

AGENDA

A SPECIAL JOINT MEETING OF THE BOARD OF RETIREMENT

AND THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

8:00 A.M.,* THURSDAY, FEBRUARY 14, 2019

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

Teleconference Location for Trustees and the Public
Broadwall House, 3rd Floor Conference Room (See 3rd Floor Receptionist)
21 Broadwall, South Bank, London SE1 9PL, United Kingdom
*4 p.m. GMT on Thursday, February 14, 2019 in London, United Kingdom

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Special Joint Meeting of the Board of Retirement of January 17, 2019
 - B. Approval of the Minutes of the Special Joint Meeting of the Board of Investments of January 17, 2019
- IV. PUBLIC COMMENT
- V. NON-CONSENT ITEMS
 - A. Recommendation as submitted by Lou Lazatin, Chief Executive Officer: That the Boards approve and direct management to join the Represented Staff Members in signing the Memorandums of Understanding (MOU) incorporating the Tentative Agreements for LACERA Administrative, Technical, Clerical, and Blue Collar Bargaining Unit (Unit 850) and

V. NON-CONSENT ITEMS (Continued)

LACERA Supervisory Bargaining Unit (Unit 851), and request administrative approval from the Los Angeles County Board of Supervisors. The MOUs will be effective upon the LACERA Boards approval through December 31, 2021. (Memo dated February 6, 2019)

- B. Recommendation as submitted by Lou Lazatin, Chief Executive Officer: That the Boards approve Salary Adjustments for Non-Represented and Managerial Appraisal and Performance Plan (MAPP) Classifications at levels consistent as those granted to Represented Staff Members, and direct Management to request administrative approval from the Los Angeles County Board of Supervisors. This salary adjustment recommendation excludes LACERA's Chief Executive Officer classification which salary is determined independently by LACERA Boards. (Memo dated February 6, 2019)

VI. ITEMS FOR STAFF REVIEW

VII. GOOD OF THE ORDER

VIII. EXECUTIVE SESSION

- A. Public Employee Performance Evaluation
(Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957)

Title: Chief Executive Officer

- 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)

Number of Potential Cases: One

- C. Conference with Legal Counsel - Anticipated Litigation
Initiation of Litigation (Pursuant to Paragraph (4) of Subdivision (d) of California Government Code Section 54956.9)

Number of Potential Cases: One

IX. 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 the Board Offices at (626) 564-6000, Ext. 4401/4402, 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 BOARD OF RETIREMENT FROM
A SPECIAL JOINT MEETING OF THE BOARD OF RETIREMENT
AND THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

8:00 A.M., THURSDAY, JANUARY 17, 2019

PRESENT: Alan Bernstein, Chair

Les Robbins, Vice Chair

Gina Zapanta-Murphy, Secretary (Arrived at 8:26 a.m.)

JP Harris, Alternate Retiree Member

Shawn Kehoe

Joseph Kelly

Ronald Okum

William Pryor, Alternate Safety Member (Arrived at 8:36 a.m.)

Herman B. Santos

Thomas Walsh

ABSENT: Vivian Gray

BOARD OF INVESTMENTS

PRESENT: Shawn Kehoe, Chair

Joseph Kelly, Vice Chair

Wayne Moore, Secretary

BOARD OF INVESTMENTS (Continued)

Alan Bernstein

David Green

David Muir

Ronald Okum

Herman B. Santos

ABSENT: Gina Sanchez

STAFF ADVISORS AND PARTICIPANTS

Lou Lazatin, Chief Executive Officer

Steven P. Rice, Chief Counsel

John Nogales, Human Resources Director

Kimberly Hines, Division Manager, Administrative Services

George Muhlsten, Latham & Watkins, LLC

I. CALL TO ORDER

The meeting was called to order by Mr. Kehoe at 8:01 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

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

III. APPROVAL OF MINUTES

- A. Approval of the Minutes of the Special Joint Meeting of the Board of Retirement of December 13, 2018

Mr. Santos made a motion, Mr. Kelly seconded, to approve the minutes of the special meeting of December 13, 2018. The motion passed unanimously by all members present.

- B. Approval of the Minutes of the Special Joint Meeting of the Board of Investments of December 13, 2018

No action was taken on this item by the Board of Retirement.

IV. PUBLIC COMMENT

There were no requests from the public to speak.

V. NON-CONSENT ITEMS

- A. For Board of Retirement Only. Recommendation as submitted by Bernie Buenaflor, Division Manager, Benefits Division: That the Board of Retirement 1) Determine, based upon medical evaluation from the Los Angeles County Office of Occupational Health Programs, that Earl Fred Leaf III is not incapacitated for the assigned duties, and 2) Grant the application of Earl Fred Leaf III for reinstatement to active membership. (Memo dated January 9, 2019)

This item was pulled and will be discussed at a future meeting.

- B. Recommendation as submitted by Lou Lazatin, Chief Executive Officer: That the Boards approve and direct management to execute a Memorandum of Understanding for Represented Employees with LACERA Administrative, Technical, Clerical, and Blue Collar Bargaining Unit (Unit 850) and LACERA Supervisory Bargaining Unit (Unit 851), or to implement salary and benefits adjustments as recommended. (Memo dated January 7, 2019)

This item was pulled and will be discussed at a future meeting.

V. NON-CONSENT ITEMS (Continued)

- C. Recommendation as submitted by Lou Lazatin, Chief Executive Officer: That the Boards approve adjustments for LACERA's Non-Represented and Management Appraisal and Performance Plan (MAPP) classes to mirror, except as may be stated, salary and compensation adjustments granted to LACERA's Represented Employees. (Memo dated January 7, 2019)

This item was pulled and will be discussed at a future meeting.

- D. Recommendation as submitted by Lou Lazatin, Chief Executive Officer and Steven P. Rice, Chief Counsel: That The Boards 1) Re-establish the Joint Organizational Governance Committee (JOGC) under its original August 2017 Charter, with the direction to the JOGC to review the Charter and provide a recommendation to the Boards for any revisions within 90 days; 2) The Boards each elect one member to the JOGC; and 3) The Boards dissolve the Joint Governance Review Committee (JGRC), including the separate committees separately approved by each Board. (Memo dated January 3, 2019)

Mr. Rice and Ms. Lazatin were present and answered questions from

the Board.

Mr. Bernstein made a motion, Mr. Kelly seconded, to approve staff's recommendation. The motion passed unanimously by all members present.

Mr. Santos made a motion, Mr. Bernstein seconded to nominate Vivian Gray to the JOG Committee. The motion passed unanimously by all members present.

- E. Recommendation as submitted by Lou Lazatin, Chief Executive Officer: That: 1) The Board of Retirement increase the Chief Executive Officer's (CEO) approval limit for expenditures necessary for the operation of LACERA under the General Policy Guidelines for Purchasing Goods and Services from \$75,000 to \$150,000; and 2) The Board of Investments approve and accept the increased limit with respect to investment-related and actuarial expenditures. (Memo dated January 10, 2019)

V. NON-CONSENT ITEMS (Continued)

(Mrs. Zapanta-Murphy arrived at 8:26 a.m.)

Ms. Lazatin and Mr. Rice were present and answered questions from the Board.

Mr. Santos made a motion, to approve staff's recommendation. The motion failed without a second.

Further information regarding Item V. E. 1. will be addressed at a future meeting.

(Mr. Pryor arrived at 8:36 a.m.)

VI. ITEMS FOR STAFF REVIEW

The Board requested that staff bring to the Operations Oversight Committee the general policy guidelines for Purchasing Goods and Services Policy.

VII. GOOD OF THE ORDER

Mr. Kelly shared his experience in attending the RELAC Luncheon.

Mr. Muir provided comments on Green Folder Item regarding Trustees United.

VIII. EXECUTIVE SESSION

- A. Conference with Legal Counsel - Anticipated Litigation Initiation of Litigation (Pursuant to Paragraph (4) of Subdivision (d) of California Government Code Section 54956.9)

Number of Potential Cases: One

The Board met in Executive Session with counsel pursuant to Paragraph (4) of Subdivision (d) of California Government Code Section 54956.9. There was nothing to report.

VIII. EXECUTIVE SESSION (Continued)

- B. Conference Labor Negotiators
Conference with Labor Negotiators
(Pursuant to Government Code Section 54957.6)

LACERA designated representatives:

John Popowich, Assistant Executive Officer
John Nogales, Director, Human Resources

Employee Organization:

SEIU, Local 721

The Board met in Executive Session with counsel pursuant to California Government Code Section 54957.6. There was nothing to report.

- C. Conference with Labor Negotiators
(Pursuant to Government Code Section 54957.6)

LACERA designated representatives:

John Popowich, Assistant Executive Officer
John Nogales, Director, Human Resources

Employees:

Non-Represented Employees and MAPP Classes

The Board met in Executive Session with counsel pursuant to California Government Code Section 54957.6. There was nothing to report.

IX. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 10:12 a.m.

January 17, 2019

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

1. Statement of Principles and Press Release by Trustees United
(For Information Only) (Memo dated January 16, 2019)

GINA ZAPANTA-MURPHY, SECRETARY

ALAN BERNSTEIN, CHAIR

MINUTES OF THE BOARD OF INVESTMENTS FROM
A SPECIAL JOINT MEETING OF THE BOARD OF RETIREMENT
AND THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

8:00 A.M., THURSDAY, JANUARY 17, 2019

PRESENT: Shawn Kehoe, Chair

Joseph Kelly, Vice Chair

Wayne Moore, Secretary

Alan Bernstein

David Green

David Muir

Ronald Okum

Herman B. Santos

ABSENT: Gina Sanchez

BOARD OF RETIREMENT

PRESENT: Alan Bernstein, Chair

Les Robbins, Vice Chair

Gina Zapanta-Murphy, Secretary

JP Harris, Alternate Retiree Member

Shawn Kehoe

Joseph Kelly

January 17, 2019

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BOARD OF RETIREMENT (Continued)

Ronald Okum

William Pryor, Alternate Safety Member

Herman B. Santos

Thomas Walsh

ABSENT: Vivian Gray

STAFF ADVISORS AND PARTICIPANTS

Lou Lazatin, Chief Executive Officer

Steven P. Rice, Chief Counsel

John Nogales, Human Resources Director

Kimberly Hines, Division Manager, Administrative Services

George Muhlsten, Latham & Watkins, LLC

I. CALL TO ORDER

The meeting was called to order by Mr. Kehoe at 8:01 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

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

III. APPROVAL OF MINUTES

- A. Approval of the Minutes of the Special Joint Meeting of the Board of Retirement of December 13, 2018

No action was taken on this item by the Board of Investments.

- B. Approval of the Minutes of the Special Joint Meeting of the Board of Investments of December 13, 2018

Mr. Okum made a motion, Mr. Green seconded, to approve the minutes of the special meeting of December 13, 2018. The motion passed unanimously by all members present.

IV. PUBLIC COMMENT

There were no requests from the public to speak.

V. NON-CONSENT ITEMS

- A. For Board of Retirement Only. Recommendation as submitted by Bernie Buenaflor, Division Manager, Benefits Division: That the Board of Retirement 1) Determine, based upon medical evaluation from the Los Angeles County Office of Occupational Health Programs, that Earl Fred Leaf III is not incapacitated for the assigned duties, and 2) Grant the application of Earl Fred Leaf III for reinstatement to active membership. (Memo dated January 9, 2019)

This item was pulled for further development by the request from staff.

- B. Recommendation as submitted by Lou Lazatin, Chief Executive Officer: That the Boards approve and direct management to execute a Memorandum of Understanding for Represented Employees with LACERA Administrative, Technical, Clerical, and Blue Collar Bargaining Unit (Unit 850) and LACERA Supervisory Bargaining Unit (Unit 851), or to implement salary and benefits adjustments as recommended. (Memo dated January 7, 2019)

This item was pulled for further development by the request from staff.

V. NON-CONSENT ITEMS (Continued)

- C. Recommendation as submitted by Lou Lazatin, Chief Executive Officer: That the Boards approve adjustments for LACERA's Non-Represented and Management Appraisal and Performance Plan (MAPP) classes to mirror, except as may be stated, salary and compensation adjustments granted to LACERA's Represented Employees. (Memo dated January 7, 2019)

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- D. Recommendation as submitted by Lou Lazatin, Chief Executive Officer and Steven P. Rice, Chief Counsel: That The Boards 1) Re-establish the Joint Organizational Governance Committee (JOGC) under its original August 2017 Charter, with the direction to the JOGC to review the Charter and provide a recommendation to the Boards for any revisions within 90 days; 2) The Boards each elect one member to the JOGC; and 3) The Boards dissolve the Joint Governance Review Committee (JGRC), including the separate committees separately approved by each Board. (Memo dated January 3, 2019)

Mr. Rice and Ms. Lazatin were present and answered questions

from the Board.

Mr. Bernstein made a motion, Mr. Kelly seconded, to approve staff's recommendation. The motion passed unanimously by all members present.

Mr. Santos made a motion, Mr. Okum seconded to nominate David Green to the JOG Committee. The motion passed unanimously by all members present.

- E. Recommendation as submitted by Lou Lazatin, Chief Executive Officer: That: 1) The Board of Retirement increase the Chief Executive Officer's (CEO) approval limit for expenditures necessary for the operation of LACERA under the General Policy Guidelines for Purchasing Goods and Services from \$75,000 to \$150,000; and 2) The Board of Investments approve and accept the increased limit with respect to investment-related and actuarial expenditures. (Memo dated January 10, 2019)

V. NON-CONSENT ITEMS (Continued)

Ms. Lazatin and Mr. Rice were present and answered questions from the Board.

Mr. Santos made a motion, to approve staff's recommendation. The motion failed without a second.

Mr. Muir made a motion, Mr. Santos seconded, to approve Item V. E. 2. of staff's recommendation. The motion passed with Messrs. Bernstein, Kehoe, and Kelly voting no.

VI. ITEMS FOR STAFF REVIEW

The Board requested that staff bring to the Operations Oversight Committee the general policy guidelines for Purchasing Goods and Services Policy.

VII. GOOD OF THE ORDER

Mr. Kelly shared his experience in attending the RELAC Luncheon.

Mr. Muir provided comments on Green Folder Item regarding Trustees United.

VIII. EXECUTIVE SESSION

A. Conference with Legal Counsel - Anticipated Litigation
Initiation of Litigation (Pursuant to Paragraph (4) of
Subdivision (d) of California Government Code Section 54956.9)

Number of Potential Cases: One

The Board met in Executive Session with counsel pursuant to Paragraph (4) of Subdivision (d) of California Government Code Section 54956.9. There was

VIII. EXECUTIVE SESSION (Continued)

nothing to report.

(Mr. Green recused himself from Items VIII. B and VIII. C.)

- B. Conference Labor Negotiators
Conference with Labor Negotiators
(Pursuant to Government Code Section 54957.6)

LACERA designated representatives:

John Popowich, Assistant Executive Officer
John Nogales, Director, Human Resources

Employee Organization:

SEIU, Local 721

The Board met in Executive Session with counsel pursuant to California Government Code Section 54957.6. There was nothing to report.

- C. Conference with Labor Negotiators
(Pursuant to Government Code Section 54957.6)

LACERA designated representatives:

John Popowich, Assistant Executive Officer
John Nogales, Director, Human Resources

Employees:

Non-Represented Employees and MAPP Classes

The Board met in Executive Session with counsel pursuant to California Government Code Section 54957.6. There was nothing to report.

IX. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 10:12 a.m.

January 17, 2019

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

1. Statement of Principles and Press Release by Trustees United
(For Information Only) (Memo dated January 16, 2019)

WAYNE MOORE, SECRETARY

SHAWN KEHOE, CHAIR



February 6, 2019

TO: Each Member
Board of Retirement
Board of Investments

FROM: Lou Lazatin 
Chief Executive Officer, LACERA

FOR: February 14, 2019, Joint Board of Retirement and Investments Meeting

SUBJECT: **APPROVAL OF LACERA AND BARGAINING UNITS 850 AND 851
TENTATIVE AGREEMENT**

RECOMMENDATION

Direct Management to join the Represented Staff Members in signing the Memorandums of Understanding (MOU) incorporating the Tentative Agreements for LACERA Administrative, Technical, Clerical, and Blue Collar Bargaining Unit (Unit 850) and LACERA Supervisory Bargaining Unit (Unit 851), and request administrative approval from the Los Angeles County Board of Supervisors. The MOUs will be effective upon the LACERA Boards approval through December 31, 2021.

INTRODUCTION

On December 26, 2018, LACERA's Labor Negotiation Team commenced discussions with LACERA Staff Members represented by SEIU Local 721 concerning Successor Agreements to the MOUs set to expire December 31, 2019. Tentative terms of Agreements were successfully negotiated January 11, 2019 with written wording finalized on January 24, 2019. Copies of the final proposed MOU changes are attached.

On January 30, 2019, the Represented Staff Members held a Ratification Election in which they accepted the terms of the Tentative Agreements. Upon your approval, the Tentative Agreements will be placed in Unit 850 and 851's MOUs to be signed by Representatives of both Negotiation Teams and presented to the Los Angeles County Board of Supervisors for inclusion into the County Ordinance.

BACKGROUND

In May 2000, at the request of the County's Chief Administrative Office (currently known as the Chief Executive Office), the Los Angeles County Employees Relations Commission removed LACERA-Unique Classifications from County Bargaining Units. This action was taken based upon a determination that the County should not be negotiating labor contracts for LACERA Staff Members. New Bargaining Units were formed to cover LACERA Represented Staff Members with the Board of Retirement and Board of Investments assuming the responsibility for bargaining with their Staff Members.

In December 2000, a LACERA Negotiation Team began bargaining with the Staff Members represented by SEIU Local 660. The labor negotiations successfully reached a Tentative Agreement and the Staff Members held a Ratification Election in which they accepted the tentative terms of the Agreements. On June 13, 2001, LACERA Boards approved the MOUs covering the period of October 1, 2000, through December 31, 2004. On July 17, 2001, the Board of Supervisors administratively approved the MOUs into the County Ordinance.

In October 2004, November 2006, September 2008, April 2011, May 2013, and August 2016, LACERA's Labor Negotiation Teams entered into Negotiations with the Staff Members represented by SEIU Local 721 (formerly Local 660) to reach Successor Agreements.

Each of these Labor Negotiations successfully produced Tentative Agreements by which Staff Members held ratification elections accepting the terms of the Successor Agreements. LACERA Boards have approved the successor MOU Agreements following the initial June 13, 2001 Agreement which have been in effect through the present time.

The current Labor Negotiations commenced in response to changes to the County of Los Angeles Fringe Benefits which financially impacted certain LACERA Staff Members, resulting in lower increases to benefit allowances, increases in medical plan costs, and capping of unused benefit allowances.

TERMS OF TENTATIVE AGREEMENT

The following are the significant terms from the Tentative Agreements that were reached on January 11, 2019 and further refined on January 24, 2019 between

Management and the Staff Members represented by SEIU Local 721 in Bargaining Units 850 and 851:

1. MOU contract term beginning upon LACERA Boards' approval through December 31, 2021. The December 31, 2021, ending date will allow LACERA to trail the County of Los Angeles in future negotiations and better assess its pay positions to the County pay levels and future County salary adjustments.
2. Employees in LACERA's Bargaining Units 850 and 851 shall receive the following salary increases:
 - a) Effective January 1, 2020, an across the board increase of 3.5% (2.5% general salary increase + 1.0% Options sustainability salary increase).
 - b) Effective January 1, 2020, employees in the following classifications shall receive an additional 1.5% salary increase, above the January 1, 2020, 3.5% salary increase.

<u>Item</u>	<u>Classification</u>
0428	Clerk, LACERA
0429	Intermediate Clerk, LACERA
0445	Intermediate Typist-Clerk, LACERA
0461	Messenger Driver, LACERA
0444	Typist-Clerk, LACERA
0466	Receptionist

- c) Effective January 1, 2021, an across the board general salary increase of 2.5%.
 - d) Effective January 1, 2021, an additional 2.75% step shall be added to the top of the salary schedule for all employees covered under these MOUs.
3. Upon Board of Supervisors approval of successor MOUs, all employees covered under both MOUs shall receive a Lump Sum \$1,000 MOU Signing Bonus to be processed on the earliest payroll period following Board of Supervisor's administrative approval.
4. The MOU adds a Provision covering approval of Vacation Requests and Management's Rights to deny approval due to business needs or, after approval, due to emergencies.

5. The MOU adds a Grievance Provision to allow parties the option to waive the immediate supervisor grievance step by mutual agreement.
6. The MOU Stewards Provisions is modified to add language preventing discrimination against stewards or their alternate for exercising their rights and duties.
7. The MOUs are further modified to add an Article addressing Dignity and Professionalism in the Workplace.

Implementation Process

Upon your approval, LACERA's Human Resources and Legal Office will prepare and submit the necessary documentation to the Board of Supervisors for their administrative approval of the MOUs into the County Ordinance.

Recognition

Staff would like to recognize the SEIU Local 721 Negotiators, Bart Diener and Renee Anderson, for their professionalism and dedication in reaching an agreement. Staff would also like to recognize your Boards' Chief Negotiator, Draza Mrvichin, whose guidance and knowledge in this process were immeasurable during this negotiation. And further thank the following Staff Members, from both sides of the negotiation table, who worked together to find common ground and reach agreement on the new LACERA labor contracts:

Management Representatives:

John Nogales	John Popowich	
Annette Cleary	Johanna Fontenot	Steven Rice

Employee Labor Representatives:

David Davidson	Michael Mabry	Renee Pasqua
Nancy Harper		

Recommendation

It is recommended that your Boards:

Direct Management to join the Represented Staff Members in signing the MOUs incorporating the Tentative Agreements for LACERA Administrative Technical, Clerical, and Blue Collar Bargaining Unit (Unit 850) and LACERA Supervisory Bargaining Unit (Unit 851), and request administrative approval from the Los Angeles County Board of Supervisors.

The MOUs will be effective upon both LACERA Boards approval and be in affect through December 31, 2021.

Notwithstanding the foregoing, in the event the Board of Supervisors fails to take all actions necessary to timely implement the successor MOUs, it is understood that LACERA and SEIU may mutually agree to implement appropriate provisions of the MOUs which do not require specific action by the Board of Supervisors.

Attachments: Cost to Fund Worksheet
 MOU Changes

**COST TO FUND
PROPOSED SALARY INCREASES
FOR REPRESENTED STAFF**

APPROXIMATE IMPACT TO LACERA BUDGET OVER TERM OF CONTRACT:

FISCAL YEAR 2018-2019 LACERA BUDGET

TOTAL NET OPERATING BUDGET: \$88,622,000

REPRESENTED STAFF SALARIES AND EMPLOYEE BENEFITS (S&EB)

GROSS SALARIES: \$14,610,000

EMPLOYEE BENEFITS: \$ 6,867,000

TOTAL S&EB: \$21,477,000

AFFECT ON BUDGET PER FISCAL YEAR

(Based on FY 2018-19 Budgeted Position Totals)

	<u>2018-2019</u>	<u>2019-2020*</u>	<u>2020-2021</u>	<u>2021-2022**</u>
Cost Increase to Gross Salaries:	\$ 0	\$ 295,000	\$1,037,000	\$ 742,000
\$1K Salary Bonus	\$ 221,000	\$ 0	\$ 0	\$ 0
Cost Increase to Employee Benefits:	<u>\$ 104,000</u>	<u>\$ 138,000</u>	<u>\$ 487,000</u>	<u>\$ 349,000</u>
Total S&EB Year-by-Year Increase:	<u>\$ 325,000</u>	<u>\$ 433,000</u>	<u>\$1,524,000</u>	<u>\$1,091,000</u>

*Six Month Period (01/01/20 to 06/30/20)

**Six Month Period (07/01/21 to 12/31/21)

Cumulative S&EB Increase to Gross Operating Budget:	<u>\$ 325,000</u>	<u>\$ 758,000</u>	<u>\$2,282,000</u>	<u>\$3,373,000</u>
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**MOU CHANGES
FOR
BARGAINING UNITS
850 AND 851**

MOU CHANGES TABLE OF CONTENTS

Article 5 – Term, Section 5.1 (Identical for Bargaining Units 850/851)

Article 7 – Salary, Sections 7.1 – 7.5 (Bargaining Unit 850)

Article 7 – Salary, Sections 7.1 – 7.5 (Bargaining Unit 851)

Article 11 – Leave of Absence, Section 11.10 (Identical for Bargaining Units 850/851)

Article 23 – Grievance Procedure, Section 23.7 (Identical for Bargaining Units 850/851)

Article 26 – Stewards, Section 26.1 (Identical for Bargaining Units 850/851)

Article 46 – Dignity and Professionalism in the Workplace, Section 46.1 (Identical for Bargaining Units 850/851)

Note: MOU changes are reflected in bold font.

5.1 The term of this MOU shall commence on the date when the terms and conditions for its effectiveness, as set forth in Article 4, Implementation, are fully met, but in no event shall said MOU become effective prior to 12:01 a.m. on ~~January 1, 2017~~ **February 14, 2019**. This MOU shall expire and otherwise be fully terminated at 12:00 midnight on December 31, 2019 **2021**.

ARTICLE 7 – SALARIES (Bargaining Unit 850)

7.1 General percentage increases

All employees covered under this Memorandum of Understanding shall receive the following salary increases during the term of this agreement upon Union ratification and Board approval:

- a) **Effective January 1, 2020, an across the board increase of 3.5%. (2.5% salary increase + 1.0% Options Sustainability salary increase)**
- b) **Effective January 1, 2020, employees in the following classifications shall receive a 1.5% increase above the 3.5% increase provided under Article 7.1(a):**

<u>Item</u>	<u>Classification</u>
0428	Clerk, LACERA
0429	Intermediate Clerk, LACERA
0445	Intermediate Typist-Clerk, LACERA
0461	Messenger Driver, LACERA
0444	Typist-Clerk, LACERA
0466	Receptionist, LACERA

- c) **Effective January 1, 2021, an across the board increase of 2.5%.**

7.2 Salary Steps

Effective January 1, 2021, an additional 2.75% step shall be added to the top of the salary schedule for all employees covered under this MOU.

7.3 Memorandum of Understanding Signing Bonus

Upon Board of Supervisors approval of successor MOU all employees covered under this Memorandum of Understanding shall each receive a Lump Sum \$1,000.00 MOU signing bonus (Code 572), to be processed on the earliest payroll period following Board of Supervisors' approval.

7.4 Schedule placement

Salary schedule for each classification in this Unit can be found in Appendix (A)

- 7.5 If during the term of this contract a classification/compensation study for any classification or series is conducted, the parties shall meet to discuss the impact of the implementation of the findings.

ARTICLE 7 – SALARIES (Bargaining Unit 851)

7.1 General percentage increases

All employees covered under this Memorandum of Understanding shall receive the following salary increase during the term of this agreement upon Union ratification and Board approval:

a) Effective January 1, 2020, an across the board increase of 3.5%. (2.5% salary increase + 1.0% Options Sustainability salary increase)

b) Effective January 1, 2021, an across the board increase of 2.5%.

7.2 Salary Steps

Effective January 1, 2021, an additional 2.75% step shall be added to the top of the salary schedule for all employees covered under this MOU.

7.3 Memorandum of Understanding Signing Bonus

Upon Board of Supervisors approval of successor MOU all employees covered under this Memorandum of Understanding shall each receive a Lump Sum \$1,000.00 MOU signing bonus (Code 572), to be processed on the earliest payroll period following Board of Supervisors' approval.

7.4 Schedule placement

Salary schedule for each classification in this Unit can be located in Appendix (A).

7.5 If during the term of this contract a classification/compensation study for any classification or series is conducted, the parties shall meet to discuss the impact of the implementation of the findings.

ARTICLE 11 - LEAVES OF ABSENCE

11.10 Vacation Leave

Vacation requests shall not be denied due to insufficient earned time as long as the employee will earn sufficient time prior to the requested vacation dates. If the actual earned time falls short of projections by the beginning of the vacation, then the employee may be allowed to take a reduced time off in the amount they have sufficient time to cover or, at management's discretion, may be allowed to take time off without pay for compelling reasons.

This does not prohibit LACERA management from denying vacation requests due to business needs, or, after approval, in the case of emergencies.

ARTICLE 23 - GRIEVANCE PROCEDURE

23.7 Procedures

It is the intent of the parties to resolve a grievance at the lowest possible level.

Step 1. Immediate Supervisor

- A. Within ten (10) business days from the occurrence of the matter on which a complaint is based, or within ten (10) business days from his/her knowledge of such occurrence, an employee shall file a formal written grievance. Three copies of the LACERA grievance form shall be completed by the employee stating the nature of the grievance and the remedy requested from LACERA. The employee shall submit two copies to his/her immediate supervisor and retain the third copy. **The parties may waive the immediate supervisor step by mutual agreement confirmed in writing.**
- B. Within ten (10) business days the immediate supervisor shall give his/her decision in writing to the employee on the original copy of the grievance.

Step 2. Middle Management

- A. Within ten (10) business days from his/her receipt of the supervisor's written decision and using the returned original copy of the grievance form, the employee may appeal to the appropriate level of management as previously indicated by LACERA. LACERA has the authority to waive the middle management step if such step is not appropriate.
- B. The middle management representative shall discuss the grievance with the supervisor concerned and the employee before he or she reaches a decision.
- C. Within ten (10) business days from receipt of the grievance, the middle management representative shall give a written decision and the reasons therefore to the employee using the original copy of the grievance. Upon request, a copy of the decision will be given to Local 721.

Step 3. CEO or Designee

- A. Within ten (10) business days from his/her receipt of the decision resulting from the previous step, the employee may appeal to the CEO or designee using the original copy of the grievance.
- B. Within ten (10) business days from the receipt of the employee's grievance, the CEO or designee who has not been involved in the grievance in prior levels, shall make a thorough review of the grievance, meet with the parties involved and give a written decision and the reasons therefore to the employee. However, the CEO or designee is not limited to denying a grievance for the reasons stated at any previous step in the procedure. Upon request, a copy of the decision will be given to Local 721.
- C. If the CEO or designee fails to give a decision within the specified time limit, Local 721 shall have the option of referring a grievance alleging a violation of the negotiated MOU between the parties to arbitration.
- D. On matters that are not subject to arbitration pursuant to 23.8 hereafter, the written decision of the CEO or designee shall be final.

ARTICLE 26 – STEWARDS

- 26.1 LACERA recognizes that Local 721 Stewards are the official on-site representatives of Local 721 **and further acknowledges that no Steward or Alternate shall be discriminated against because of the exercise of their rights and duties under the MOU.**

ARTICLE 46 – DIGNITY AND PROFESSIONALISM IN THE WORKPLACE

46.1 The Union and Management are committed to working together to ensure a healthy and professional work environment free from emotional and psychological abuse and intimidation and to promote dignity for all workforce members.



February 6, 2019

TO: Each Member
Board of Retirement
Board of Investments

FROM: Lou Lazatin 
Chief Executive Officer, LACERA

FOR: February 14, 2019, Joint Board of Retirement and Investments Meeting

SUBJECT: **NON-REPRESENTED AND MANAGEMENT STAFF PROPOSED SALARY ADJUSTMENTS**

RECOMMENDATION

Approve Salary Adjustments for Non-Represented and Managerial Appraisal and Performance Plan (MAPP) Classifications at levels consistent as those granted to Represented Staff Members, and direct Management to request administrative approval from the Los Angeles County Board of Supervisors. This salary adjustment recommendation excludes LACERA's Chief Executive Officer classification which salary is determined independently by LACERA Boards.

BACKGROUND

Your Boards, having been asked to approve Salary Adjustments through December 31, 2021 for LACERA Represented Staff Members, are asked to turn your attention to salary matters concerning LACERA's Non-Represented Staff Members and MAPP Participants. Subject to your Boards approval of the Tentative Agreements of the Memorandum of Understandings (MOU), LACERA and SEIU Local 721 have agreed that LACERA Represented Employees will receive General Salary Increases as follows:

1. Effective January 1, 2020, salaries shall be increased by two and one-half percent (2.5%),
2. Effective January 1, 2021, salaries shall be increased by two and one-half percent (2.5%).

Additionally, upon County Board of Supervisors administrative approval of the successor MOUs, all Represented Staff Members covered under the MOUs shall

receive a Lump Sum Bonus of \$1,000 to be processed on the earliest payroll period following Board of Supervisors approval.

Historically LACERA has positioned its Non-Represented and MAPP Salaries closely to the negotiated adjustments for the Represented Staff Members. As such, Staff recommends General Salary Increases for the Non-Represented and MAPP Staff Members to mirror the Represented Staff Member's 2.5% General Salary Increases effective January 1, 2020 and January 1, 2021 respectively, and the \$1,000 Lump-Sum Bonus to be effective upon the administrative approval by the Board of Supervisors as reflected above.

It is noted that LACERA Non-Represented Staff Members were not negatively impacted by the County of Los Angeles' Fringe Benefits changes that affected LACERA Represented Staff Members financially. No changes related to relieving financial impact caused by Fringe Benefits Changes are recommended in this board letter for Non-Represented/MAPP Staff Members.

The Salary Adjustments and Lump Sum Bonus are recommended to bring parity between the LACERA Represented and Non-Represented/MAPP Salary Increases and to maintain appropriate salary differentials between the Represented and Non-Represented/MAPP Staff Members.

Staff also believes these salary increases will support LACERA's ability to attract and retain qualified Staff Members to fulfill our mission to "Produce, Protect and Provide the Promised Benefit." The proposed increases are reasonable with regard to the pay increases provided our Represented Staff Members and with regard to the County Employees whom we serve.

Implementation Process

Upon your approval, LACERA Human Resources and Legal Office will prepare and submit the necessary documentation to the Board of Supervisors for its administrative approval into the County Ordinance.

Recommendation

It is recommended that your Boards:

Grant approval of General Salary Increases for Non-Represented and Managerial Appraisal and Performance Plan (MAPP) Classifications at the same level as those granted to Represented Staff Members for Calendar Years 2020 and 2021 and approve

Each Member, Board of Investments/Board of Retirement
February 6, 2019
Page 3

the \$1,000 Lump Sum Bonus, and direct Management to request administrative approval from the Los Angeles County Board of Supervisors.

Attachment: Cost to Fund Worksheet (For Non-Represented and Management Staff)

**COST TO FUND
PROPOSED SALARY INCREASES
FOR NON-REPRESENTED & MANAGEMENT (MAPP) STAFF**

APPROXIMATE IMPACT TO LACERA BUDGET OVER TERM OF CONTRACT:

FISCAL YEAR 2018-2019 LACERA BUDGET

TOTAL NET OPERATING BUDGET \$88,622,000

NON-REPRESENTED AND MANAGEMENT SALARIES AND EMPLOYEE BENEFITS (S&EB)

GROSS SALARIES: \$30,530,000

EMPLOYEE BENEFITS: \$23,508,000

TOTAL S&EB: \$54,038,000

AFFECT ON BUDGET PER FISCAL YEAR

(Based on FY 2018-19 Budgeted Position Totals)

	<u>2018-2019</u>	<u>2019-2020*</u>	<u>2020-2021</u>	<u>2021-2022**</u>
Cost Increase to Gross Salaries:	\$ 0	\$380,000	\$1,150,000	\$ 770,000
\$1K Salary Bonus	\$222,000	\$ 0	\$ 0	\$ 0
Cost Increase to Employee Benefits:	<u>\$122,000</u>	<u>\$209,000</u>	<u>\$ 633,000</u>	<u>\$ 424,000</u>
Total S&EB Year-by-Year Increase:	<u>\$344,000</u>	<u>\$589,000</u>	<u>\$1,783,000</u>	<u>\$1,194,000</u>

*Six Month Period (01/01/20 to 06/30/20)

**Six Month Period (07/01/21 to 12/31/21)

Cumulative S&EB Increase to Gross Operating Budget:	<u>\$393,000</u>	<u>\$933,000</u>	<u>\$2,716,000</u>	<u>\$3,910,000</u>
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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**