government Code Section 54956.9)
 1. Sandra J. Claggett v. County of Los Angeles, et al. etc.
LASC Case No. BC681877
For Information Only

XIV. ADJOURNMENT

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Retirement that are distributed to members of the Board of Retirement less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Retirement Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.

Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling Cynthia Guider at (626) 564-6000, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date.

MINUTES OF THE REGULAR MEETING OF THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., THURSDAY, OCTOBER 11, 2018

PRESENT: Vivian H. Gray, Chair
Herman Santos, Vice Chair
Marvin Adams, Secretary
Alan Bernstein
JP Harris (Alternate Retired)
Shawn R. Kehoe
Joseph Kelly
William Pryor (Alternate Safety)
Les Robbins
Gina Zapanta-Murphy

ABSENT: Thomas Walsh

STAFF ADVISORS AND PARTICIPANTS

Robert R. Hill, Interim Chief Executive Officer

Steven P. Rice, Chief Counsel

Francis J. Boyd, Senior Staff Counsel

Ricki Contreras, Division Manager
Disability Retirement Services

STAFF ADVISORS AND PARTICIPANTS

Tamara Caldwell, Specialist Supervisor
Disability Retirement Services

Cassandra Smith, Retiree Health Care Division Manager

Steve Murphy, Consultant, Segal

Vito Triglia, Donna Meredith – SEIU 721

I. CALL TO ORDER

The meeting was called to order by Ms. Gray at 10:12 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was conducted at the joint Board meeting prior to this meeting.

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of September 5, 2018

Mr. Adams made a motion, Mr. Bernstein seconded, to approve the minutes of the regular meeting of September 5, 2018. The motion passed unanimously.

B. Approval of the Minutes of the Regular Meeting of September 13, 2018

Mr. Adams made a motion, Mr. Santos seconded, to approve the minutes of the regular meeting of September 13, 2018. The motion passed unanimously.

IV. OTHER COMMUNICATIONS

A. For Information

1. August 2018 All Stars

Mr. Brekk announced the eight winners for the month of August: Jason Waller, Ana Ronquillo, Jan Bautista, Henry Gonsalves, Michael Peterson, Fabio Ramirez, Eilene Morken, and Eugenia Der for the Employee Recognition Program. Ching Fong was the Web Watcher winner and Jeff Shevlowitz, Beulah Auten, Holly Henderson, and Linda Moss were the winners of LACERA's RideShare Program.

2. Interim Chief Executive Officer's Report (Memo dated October 2, 2018)

Mr. Hill and Mr. Brekk provided an update on recent application updates in the Systems Division and an update to the current vacancies. Furthermore, Mr. Hill shared that new information and data has been added to the CEO Report.

Lastly, Mr. Brekk announced the retirement of Lourdes Diaz from the Systems Division.

V. PUBLIC COMMENT

Donna Meredith and Vito Triglia from SEIU 721 expressed their support to the Boards for Proposition 8.

VI. CONSENT ITEMS

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

VI. CONSENT ITEMS (Continued)

- A. Ratification of Service Retirement and Survivor Benefit Application Approvals.
- B. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board grant the appeal and request for an administrative hearing for applicants Angelina Love, Monica E. Jacobs, and Lauren J. Hoyt. (Memo dated September 26, 2018)
- C. Recommendation as submitted by the Disability Procedures & Services Committee: That the Board adopt the recommended procedures for members to apply for a correction appeal in regard to their effective date of disability retirement under Government Code Section 31541.1. (Memo dated September 27, 2018)
- D. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the Harvard Business School – Executive Education: Women on Boards: Succeeding as a Corporate Director on November 26-30, 2018, in Boston, Massachusetts, and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy. (Memo dated September 13, 2018) (Placed on the agenda at the request of Ms. Gray)

VII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board provide direction as to whether to take a position on Proposition 8 and, if so, what additional action should be taken. (Memo dated October 4, 2018)

Messrs. Rice, Lew, Murphy and Ms. Smith were present and answered

questions from the Board.

Mr. Santos made a motion to support Proposition 8. The motion failed without a seconded.

VIII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Law Enforcement

Service-Connected Disability Applications

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

<u>APPLICATION NO.</u>	<u>NAME</u>
893C	RICHARD G. BURGESS
894C	KEVIN J. FORCIER
895C	NICOLE V. HARRISON
896C	KAMRAN KAMALYAN
897C	WILLIAM H. BRAUBERGER, JR.
898C	TIMOTHY LEON
899C*	LARRY G. VANDEN BOSCH
900C	OLLIE E. BRASHEARS, JR.
901C	MEGAN E. DELANEY
902C	DORIS D. WALKER
903C*	JAMES B. HARTMANN
904C	ADAM ARTEAGA

* Granted SCD – Employer Cannot Accommodate

VIII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Law Enforcement (Continued)

Service-Connected Disability Applications

<u>APPLICATION NO.</u>	<u>NAME</u>
905C	JOHN D. PEREZ
906C	KIMBERLY L. BRINK
907C	LARRY QUIROL, JR.
908C	PATRICK R. TAPIA
909C	JORGE CHAVEZ

Safety Fire, Lifeguards

Service-Connected Disability Applications

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

<u>APPLICATION NO.</u>	<u>NAME</u>
1021B	PETER MARDESICH
1022B	ERNEST A. MARQUEZ
1023B	CHRISTIAN L. MAYO
1024B	ALAN F. ROBNETT
1025B	ROBERT R. MARIS
1026B	WAYNE A. MILLER

VIII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

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

<u>APPLICATION NO.</u>	<u>NAME</u>
1027B	GREGORY J. HISEL
1028B	JOHN M. YOUNG
1029B	DANIEL L. GORDON, JR.
1030B	WERNER D. REIMER
1031B*	MICHAEL H. CARNES
1032B	JOSEPH E. KINNEY
1033B	MARK J. GOCKE
1034B	JEFFREY T. FORD
1035B	DAVID P. WIESE

General Members
Service-Connected Disability Applications

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

<u>APPLICATION NO.</u>	<u>NAME</u>
2886B	MICHELLE CASTILLO

* Granted SCD – Employer Cannot Accommodate

VIII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

General Members (Continued)
Service-Connected Disability Applications

<u>APPLICATION NO.</u>	<u>NAME</u>
2887B*	ALAN W. CORMICK
2888B*	LESLIE E. COX
2889B*	MICHAEL PUGRAD
2890B**	WILLIE STEWARD
2891B**	GEORGE S. REID
2892B	LULA M. TAVE
2893B	ABDUL M. HAOLADER

General Members
Non-Service-Connected Disability Applications

The following application was pulled by staff for further development.

<u>APPLICATION NO.</u>	<u>NAME</u>
4378	HARRY B. SOLANO

IX. REPORTS

- A. For Information Only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services, regarding the Application Processing Time Snapshot Reports. (Memo dated September 14, 2018)

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

This Item was received and filed.

* Granted SCD – Employer Cannot Accommodate
** Granted SCD – Retroactive

IX. REPORTS (Continued)

- B. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding the 2018 Year-End Legislative Report. (Memo dated October 1, 2018)

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

This Item was received and filed.

- C. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the September 2018 Fiduciary Counsel Contact and Billing Report. (Memo dated October 1, 2018) (Privileged and Confidential Attorney-Client Communication/Attorney Work Product)

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

This Item was received and filed.

X. ITEMS FOR STAFF REVIEW

There was nothing to report.

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

Mr. Bernstein shared that he is now a NACD Governance Fellow. In addition, Mr. Kehoe recognized the month of October as being Breast Cancer awareness month.

Lastly, Mr. Kelly shared that he is now designated as an official trainer for the County's Center for Financial Empowerment that helps constituents with services and resources to help them make effective money management decisions.

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability

APPLICATION NO. & NAME

BOARD ACTION

5034B – DARRICK D. WOOLEVER

Mr. Pryor made a motion, Mr. Kelly seconded, to hold this case over till next month when LACERA's medical advisor is present. The motion passed unanimously.

5035B – PAULINE YOUNG

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

5036B – GALE BENJAMIN

Mr. Harris made a motion, Mr. Robbins seconded, to grant a nonservice-connected disability retirement pursuant to Government Code Sections 31720 and 31724.

Mr. Kehoe made a substitute motion, Mr. Bernstein seconded, to refer back to staff for further development. The motion passed unanimously.

5037B – SANG W. KIM

Mr. Kehoe made a motion, Mr. Adams seconded, to grant a service-connected disability retirement. The motion passed unanimously.

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

B. Staff Recommendations

1. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board 1) Find that Steven E. Belanger's death occurred as the result of a gunshot wound injury caused by external violence or physical force in the performance of his duty as a Deputy Sheriff; and 2) Grant the special death benefit to Mr. Steven E. Belanger's survivor under Government Code Section 31787.6. (Memo dated September 26, 2018)

Mr. Kehoe made a motion, Mr. Santos seconded, to approve the agenda item. The motion passed unanimously.

2. Recommendation as submitted by Eugenia W. Der, Senior Staff Counsel: That the Board find Olivia Shelmon permanently incapacitated from the performance of her duties for service-connected reasons, and grant her a service-connected disability retirement. (Memo dated September 21, 2018)

Mr. Kehoe made a motion, Ms. Gray seconded, to approve the agenda item. The motion passed unanimously.

3. Recommendation as submitted by JJ Popowich, Assistant Executive Officer: That the Board approve the service provider invoices for Winet Patrick Gayer Creighton & Hanes. (Memo dated September 24, 2018)

Mr. Kelly made a motion, Ms. Gray seconded, to approve the agenda item. The motion passed unanimously.

XIII. EXECUTIVE SESSION

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

XIII. EXECUTIVE SESSION (Continued)

1. Winifred McCloud vs. LACERA
LASC. Case No. BS 170407

The Board met in Executive Session with counsel, pursuant to Paragraph (1) of Subdivision (d) of California Government Code Section 54956.9. The Board unanimously by all members present voted by a motion made by Mr. Santos, seconded by Mr. Adams, to comply with the Writ of Mandate issued by the Superior Court finding that Winifred McCloud was unable to ascertain the permanency of her incapacity on the day following her last day of regular compensation; and grant her an earlier effective date for her disability retirement allowance. Mr. Walsh was absent from the vote.

2. Tod Hipsher vs. LACERA, County of Los Angeles and State of California
LASC Case No. BS 153372; Court of Appeal No. B276486
(For Information Only)

The Board met in Executive Session with counsel, pursuant to Paragraph (1) of Subdivision (d) of California Government Code Section 54956.9. There was nothing to report.

3. LACERA's Amicus Brief – Alameda County Deputy Sheriff's Association, et al., v. Alameda County Employees Retirement Association et al., Case No. S247095
(For Information Only)

The Board met in Executive Session with counsel, pursuant to Paragraph (1) of Subdivision (d) of California Government Code Section 54956.9. There was nothing to report.

October 11, 2018

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XIV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 11:31 a.m.

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

1. Retirement Board Listing dated October 11, 2018
2. Report on Public Records Act Response (Memo dated October 3, 2018)

MARVIN ADAMS, SECRETARY

VIVIAN H. GRAY, CHAIR



October 29, 2018

TO: Each Member
Board of Retirement
Board of Investments

FROM: Robert R. Hill 
Interim Chief Executive Officer

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

I am pleased to present the Interim 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.

Another Successful Year of HR Conferences

LACERA recently completed our 14th Annual Human Resources (HR) Conference, which due to increased demand was actually held over three dates in August, September, and October, accommodating 101 attendees. The HR Conference provides Los Angeles County HR representatives an opportunity to connect with LACERA staff and receive important updates on the latest in retirement information, including disability retirement and the Retiree Healthcare Benefits Program.

Putting on the HR Conference is a team effort, and could not take place without participation from LACERA staff across the organization. It is coordinated and hosted by Cynthia Martinez, Chief of Communications, with in-house subject matter experts sharing their knowledge on various topics. This year's presenters and the topics they covered were: The LACERA Special Durable Power of Attorney, presented by Carlos Barrios; Disability Retirement: Supplemental Disability Allowance, Long-Term Disability, and *After Disability Retirement Is Granted: The Process*, presented by Russell Lurina, Ricardo Salinas, and Marco Legaspi; and RHC: LACERA-Administered Healthcare Plans, presented by Letha Williams-Martin and Laura Fuentes. I would like to thank this team for their hard work and dedication to making this event a success.

The HR professionals attending gave the conference rave reviews, providing positive comments and mostly "excellent" ratings in feedback questionnaires. We thank this year's guests for their commitment to providing our active members with excellent service, and look forward to putting on next year's event.

Fall Staying Healthy Together Fair a Success

Retiree Healthcare, along with our carriers and healthcare consultant Segal, host a retiree wellness fair twice a year in the spring and fall. This year's fall fair, Staying Healthy Together, was held October 23, 2018 at the Pickwick Gardens in Burbank. The half-day workshop was well attended, with 270 attendees. Members came from as far as New Mexico and Arizona. Staff received positive reviews from attendees and appreciated LACERA's effort in providing this educational program and offering fun activities.

Eighth Floor Construction Update

We are making progress with the construction on the eighth floor. We received word this week that the eighth floor restrooms have been completed and are awaiting the final City inspection before they can be opened. Hopefully, this inspection will occur this week or next and everything will be cleared for use.

Construction is continuing as scheduled on the Investments Division renovation. The most recent reports have this project scheduled for completion in January, 2019. The contractors will then schedule the final phase of the project, which is to clean and repair walls, carpet, and repaint the Boardroom and Executive Offices. This is likely to extend into February 2019.

RH: jp
CEO report November 2018.doc

Attachments

Striving for Excellence in Service



Outreach Attendance
3,646

9,306 Year-to-Date



Outreach Events
38

104 Year-to-Date



Outreach Satisfaction
95.5%

0.5% Change Since Last Mo.



Member Service Center
98.2%

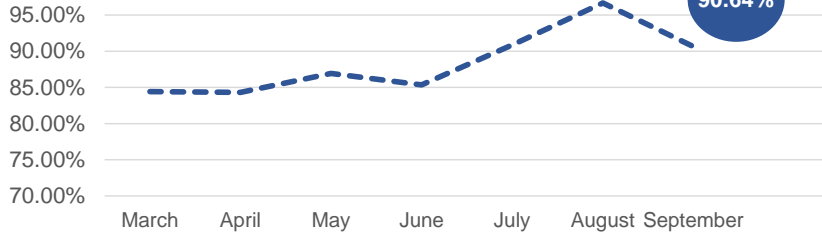
1.8% Change Since Last Mo.



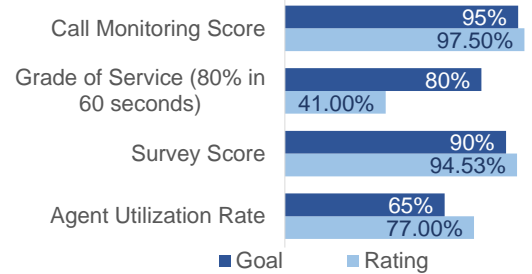
Member Services Calls
10,466

10,351 3 Mo. Avg.

Key Performance Indicator (Overall Performance)



Key Performance Indicator (Components)



Member Services



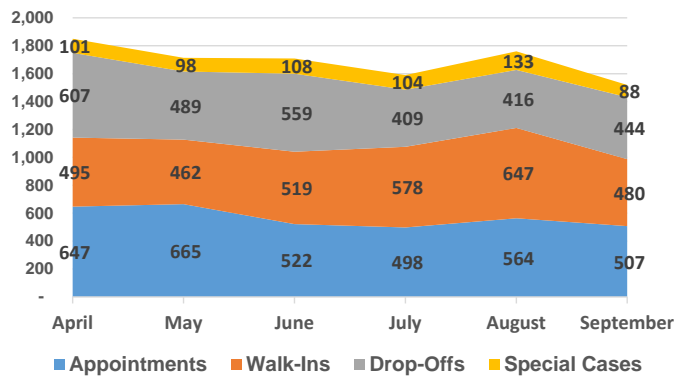
Top Calls

1. Workshop Info/Appointments Inquiry
2. POA: Explanation of - App Sent
3. Death: Benefit Explanation

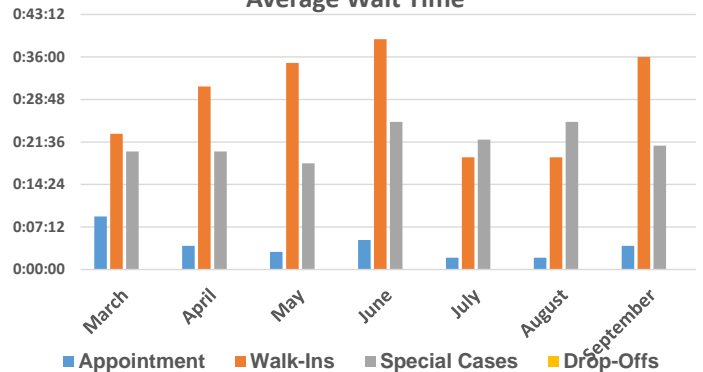


351 Emails
4:19 hours
Avg. Response Time (ART)

Member Service Center Visits



Member Service Center Average Wait Time



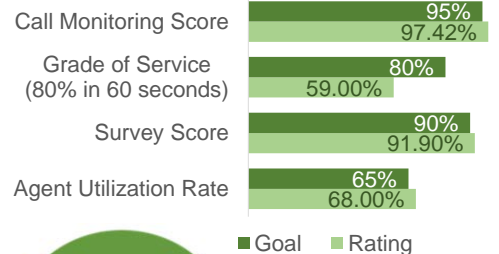
*Drop Off Wait Time: No Waiting

Retiree Healthcare



Top Calls

1. New Enrollment/Change/Cancel
2. Med. Benefits - General Inquiries (RHC)
3. Dental/Vision Benefits Gen. Inquiries



136 Emails
5 day
Avg. Response Time (ART)

Striving for Excellence in Service (Continued)

Applications

559

On Hand

- 21 Received
- 106 Year-to-Date
- 0 Re-opened
- 0 Year-to-Date
- 42 To Board - Initial
- 133 Year-to-Date
- 0 Closed
- 13 Year-to-Date
- 538 In Process
- 538 Year-to-Date

Appeals

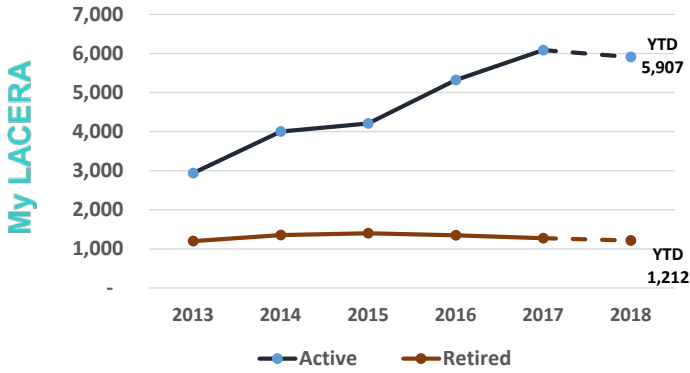
99

On Hand

- 3 Received
- 6 Year-to-Date
- 1 Admin Closed/Rule 32
- 6 Year-to-Date
- 0 Referee Recommended
- 3 Year-to-Date
- 1 Revised/Reconsidered for Granting
- 2 Year-to-Date
- 100 In Process
- 100 Year-to-Date

Disability

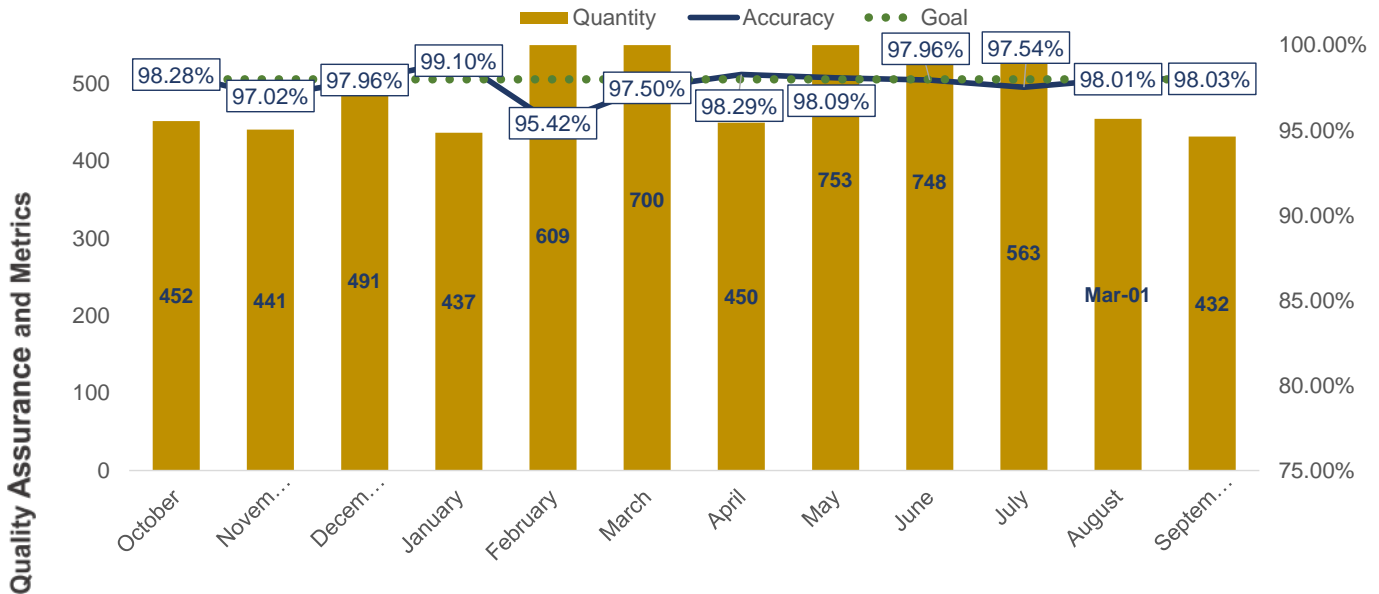
My LACERA Registrations



MORE COMING SOON!

Striving for Excellence in Quality

Audits of Retirement Elections, Payment Contracts, and Data Entry



September 2018
98.29%



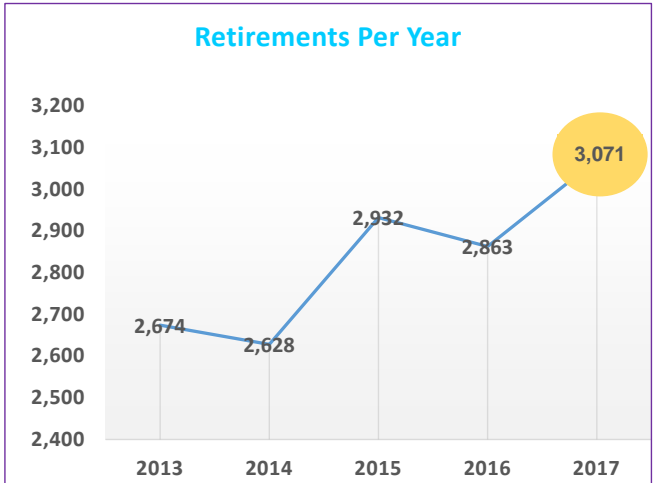
Retirement Elections
210 Samples
97.35% Accuracy

Payment Contracts
105 Samples
98.76% Accuracy

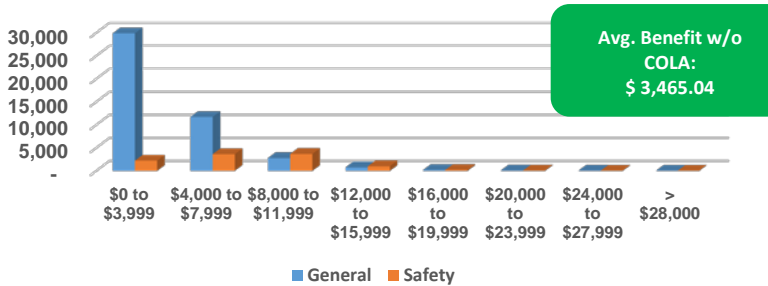
Data Entry
90 Samples
98.75% Accuracy

Member Snapshot

	Members as of 10/29/18				
	Plan	Active	Retired	Survivors	Total
General	Plan A	133	17,418	4,494	22,045
	Plan B	43	683	66	792
	Plan C	54	421	65	540
	Plan D	43,128	14,464	1,324	58,916
	Plan E	18,150	12,525	1,116	31,791
	Plan G	24,518	15	1	24,534
	Total General	86,026	45,526	7,066	138,618
Safety	Plan A	5	5,408	1,589	7,002
	Plan B	10,198	5,394	272	15,864
	Plan C	2,649	8	0	2,657
	Total Safety	12,852	10,810	1,861	25,523
TOTAL MEMBERS	98,878	56,336	8,927	164,141	
% by Category	60%	34%	5%	100%	

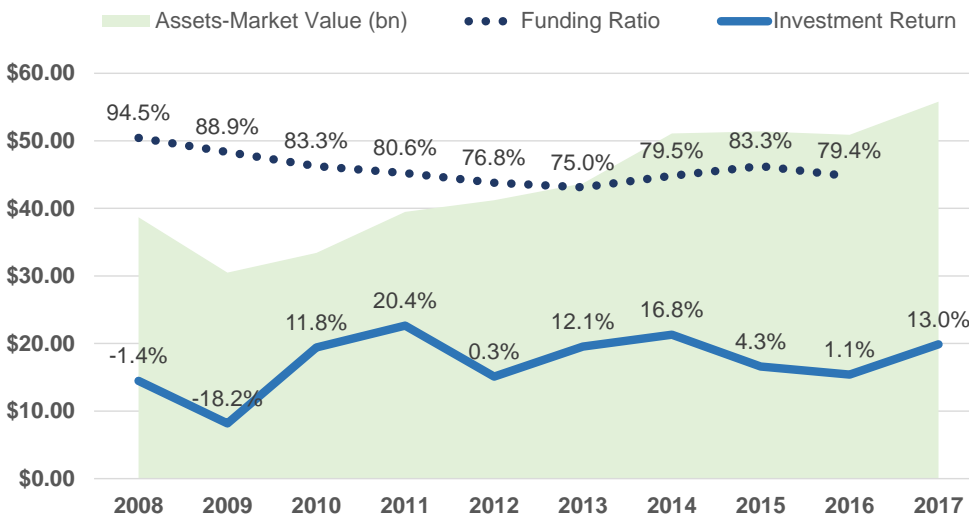


Average Monthly Benefit Allowance w/ COLA Distribution



Healthcare Program (YTD)		Healthcare Enrollments (Monthly)	
	Employer	Member	
Medical	\$127.9m	\$10.7m	Medical 50,155
Dental	\$10.9m	\$1.1m	Dental 51,356
Part B	\$15.7m	xxxx	Part B 33,662
Total	\$154.4m	\$11.8m	Total LTC 671
			Total 135,844

Key Financial Metrics



Funding Metrics (as of 6/30/17)	
Employer NC	9.97%*
UAAL	9.73%*
Assumed Rate	7.25%*
Star Reserve	\$614m*
Total Assets	\$52.7b*

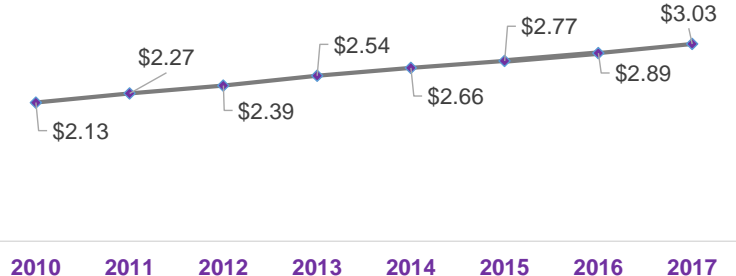
Contributions (as of 6/30/17)		
	Employer	Member
Annual Add	\$1,331.4m	\$526.6m
% of Payroll	19.7%*	6.65%*

*Effective July 1, 2017, as of 06/30/16 actuarial valuation

Retired Members Payroll

Monthly Payroll	\$283.29m
Payroll YTD	.9b
New Retired Payees Added	293
Seamless %	98.63%
New Seamless Payees Added	926
Seamless YTD	98.06%
By Check %	4.00%
By Direct Deposit %	96.00%

Retiree Payroll by Year

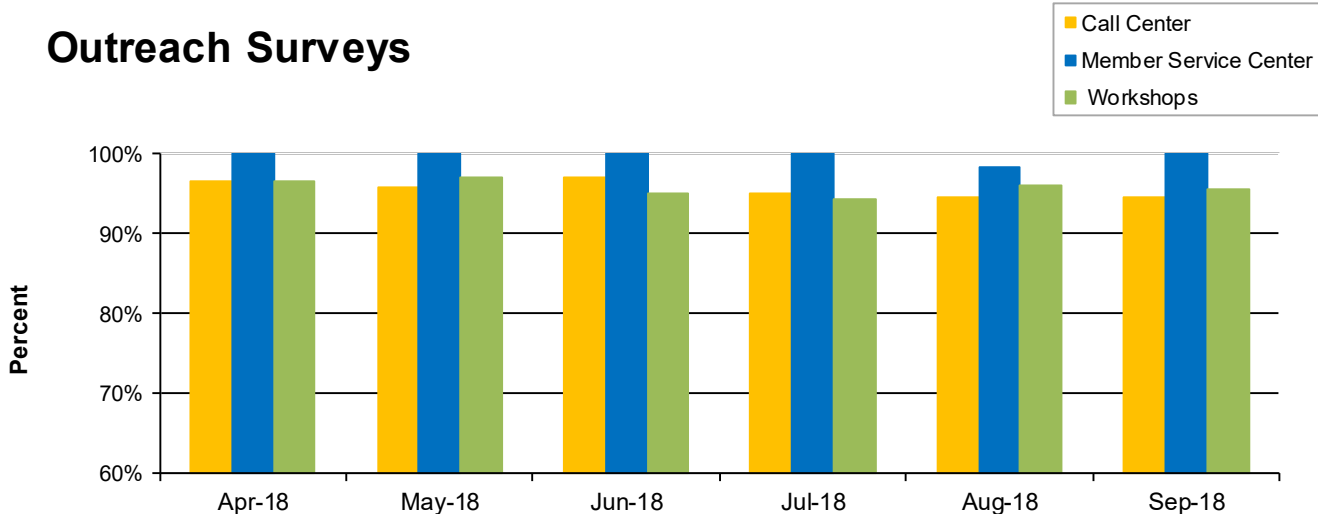


LACERA's KEY BUSINESS METRICS

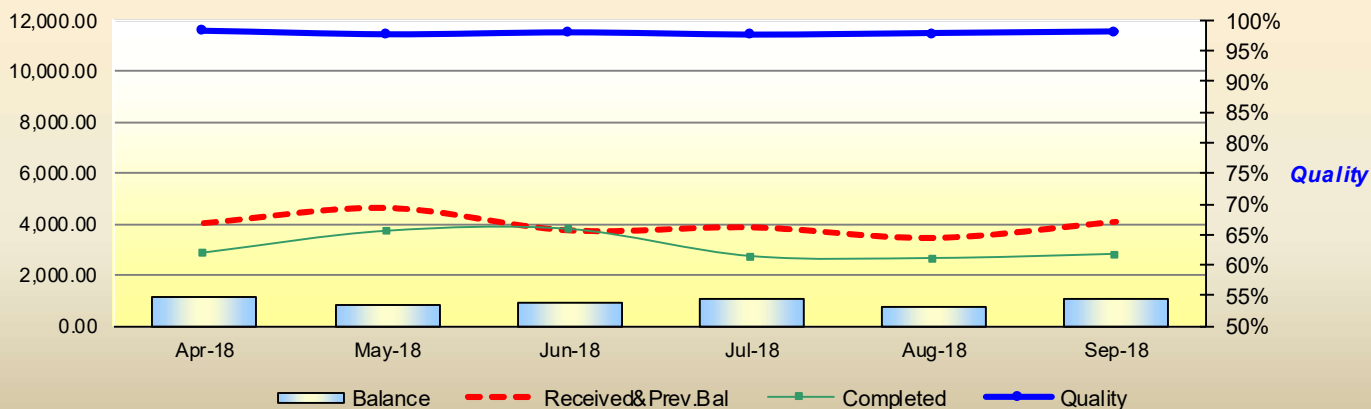
OUTREACH EVENTS AND ATTENDANCE

Type	# of WORKSHOPS		# of MEMBERS	
	Monthly	YTD	Monthly	YTD
Benefit Information	17	46	1,261	2,455
Mid Career	2	6	100	220
New Member	9	29	225	755
Pre-Retirement	6	15	144	344
General Information	3	7	317	584
Retiree Events	1	1	80	80
Member Service Center	Daily	Daily	1,519	4,868
TOTALS	38	104	3,646	9,306

Outreach Surveys



Benefits and Member Services Production and Quality Summary (Rolling 6 Months)



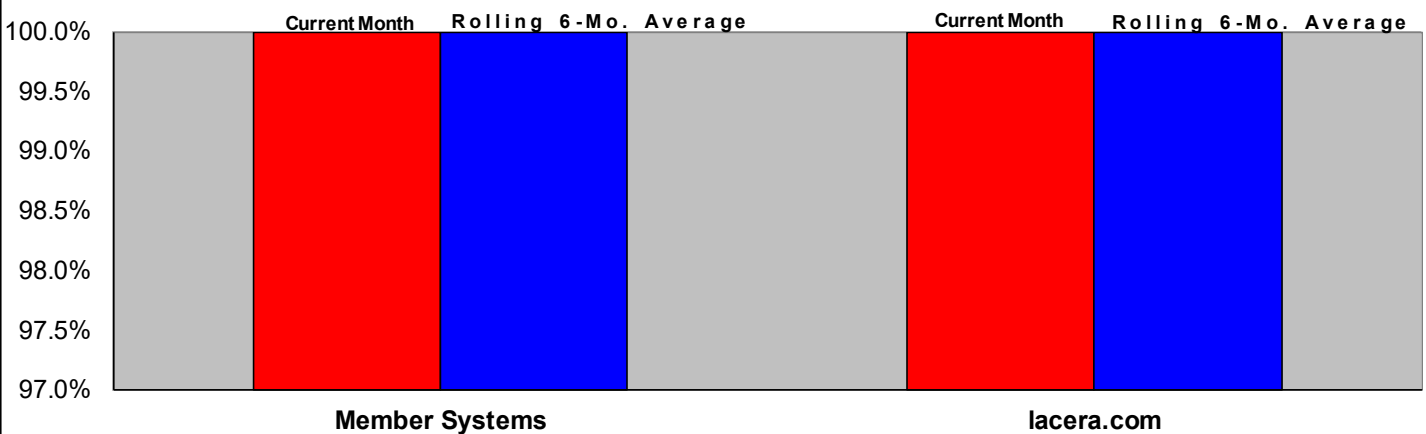
Member Services Contact Center			RHC Call Center	Top Calls
Overall Key Performance Indicator (KPI)		90.64%		
Category	Goal	Rating		
Call Center Monitoring Score	95%	97.50%	97.42%	<u>Member Services</u>
Grade of Service (80% in 60 seconds)	80%	41%	59%	1) Workshop Info.Appointments: Inquiry
Call Center Survey Score	90%	94.53%	91.90%	2) POA: Explanation of - App Sent
Agent Utilization Rate	65%	77%	68%	3) Death: Benefit Explanation
Number of Calls		10,466	3,693	<u>Retiree Health Care</u>
Number of Calls Answered		9,006	3,486	1) New Enrollment/Change/Cancel
Number of Calls Abandoned		1,460	205	2) Medical Benefits-Gen. Inquiries (RHC)
Calls-Average Speed of Answer (hh:mm:ss)		00:05:05	00:02:12	3) Dental/Vision Benefits Gen. Inquiries
Number of Emails		351	136	
Emails-Average Response Time (hh:mm:ss)		04:19:12	(Days) 5	Adjusted for weekends

LACERA's KEY BUSINESS METRICS

Fiscal Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assets-Market Value	\$38.7	\$30.5	\$33.4	\$39.5	\$41.2	\$43.7	\$51.1	\$51.4	\$50.9	\$55.8
Funding Ratio	94.5%	88.9%	83.3%	80.6%	76.8%	75.0%	79.5%	83.3%	79.4%	n/a
Investment Return	-1.4%	-18.2%	11.8%	20.4%	0.3%	12.1%	16.8%	4.3%	1.1%	13.0%

DISABILITY INVESTIGATIONS						
APPLICATIONS	TOTAL	YTD		APPEALS	TOTAL	YTD
On Hand	559	xxxxxxx		On Hand	99	xxxxxxx
Received	21	106		Received	3	6
Re-opened	0	0		Administratively Closed/Rule 32	1	6
To Board – Initial	42	133		Referee Recommendation	0	3
Closed	0	13		Revised/Reconsidered for Granting	1	2
In Process	538	538		In Process	100	100

SYSTEMS AVAILABILITY - SEPTEMBER 2018



Active Members as of 10/29/18		Retired Members/Survivors as of 10/29/18			Retired Members	
		Retirees	Survivors	Total		
General-Plan A	133	17,418	4,494	21,912	Monthly Payroll	283.29 Million
General-Plan B	43	683	66	749	Payroll YTD	0.9 Billion
General-Plan C	54	421	65	486	No. Monthly Added	293
General-Plan D	43,128	14,464	1,324	15,788	Seamless %	98.63%
General-Plan E	18,150	12,525	1,116	13,641	No. YTD Added	926
General-Plan G	24,518	15	1	16	Seamless YTD %	98.06%
Total General	86,026	45,526	7,066	52,592	Direct Deposit %	96.00%
Safety-Plan A	5	5,408	1,589	6,997		
Safety-Plan B	10,198	5,394	272	5,666		
Safety-Plan C	2,649	8	0	8		
Total Safety	12,852	10,810	1,861	12,671		
TOTAL ACTIVE	98,878	TOTAL RETIRED	56,336	8,927	65,263	

Health Care Program (YTD Totals)		
	Employer Amount	Member Amount
Medical	127,851,317	10,718,387
Dental	10,882,576	1,101,700
Med Part B	15,685,140	xxxxxxxxxx
Total Amount	\$154,419,033	\$11,820,087

Health Care Program Enrollments (Monthly)	
Medical	50,155
Dental	51,356
Med Part B	33,662
Long Term Care (LTC)	671

Funding Metrics as of 6/30/17	
Employer Normal Cost	9.97%*
UAAL	9.73%*
Assumed Rate	7.25%*
Star Reserve	\$614 million
Total Assets	\$52.7 billion

Member Contributions as of 6/30/17	
Annual Additions	\$526.6 million
% of Payroll	6.65%*

Employer Contributions as of 6/30/17	
Annual Addition	\$1,331.4 million
% of Payroll	19.70%*

*Effective July 1, 2017, as of 6/30/16 actuarial valuation.

Date	Conference
December, 2018	
4	Milken Institute London Summit London, England
January, 2019	
27-29	NCPERS (National Conference on Public Employee Retirement Systems) Legislative Conference Washington D.C.
February, 2019	
5-6	IMN (Information Management Network) Annual Beneficial Owners' Intl. Securities Finance & Collateral Mgmt. Conference Fort Lauderdale, FL
27-March 1	Pacific Pension Institute (PPI) North American Winter Roundtable Los Angeles, CA
March, 2019	
2-5	CALAPRS (California Association of Public Retirement Systems) General Assembly Meeting Monterey, CA
4-6	Council of Institutional Investors (CII) Spring Conference Washington D.C.
13-14	AHIP (America's Health Insurance Plans) National Health Policy Conference Washington D.C.
14-15	PREA (Pension Real Estate Association) Spring Conference Dallas, TX
27-29	CALAPRS (California Association of Public Retirement Systems) Advanced Principles of Pension Management for Trustees at UCLA Los Angeles, CA
April, 2019	
8-10	IFEBP (International Foundation of Employment Benefit Plans) Investments Institute Phoenix, AZ
14-17	CRCEA (California Retired County Employees Association) Spring Conference San Diego, CA
28-May 1	World Healthcare Congress Washington D.C.
May, 2019	
6-8	IFEBP (International Foundation of Employment Benefit Plans) Health Care Mgmt. Conference Boston, MA



October 23, 2018

To: Each Member,
Board of Retirement

From: Francis J. Boyd
Sr. Staff Counsel

For: November 7, 2018, Board of Retirement Meeting

Subject: **TERMINATION OF PANEL PHYSICIAN HORMOZ ZAHIRI, M.D.**

RECOMMENDATION

That the Board of Retirement terminate the contract of panel physician Hormoz Zahiri, M.D.

LEGAL AUTHORITY

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

On November 5, 2015, the Board of Retirement established a policy for hiring panel physicians. The policy requires that all physicians immediately notify LACERA if any proceeding or investigation is commenced by any agency related to the physician's license or certification—this requirement is also reflected in the panel-physician's contract. Violation of this policy will result in the immediate suspension of the physician's contract with LACERA, and Disability Retirement Services staff is to notify the panel-physician by certified mail that the contract has been suspended. The policy also requires staff to notify the Board at the next available Board meeting of any physician violations involving proceedings or investigations by a licensing or certifying agency.

DISCUSSION

During its usual auditing process, Disability Retirement Services learned that the Medical Board of California issued a Public Letter of Reprimand to panel physician

¹ Cal. Const., art. XVI, § 17, subd. (a) and (b); Gov. Code Sec. 31725; *Preciado v. County of Ventura, et al.* (1982) 143 Cal.App.3d 783, 789.

Re: Termination of Contract – Hormoz Zahiri, M.D.

October 25, 2018

Page 2 of 2

Hormoz Zahiri, M.D., on September 11, 2018. This letter, a copy of which is enclosed, states the following in pertinent part:

An investigation by the Medical Board of California revealed you failed to consider a longer immobilization period of patient's ankle after surgery, failed to maintain adequate and accurate records, and failed to provide adequate supervision to a medical assistant.

These actions constitute a violation of California Business and Professions Code section 2234(c) – repeated negligent acts, 2266 – maintain adequate and accurate records and 2069 – supervision of medical assistants.

Dr. Zahiri's contract to provide medical services for LACERA states the following under paragraph 14:

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 related to PHYSICIAN's license.*** (Italics added).

On October 25, 2018, I sent a certified letter to Dr. Zahiri notifying him that his contract with LACERA had been suspended due to his failure to notify LACERA that he was investigated by the California Medical Board and that he was publically reprimanded as a result of the investigation.

As noted above, the public reprimand was based on Dr. Zahiri's repeated negligent acts. This finding undermines his credibility and reliability as a medical expert. For this reason, I recommend that the Board of Retirement terminate his contract for services for LACERA.

CONCLUSION

For the foregoing reasons, it is recommended that the Board of Retirement terminate the contract of panel physician Hormoz Zahiri, M.D.

Reviewed and Approved:



Steven P. Rice
Senior Staff Counsel

Attachments

FJB:tam

ATTACHMENT



MEDICAL BOARD OF CALIFORNIA

Protecting consumers by advancing high quality, safe medical care.

Enforcement Program
2005 Evergreen Street, Suite 1200
Sacramento, CA 95815-5401
Phone: (916) 263-2525
Fax: (916) 263-2473
www.mbc.ca.gov

Governor Edmund G. Brown Jr., State of California | Business, Consumer Services and Housing Agency | Department of Consumer Affairs

September 11, 2018

Hormoz Zahiri, M.D.
1015 Gayley Ave., Suite 101
Los Angeles, CA 90024-3475

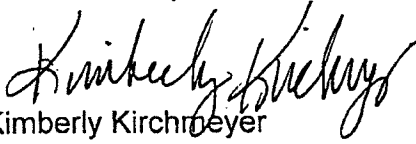
RE: Physician's and Surgeon's Certificate No. A 38240
Case No. 800-2016-021491

Public Letter of Reprimand

An investigation by the Medical Board of California revealed you failed to consider a longer immobilization period of a patient's ankle after surgery, failed to maintain adequate and accurate records, and failed to provide adequate supervision to a medical assistant.

These actions constitute a violation of California Business and Professions Code sections 2234(c) – repeated negligent acts, 2266 – maintain adequate and accurate records and 2069 – supervision of medical assistants.


Pursuant to the authority of the California Business and Professions Code section 2233, you are hereby issued this Public Letter of Reprimand by the Medical Board of California.


Kimberly Kirchmeyer
Executive Director



October 23, 2018

TO: Each Member
Board of Retirement

FROM: Vanessa Gonzalez 
Interim Division Manager, Benefits Division

FOR: Meeting of November 7, 2018

SUBJECT: **Application of Alejandro E. Estella for Reinstatement to Active Membership Pursuant to Government Code Section 31680.4 and 31680.5**

Government Code Sections 31680.4 and 31680.5 permit a retired member to be re-employed by the County and reinstated as an active member of LACERA if the Board of Retirement, based upon medical examination, determines that the member is not incapacitated for the assigned duties. The member's retirement allowance would be suspended immediately upon re-employment. Reinstatement to active membership becomes effective the first day of the month following the date of re-employment. The returning member would only be eligible for a retirement plan that is currently available for the reinstated position, regardless of the member's prior retirement plan.

Alejandro E. Estella retired from service August 31, 2009. The County of Los Angeles now wishes to re-employ Alejandro E. Estella as a Children's Social Worker (CSW) III, (Item #9073A).

Under Section 31680.5, all reinstated general members are entitled to a retirement allowance, upon subsequent retirement, "determined as if the member were first entering the system." Thus, this member is only eligible for Retirement Plan G General. Note that the member was in Plan D General for his past membership period and will be in Plan G General for his new membership period, if approved for reinstatement.

Attached are copies of documents prepared in support of the member's application for reinstatement:

- The August 30, 2018 letter from the County of Los Angeles, Chief Executive Office confirming the Board of Supervisors' Constructive Approval of the request to re-employ the member. (Attachment 1)





Each Member, Board of Retirement
October 23, 2018
Page 2

- The Department of Children and Family Services (DCFS) letter to LACERA dated October 19, 2018, requesting the reinstatement of the member and outlining the job duties for a Children's Social Worker (CSW) III. (Attachment 2)
- The member's letter to LACERA dated October 17, 2018 requesting reinstatement into active membership as a Children's Social Worker (CSW) III with the Department of Children and Family Services (DCFS). (Attachment 3)
- The member's Medical Clearance report signed on September 12, 2017, finding the member not incapacitated for the proposed duties. (Attachment 4)
- A copy of the Class Specification for a Children's Social Worker (CSW) III. (Attachment 5)

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

1. Determine, based upon medical evaluation conducted September 12, 2017, that Alejandro E. Estella is not incapacitated for the duties assigned to him in the position of Children's Social Worker (CSW) III; and
2. Grant the application of Alejandro E. Estella for reinstatement to active membership.

REVIEWED AND APPROVED:



Bernie Buenaflor
Interim Assistant Executive Officer

VG:bb
Div\ben\retstaff\Estell,Alejandro.doc

Attachments





County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

SACHI A. HAMAI
Chief Executive Officer

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District


SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

August 30, 2018

To: Manager, Claims Processing Division
Los Angeles County Employees Retirement Association
300 N. Lake Avenue
Pasadena, CA 91101

From: Matthew McGloin 
Senior Assistant Chief Executive Officer
Budget and Operations Management Branch

RE: Alejandro Estrella Retiree Rehire

To whom it may concern:

The Chief Executive Office submitted a memorandum to the County of Los Angeles Board of Supervisors on March 23, 2018 requesting authorization to re-employ and reinstate the above-referenced retired employee.

There was no inquiry, formal action, or objections from Board offices by the two-week deadline of April 6, 2018. Therefore, in accordance with Board of Supervisors Policy 9.150, all parties should understand that the Board's constructive approval to proceed has been obtained, and the County Department of Children and Family Services and the Los Angeles County Employee Retirement Association may proceed with associated arrangements for re-employment and reinstatement of the above mentioned employee.

County of Los Angeles
Board of Supervisors
Policy 9.150 – Hiring Retired County Employees To Permanent Positions

The County may hire former retired County employees to permanent positions on an indefinite basis. The Board's action provides the County with an additional management tool to fill critical, emergent or hard to fill positions which require special skills, training and experience or certification and may not be reasonably filled by other than the County retiree. Such authorization must be approved by the Board of Supervisors. Departments are to submit a Board memo to their Chief

"To Enrich Lives Through Effective And Caring Service"

Attachment 1

Manager, Claims Processing Division
August 29, 2018
Page2

Executive Office (CEO) budget analyst prior to filling any position on an indefinite basis with a County retiree. The memo, with CEO recommendation, will be forwarded to the Board for approval, stating that a two-week period exists for a Board member to request formal action prior to filling the position.

The retired employee being hired must cancel his/her retirement allowance through the Board of Retirement until termination of the new re-employment. This policy does not replace the statute which allows rehiring retired County employees temporarily for up to 960 hours (120 working days) per fiscal year.

Retirees under the Early Separation Plan are not eligible to fill these positions without direct Board approval.

If you have any questions or need additional information, please contact Claudia Alarcon at calarcon@ceo.lacounty.gov or (213) 974-1320.

MM:MM:DS

CA:cg

c: Children and Family Services



**County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

425 Shatto Place, Los Angeles, California 90020
(213) 351-5602



BOBBY D. CAGLE
Director

BRANDON T. NICHOLS
Chief Deputy Director

Board of Supervisors
HILDA L. SOLIS
First District
MARK RIDLEY-THOMAS
Second District
SHEILA KUEHL
Third District
JANICE HAHN
Fourth District
KATHRYN BARGER
Fifth District

October 19, 2018

Manager, Benefits Division
P.O. Box 7060
Pasadena, CA 91109

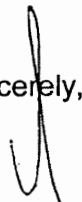
Dear Manager:

Alejandro Estella, employee number #439782 and last four digits of the Social Security number [redacted] retired on August 31, 2009.

The Department of Children and Family Services would like to re-employ Alejandro Estella as a permanent Children's Social Worker (CSW) III, Item #9073A, in accordance with Government Code Section 31680.4. We have secured all the necessary approvals from the Chief Executive Office and the Board of Supervisors to rehire Alejandro Estella. The approved documents are attached.

Alejandro Estella is currently working under the 120 Day Rule – Return to Work Program as retiree CSW III in Permanency Partners Program (P3) and has been beneficial to the Department.

I understand that the Department may re-employ Alejandro Estella only upon approval of the submitted documents named above and the approval of the Board of Retirement.

Sincerely,

BOBBY D. CAGLE
Director

BDC:SMW:lg

Attachment 2

10/17/2018

Manager, Benefits Division

PO Box 7060

Pasadena, CA 91109

Dear Manager,

I wish to be re-employed as a permanent employee. This Letter is to request that my monthly retirement benefit be suspended and that I be re-employed as CSW with Department of Children and Family Services, ER Command Post pursuant to Government Code Section 31680.4.

Enclosed is a medical evaluation stating that I am not incapacitated for the duties I will be performing.

Sincerely,


Alejandro Estella

Attachment 3

**REEMPLOYMENT AND REINSTATEMENT TO ACTIVE LACERA
MEMBERSHIP**

SECTION C-MEDICAL AFFIDAVIT PURSUANT TO CERL SECTION 31680.4 or 31680.8

On September 12, 2017, the undersigned, conducted or oversaw the
<date of medical examination>,

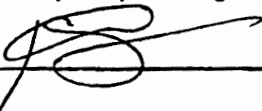
medical examination of Alejandro Estrella
<Name of Retiree>

pursuant to Section 31680.4 or 31680.8 of the County Employees Retirement Law, in connection with
this Retiree's application to be re-employed as:

Emergency Response Children's Social Worker
<Prospective Job Title>.

I have also reviewed the Class Specification for this position. Based on this examination, I find that this
individual is not incapacitated for the duties assigned to this position. A copy of the medical
examination report is retained at Los Angeles County's Occupational Health Programs.

Signature of Physician performing or overseeing medical examination:



Print Name and Title of Physician: **Ken Carrigan, M.D.**

_____ SEP 12 2017
Date Signed:

Page 3 of 3

**CHILDREN'S SOCIAL WORKER III**Class Code:
9073COUNTY OF LOS ANGELES
Established Date: Apr 19, 2007
Revision Date: Apr 19, 2007**DEFINITION/STANDARDS:****DEFINITION:**

Performs a wide range of professional social casework services for children.

CLASSIFICATION STANDARDS:

Positions allocable to this class report to a Supervising Children's Social Worker and are allocable to emergency response and services units in the Protective or Program Services Bureau of the Department of Children's Services or to the Adoptions Bureau of that Department. These positions function with a high level of independence and initiative in providing a full-range of critical protective services such as emergency response, child and adult therapy, and child sex abuse treatment or provide specialized adoptions services to the older, handicapped or otherwise hard to place adoptive child. Incumbents must possess an in-depth knowledge of the laws and departmental policies related to their functional area which may include dependency court procedures and resources and techniques needed to solve problems of minors who have special needs such as the sexually abused or severely physically disabled child. Incumbents must have a knowledge of Federal and State law, regulations and court procedures required in freeing children from natural parents and establishing legal adoptions. All incumbents must possess a broad knowledge of the appropriate resources and casework techniques used to resolve child and family problems and must be able to provide some supervision and technical direction to lower level Children's Social Workers.

EXAMPLES OF DUTIES:

Provides technical supervision to lower level staff engaged in investigating and evaluating cases of neglected, abused, or exploited children.

Determines if sufficient grounds exist to file a petition with the juvenile court under Section 300 of the Welfare and Institutions Code regarding dependency.

Investigates the social, environmental, economic, and psychological factors of children and their families to prepare a recommendation to the court as to whether such children should be made dependents of the court, and where such children should reside pending resolution of family problems.

Works independently with the identifiably more difficult natural parents considering an adoptive plan for their unborn and born child or children, helping them to evaluate alternatives which may result in adoption planning or another appropriate plan.

Works with the identifiably more difficult children's cases, independently evaluates their adaptability, provides intensive services to help a child separate emotionally from natural parents and foster parents, and prepares the child to move into adoption.

Provides information and assistance to the juvenile court regarding Children's Services policies; provides assistance to other Children's Services staff concerning court procedures.

Performs specialized services in intrafamilial cases including direct group therapy counseling to the sexually abused child, the offender and non-offender and works toward reunification of the family.

Investigates child abuse complaints by making a complete assessment of the facts and evaluates treatment programs at residential care facilities for children.

Reviews contracts for residential care facilities, conducts site visits, and ensures that facilities are properly licensed and are without safety hazards.

Conducts home evaluations, interview children and parents, supervises minors and on occasion accompanies traumatized minors to other Counties and States.

Trains volunteers, community professionals and district office staff on dynamics of the abusive family and modalities of treatment through lectures and special conferences.

May review recommended case plan used by less experienced staff to modify client's behavior and attitudes to insure that such programs are appropriate, follow Federal and State Regulations, and conform to departmental policies.

REQUIREMENTS:

MINIMUM REQUIREMENTS:

TRAINING AND EXPERIENCE:

A Master's Degree from an accredited school of social work, marriage family counseling, or psychological counseling, or clinical psychology and two years social work experience at the level of Children's Social Worker II providing protective services to children or families with children, or rendering social services to wards or dependent children of the court within the past five years - OR - Graduation from an accredited college and four years social work experience, three years of which must have been at the level of Children's Social Worker II providing social services to wards or dependent children of the court within the past five years, or protective or placement services to children or families with children.

LICENSE:

A valid California Class C Driver License or the ability to utilize an alternative method of transportation when needed to carry out job-related essential functions.

PHYSICAL CLASS:

2 - Light.

OTHER REQUIREMENTS:

SPECIALTY REQUIREMENTS:

Specialized exams may include:

Specialty / Change requirements to read

Adoptions: A Master's Degree from an accredited school of Social Work and two years social work experience at the level of Children's Social Worker II providing protective, placement, or related adoptions services to children.

COMMENTS:

October 23, 2018

SUPPLEMENTAL AGENDA INFORMATION

TO: Each Member
Board of Retirement

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: November 7, 2018 Board of Retirement Meeting

SUBJECT: **SACRS 2019 Legislative Platform**

On October 16, 2018, the Legislative Committee of the State Association of County Retirement Systems (SACRS) announced that the Orange County Employees' Retirement System withdrew its legislative proposal "Compensation of Board Members" from consideration by the SACRS membership.

The proposal would have been voted on by the SACRS membership at the SACRS Business Meeting on November 16, 2018 at the SACRS 2018 Fall Conference. The Insurance, Benefits and Legislative Committee (IBLC) recommended that the Board of Retirement direct its voting delegate to support inclusion of the proposal in the SACRS 2019 legislative platform. Since the proposal was withdrawn, there is no need to provide instructions to the Board of Retirement's voting delegate on this matter.

The IBLC also directed staff to review the governing statutes and workload related to the compensation of LACERA's board members and provide a report at the December board meeting regarding possible sponsorship of legislation that would increase the current compensation rate.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

cc: Board of Investments Jonathan Grabel
Robert Hill Joe Ackler, Ackler & Associates
James Brekk
JJ Popowich
Bernie Buenaflor
Steven Rice

October 11, 2018

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
Shawn R. Kehoe, Vice Chair
Herman B. Santos
Gina Zapanta-Murphy
Thomas Walsh, Alternate

FOR: November 7, 2018 Board of Retirement Meeting

SUBJECT: **PROVIDE VOTING DIRECTIONS ON SACRS 2019 LEGISLATIVE PLATFORM**

RECOMMENDATION

That the Board of Retirement direct its voting delegate to support SACRS sponsorship of "Compensation of Board Members" as proposed by the Orange County Employees' Retirement System for the 2019 legislative platform of the State Association of County Retirement Systems.

DISCUSSION

Each year, the 20 retirement systems operating under the County Employees Retirement Law of 1937 (CERL) are asked to submit proposals to the Legislative Committee of the State Association of County Retirement Systems (SACRS) for sponsorship in the SACRS legislative platform. The items submitted should have applicability to all CERL systems rather than an individual system; they should not propose new benefits that will be paid for by the plan sponsor; and they should not create major issues, such as conflicts with Proposition 162 or with any of the 19 other CERL retirement systems.

Three proposals were submitted to the SACRS Legislative Committee for inclusion in the SACRS 2019 legislative platform. The SACRS Legislative Committee discussed the proposals at its meeting of September 21, 2018 and voted on one proposal since two proposals were withdrawn from consideration.

The recommendation by the SACRS Legislative Committee is listed under the proposal below and is an advisory recommendation. Regardless of the SACRS Legislative Committee's recommendation, the proposal will be presented to the full SACRS membership for a vote by each system's voting delegate at the SACRS Business Meeting on November 16, 2018 at the SACRS 2018 Fall Conference.

I. Compensation of Board Members (OCERS)

- *IBLC Recommendation: **Support.***
- *Staff Recommendation: **No recommendation.***
- *SACRS Legislative Committee Recommendation: **No recommendation.***

In counties that have a retirement board consisting of nine members and an alternate retired member (such as LACERA's board), CERL currently provides that the board of supervisors may provide that fourth, fifth, sixth, eighth, ninth, and alternate retired members receive compensation of \$100 for a meeting, or for a meeting of a committee authorized by the board, for not more than five meetings per month, together with actual and necessary expenses for all members of the board. In counties having a board of investments, the board of supervisors may provide that the fifth, sixth, seventh, eighth, and ninth members likewise receive compensation of \$100. The members eligible for this compensation consist of appointed and retired members. Elected board members who are employees of the county have their official board duties included as part of their county employment and do not receive any additional compensation.

Additionally, in a provision that applies only to LACERA, the board of supervisors may provide that the fourth, fifth, sixth, eighth, ninth, and alternate retired members of the board of retirement receive compensation for the review and analysis of disability retirement cases at a rate of \$100 per 8-hour day and not to exceed 32 hours per month. The \$100 rate is subject to biennial cost-of-living adjustments by the Board of Retirement and is currently at \$118.

The Orange County Employees' Retirement System (OCERS) proposes to increase the current rate of \$100 per meeting to \$200 per meeting with annual cost-of-living adjustments. OCERS notes that the rate of \$100 per meeting has been in effect for at least 20 years. The addendum to OCERS' proposal indicates that the rate of \$100 has been in effect since 1970. It also notes that \$100 is the rate paid to appointed trustees of the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) as well as to nearly every other political appointee to boards and commissions in the state.

The OCERS proposal would amend Government Code Section 31521 to increase the rate of board compensation. However, that section does not apply to LACERA since compensation for LACERA board members is provided by Section 31521.1, a different section that is not part of the proposal. If the SACRS membership votes to support sponsorship of a bill that would increase board compensation, LACERA may consider sponsoring its own bill to amend Government Code Sections 31521.1 and 31521.3 to align with the compensation rate under Section 31521.

The SACRS Legislative Committee made no recommendation for or against SACRS sponsorship of OCERS' proposal.

Pro

Advances the public policy embodied in CERL and the California Constitution by attracting and retaining a diverse cross-section of board members to discharge their fiduciary duties.

Con

Proposed rate increase is higher than what board members receive at larger plans such as CalPERS and CalSTRS and presents political challenges and scrutiny.

II. California Prevailing Wage Application to Real Estate Investment Activities (FCERA)

The Fresno County Employees' Retirement Association (FCERA) proposes that CERL retirement systems be exempt from California's prevailing wage law with respect to real property in which the retirement systems are invested. FCERA cites the increased expense associated with complying with the prevailing wage law would impact the ability of a CERL retirement system from obtaining a reasonable rate of return for its members. The exemption would not apply to projects that are partially or fully used for the operations of the retirement system.

The discussion of the proposal by the Legislative Committee indicated that it required more development in its formulation and evaluation of potential ramifications. FCERA agreed to withdraw the proposal from consideration at the SACRS 2018 Fall Conference. FCERA may bring a revised proposal for consideration at the SACRS 2019 Spring Conference. LACERA staff has concerns about this proposal, which will be presented to your Committee and the Board of Retirement for direction to LACERA's voting delegate, if the proposal is pursued next year.

III. Retirement Board Participation – Section 31528 (FCERA)

FCERA cites difficulties in attracting and retaining appointed board members from the investment community due to prohibitions under CERL on board members from selling or providing any investment product that would be considered an asset of the fund to any CERL retirement systems. FCERA proposes an exemption to that prohibition if the board member recuses himself or herself from the decision-making process regarding the sale or provision of that investment product.

The discussion of the proposal by the Legislative Committee indicated that it required more development in its formulation and evaluation of potential ramifications. FCERA also agreed to withdraw the proposal from consideration at the SACRS 2018 Fall Conference. FCERA may bring a revised proposal for consideration at the SACRS 2019 Spring Conference. LACERA staff has concerns about this proposal, which will be presented to your Committee and the Board of Retirement for direction to LACERA's voting delegate, if the proposal is pursued next year.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD direct its voting delegate to support SACRS sponsorship of "Compensation of Board Members" as proposed by the Orange County Employees' Retirement System for the 2019 legislative platform of the State Association of County Retirement Systems.

Attachments

Attachment 1—Compensation of Board Members

Attachment 2—California Prevailing Wage Application to Real Estate Investment Activities

Attachment 3—Retirement Board Participation – Section 31528

cc: Board of Investments
Robert Hill
James Brekk
JJ Popowich
Bernie Buenaflor
Steven Rice
Jonathan Grabel
Joe Ackler, Ackler & Associates

#2

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Tuesday, September 04, 2018 10:58:23 AM
Last Modified: Tuesday, September 04, 2018 2:55:14 PM
Time Spent: 03:56:50
IP Address: 12.52.174.18

Page 1

Q1 Title of Issue:

Compensation of Board Members

Q2 Retirement Association/System:

Orange County Employees Retirement System

Q3 Contact Person:

Gina M. Ratto

Q4 Contact e-mail:gratto@ocers.org**Q5 Contact Phone #:**

(714) 558-6221

Q6 Description of issue:

The amount of the stipend paid to appointed members and the retiree member of the board of retirement for attendance at meetings of the board and committees has remained the same (\$100 per meeting) and has not been adjusted (not even for inflation) for at least 20 years.

Q7 Recommended solution:

Amend Government Code section 31521 to increase the per meeting stipend to \$200 per meeting, to be adjusted annually.

Q8 Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers:

Amend section 31521 so that it reads as follows: "The board of supervisors may provide that the fourth and fifth members, and in counties having a board consisting of nine members or nine members and an alternate retired member, the fourth, fifth, sixth, eighth, ninth, and alternate retired members, and in counties having a board of investments under Section 31520.2 , the fifth, sixth, seventh, eighth, and ninth members of the board of investments, shall receive compensation at a rate of not more than two hundred dollars (\$200) for a meeting, or for a meeting of a committee authorized by the board, for not more than five meetings per month, adjusted annually by the amount of the adjustment approved by the board in accordance with Article 16.5 of this chapter (commencing with Section 31870), together with actual and necessary expenses for all members of the board."

Q9 Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association/system?

Because all county retirement systems stand to benefit from the amendment.

Q10 Do you anticipate that the proposed legislation would create any major problems such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations/systems?

No.

Q11 Who will support or oppose this proposed change in the law?

Some county retirement systems may support this proposed change in the law. Some county retirement systems may oppose this proposed change in the law.

Q12 Who will be available from your retirement association/system to testify before the

Legislature? Gina M. Ratto, OCERS General Counsel

ATTACHMENT 1

Additional Information for Legislative Committee Discussion

OCERS Proposal on Trustee Compensation

Under Current Law

- **On a five-member board:**
The two members appointed by the Board of Supervisors (one of whom could be the Supervisor) get \$100 compensation per meeting with a limit of five per month, plus actual and necessary expenses.
- **On a nine-member board:**
The same as a five member board, plus there are two additional Board of Supervisor appointments and a retiree that get \$100 and expenses.
- LACERA appointed trustees are able to bill/expense for time spent reviewing disability cases. This is capped at \$100 per day and 32 hours per month.

Proposal would raise compensation to \$200 per meeting, still capped at five per month, and would include an annual raise for inflation.

Discussion Items

1) **History of Compensation**

The \$100 compensation has existed since 1970. It was raised from \$10 to \$15 in 1951; to \$25 in 1953; to \$50 in 1965 and then \$100 in 1970.

The legislative archive is not helpful in determining the rationale for the 1970 raise. While the \$100 per meeting cap has not risen since 1970, the total compensation was raised by increasing the number of meetings eligible for compensation from three to five. Also, LACERA was able to get additional compensation paid to its trustees for time spent outside of board meetings evaluating disability cases.

Questions

1. *What was the original rationale for the \$100 per meeting compensation? Did it coincide with increases for all boards and commissions?*
2. *What is the rationale for raising compensation now? Is it a Cost of Living argument?*
3. *Does the \$100 cap limit or hinder the ability to attract qualified people as appointees?*
4. *Would providing compensation for reviewing disability cases, as is done for LACERA, be a prudent alternative?*
5. *Is this compensation taxable as income?*

2) **Compensation of similar governing bodies**

PERS and STRS appointed trustees get the same \$100, as do nearly every other political appointee to a board or commission in the state.

Questions

ATTACHMENT 1

1. *What makes a county retirement trustee more worthy of higher compensation than any other political appointee whose compensation is governed by state law?*
2. *Should this be part of a broader effort to increase compensation for all appointees to boards and commissions?*

3) Other reimbursements offered to Board members (travel, meals, etc).

There is currently reimbursement allowed for actual and necessary expenses.

1. *What are those expenses typically comprised of?*

4) Floor versus ceiling.

The proposal, as currently drafted, sets the \$200 as a floor. It could go up in future years based on inflation. It does not come from Board of Supervisor or county operating expenses. It comes from Retirement System overhead which are separate from county budgets.

1. *The Legislative Committee may wish to consider whether the annual compensation reset, as currently drafted, is prudent after 40 years of a set amount.*

5) Consensus versus opposition

It was communicated early that some systems might oppose this measure. We need to understand what “oppose” means. Based on SACRS’ unsuccessful sponsored bill in 2018, which was actively opposed by LACERA, we know that we are significantly disadvantaged pushing a bill if individual SACRS systems actively oppose a bill sponsored of the Association.

6) May/Shall and Elected Official Compensation

Current law, in Section 31521, states that the “the Board of Supervisors may provide...” compensation.

1. *Do all Boards provide allowable compensation to eligible trustees?*
2. *Are Supervisors compensated?*

#3

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Friday, September 07, 2018 9:07:03 AM
Last Modified: Friday, September 07, 2018 2:31:27 PM
Time Spent: 05:24:24
IP Address: 50.245.181.177

Page 1

Q1 Title of Issue:

California Prevailing Wage Application to Real Estate Investment Activities

Q2 Retirement Association/System:

Fresno County Employee Retirement Association (FCERA)

Q3 Contact Person:

Donald Kendig

Q4 Contact e-mail:

dkendig@co.fresno.ca.us

Q5 Contact Phone #:

(559) 457-4401

Q6 Description of issue:

California Prevailing Wage Law requires workers on publicly-funded construction projects—called "public works"—to be paid prevailing wage, as determined by the State Department of Industrial Relations. Labor Code section 1720 defines "Public Works" but they are generally "construction, alteration, demolition, installation, or repair work done under contract and paid in whole or in part out of public funds, including preconstruction and post-construction activities related to a Public Works project. Agencies formed and operated under the California Employee Retirement Law of 1937 (CERL) use public funds for operational activities and to make public investments. CERLs must and should comply with California Prevailing Wage Law with respect to constructing or maintaining projects related to their operational activities. For example, if an association uses public funds to construct a building to house its administrative offices, such construction must be considered a "Public Works" project and be subject to the California Prevailing Wage Law. However, as part of a diversified portfolio of assets, a retirement association may choose to acquire real property in order to construct or remodel a commercial structure strictly as an investment and to earn a return for its members. Such projects would also be considered a "Public Works" project under the California Prevailing Wage Law. The increased expense associated with complying with California Prevailing Wage Law impacts the ability of the retirement association from obtaining a reasonable rate of return for its members.

Q7 Recommended solution:

Labor Code 1720, which defines "Public Works" shall be modified by adding a new subsection (c)(6), stating: "The project is acquired or owned by any public agency formed and operated under the California Employee Retirement Law of 1937 and certified by the Trustees of the Board of Retirement to be an "investment property." This exemption shall not in any way apply to projects that are partially or fully used for the operations of the Retirement Board.

Q8 Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers:

Please see 7 above.

Q9 Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association/system?

The applicability of prevailing wage affects every retirement association in California. It is very possible that legislation like this could result in opposition by labor unions and others. Have SACRS sponsoring the legislation would make it clear that this problem impacts all retirement associations.

Q10 Do you anticipate that the proposed legislation would create any major problems such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations/systems?

No

Q11 Who will support or oppose this proposed change in the law?

Retirement associations should support. Labor unions may oppose.

Q12 Who will be available from your retirement association/system to testify before the Legislature?

Donald Kendig, Retirement Administrator, Kenneth Price, Legal Counsel, and likely Nathan Magsig, Chair

#4

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Friday, September 07, 2018 4:25:50 PM
Last Modified: Friday, September 07, 2018 5:01:02 PM
Time Spent: 00:35:12
IP Address: 64.171.224.83

Page 1

Q1 Title of Issue:

Retirement Board Participation - Section 31528

Q2 Retirement Association/System:

FCERA - Fresno County Employees' Retirement Association

Q3 Contact Person:

Donald C. Kendig, CPA

Q4 Contact e-mail:

dkendig@fresnocountyca.gov

Q5 Contact Phone #:

559-457-4400

Q6 Description of issue:

Boards have experienced trouble with keeping or finding good appointments and verbiage in 31528 is causing good trustees to have to resign and is preventing good prospective members of the investment community from accepting an appointment to our Boards. Given the responsibilities of our Boards of Retirement, having trustees with strong investment experience is important, and not having them is a problem.

Q7 Recommended solution:

We recommend modifications to Government Code Section 31528. This concept still bars a direct sale or provision of investment product but deletes the language prohibiting the investment firm from selling it to the agency.

Q8 Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers:

FCERA proposes revising Gov. Code section 31528(b) to state: A member or employee of the board shall not, directly or indirectly, by himself or herself, or as an agent or partner or employee of others, sell or provide any investment product that would be considered an asset of the fund, to any retirement system established pursuant to this chapter. The chapter, and Government Code section 1090, shall not apply to a member of the board that is an agent or partner of others, such as an investment firm, and the investment firm, without the direct or indirect participation of the member or employee of the board, sells or provides any investment product that would be considered an asset of the fund, to any retirement system established pursuant to this chapter, and the member recuses himself or herself from making, participating in making, or in any way attempting to use his or her official position to influence a decision regarding the sale or provision of that investment product.

Q9 Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association/system?

This code section applies to all 1937 Act plans. We have heard of other plans having the same difficulties as FCERA, losing key appointments and having difficulty filling vacant seats.

Q10 Do you anticipate that the proposed legislation would create any major problems such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations/systems?

We do not anticipate any law conflicts; however, the history of change related to modifications to 31528 that now cause these difficulties was born out of conflict. We believe that there are ample laws, such as 1090 and the Brown Act, to prevent any potential wrongdoing. 31528 also remains protective of our public pension assets.

Q11 Who will support or oppose this proposed change in the law?

Unclear. Please check the vote from the last modification to section 31528.

Q12 Who will be available from your retirement association/system to testify before the Legislature?

Donald Kendig, CPA




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**

October 22, 2018

TO: Each Member
Board of Retirement

FROM: Ricki Contreras, Division Manager 
Disability Retirement Services

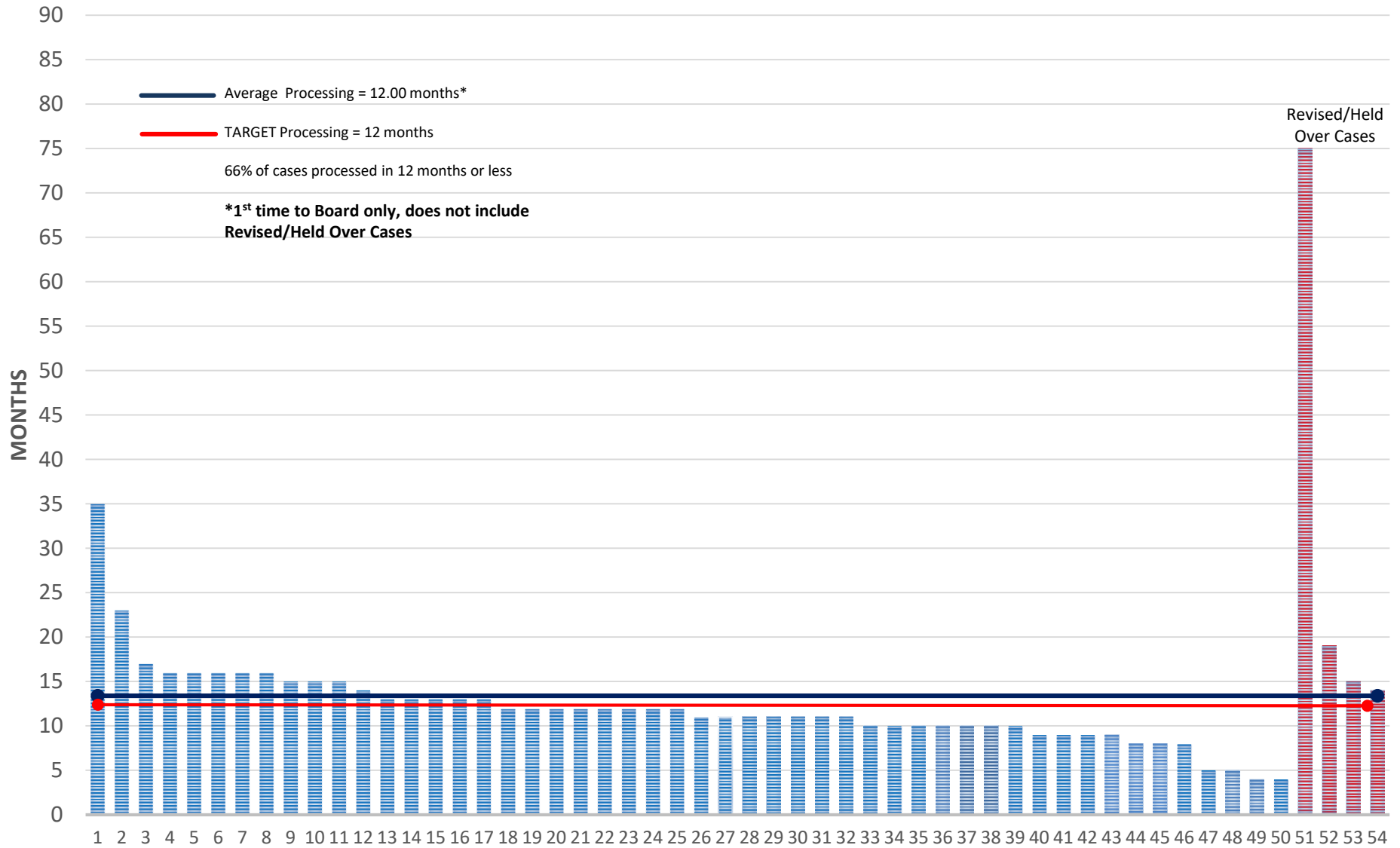
FOR: November 7, 2018 Board of Retirement Meeting

SUBJECT: **Application Processing Time Snapshot Reports**

The following chart shows the total processing time from receipt of the application to the first Board action for all cases on the November 7, 2018 Disability Retirement Applications Agenda.

Consent & Non-Consent Calendar				
Number of Applications	50			
Average Processing Time (in Months)	12.00			
Revised/Held Over Calendar				
Number of Applications	4			
Processing Time Per Case (in Months)	Case 1	Case 2	Case 3	Case 4
	75	19	15	14
Total Average Processing Time Revised/Held Over Calendar	30.75			
Total Average Processing Time All 54 Cases on Agenda	13.39			

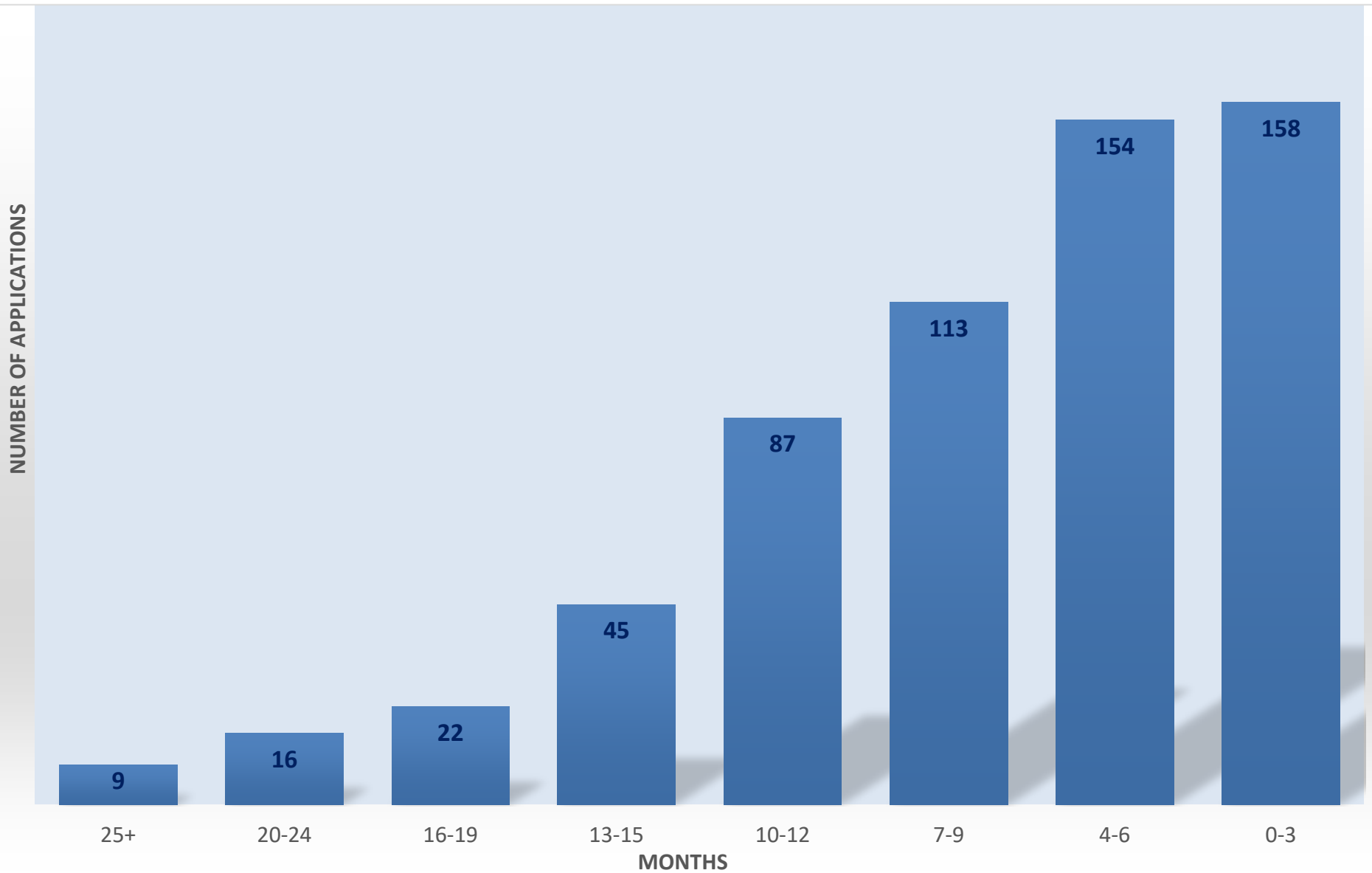
CASE PROCESSING TIME



As of 10/26/2018

November 7, 2018 AGENDA

PENDING APPLICATIONS/TIME INTERVALS



As of 10/26/2018



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LACERA
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Pasadena, CA 91101**



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