

# BOARD OF RETIREMENT AGENDA 9-15-11

## LACERA

300 N. Lake Ave., Suite 810  
Pasadena, CA 91101

9:00 AM

### I. CALL TO ORDER

### II. PLEDGE OF ALLEGIANCE

### III. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF AUGUST 11, 2011

### IV. OTHER COMMUNICATIONS

#### A. For Information

1. August 2011 All Stars
2. Chief Executive Officer's Report (Memo dated September 7, 2011)

### V. NON-CONSENT AGENDA

- A. Recommendation as submitted by Beulah S. Auten, Chief Financial Officer: That the Board direct staff to respond to the Governmental Accounting Standards Board's Exposure Drafts, prior to September 30, 2011, regarding LACERA's concerns in substantially the form as discussed in this memo. (Memo dated August 29, 2011.)
- B. Recommendation as submitted by John Nogales, Director, Human Resources, LACERA, that the Board:
  1. Approve establishment of the following unclassified (at-will) classifications:
    - Chief Investment Officer, LACERA (UC)
    - Principal Investment Officer, LACERA (UC)
    - Assistant Executive Officer, LACERA (UC)
  2. Amend the County Personnel Code to determine the Chief Investment Officer, LACERA (UC) salary in a similar manner currently used by the Boards of Retirement and Investments in determining the Chief Executive Officer salary. (Memo dated September 8, 2011.)
- C. Recommendation as submitted by Robert S. Van Der Volgen, Chief Counsel: That the Board approve payment of invoice #2379452 from Steptoe & Johnson, LLP for professional legal services rendered in connection with tax advice. (Memo dated August 11, 2011.)
- D. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer: That the Board continue its "watch" position on Assembly Bill 340 which addresses pension reform. (Memo dated September 8, 2011.)
- E. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board Members, and staff as designated by the Chief Executive Officer, at the NEOGOV 10th Annual Training Conference to be held in Las Vegas Nevada from September 28-30, 2011; and approve reimbursement of all travel costs associated with the conference in accordance with LACERA's Education and Travel Policy. (Memo dated August 31, 2011.)
- F. Recommendation as submitted by Christine Roseland, Staff Counsel: That the Board approve attendance of Board Members, and staff as designated by the Chief Executive Officer, at the 2011 Blue National Summit, to be held in Chicago, Illinois from October 5-7, 2011; and approve reimbursement of all travel costs associated with the conference in accordance with LACERA's Education and Travel Policy. (Memo dated August 24, 2011.)

### VI. PUBLIC COMMENT

### VII. GOOD OF THE ORDER

(For discussion purposes only.)

### VIII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

### IX. EXECUTIVE SESSION

- A. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION (Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9:
  1. One potential case.

## X. ADJOURNMENT

# BOARD OF RETIREMENT MINUTES 9-15-11

## PRESENT

Simon S. Russin, Vice Chair  
Yves Chery, Secretary  
Marvin Adams  
Sadonya Antebi  
Alan Bernstein  
William de la Garza  
Ed C. Morris (Alternate Retired)  
Joseph Kelly (Sitting in for Mark J. Saladino)  
Shawn R. Kehoe (Alternate Member)

## ABSENT

Les Robbins, Chair  
William R. Pryor

## STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer  
Janice Golden, Assistant Executive Officer  
Robb Van Der Volgen, Chief Counsel  
Beulah S. Auten, Chief Financial Officer  
Cynthia Lau, Legislative Affairs Officer  
John Nogales, Director, Human Resources  
Christine Roseland, Staff Counsel

### I. CALL TO ORDER

Vice Chair Russin, presiding in the absence of Chair Robbins, called the meeting to order at 9:00 a.m., in the Board Room of Gateway Plaza.

### II. PLEDGE OF ALLEGIANCE

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

### III. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF AUGUST 11, 2011

A motion was made by Mr. Morris, seconded by Mr. Chery, to approve the minutes of the regular meeting of August 11, 2011. The motion passed with Mr. Kehoe abstaining. (Ms. Antebi was not present for the vote.)

### IV. OTHER COMMUNICATIONS

#### A. For Information

##### 1. August 2011 All Stars

Ms. Golden announced the eight winners for the month of August; Daniel Marroquin, Eilene Morken, Marcos Grajeda, Rosalind White, Dmitriy Khaytovich, Bonnie Weise, Lillie Abram, and Russell Lurina for the Employee Recognition Program. Valerie Ptacek was the winner of LACERA's Web Watcher Award. Beulah Auten, Koleta Caldwell, Richard Creamer, and Brenda Grundy were the winners of LACERA's RideShare Program.

##### 2. Chief Executive Officer's Report (Memo dated September 7, 2011)

Mr. Rademacher provided a brief overview of his Chief Executive Officer's Report with emphasis on LACERA's participation in the Probation Department's Worksource Rapid Response orientations that will be presented to workers who face layoffs within their department. Additionally, Mr. Rademacher reported on LACERA's surprise disaster recovery business continuity exercise. The drill was very productive and valuable information was learned by all.

### V. NON-CONSENT AGENDA

#### A. Recommendation as submitted by Beulah S. Auten, Chief Financial Officer: That the Board direct staff to respond to the Governmental Accounting Standards Board's Exposure Drafts, prior to September 30, 2011, regarding LACERA's concerns in substantially the form as discussed in this memo. (Memo dated August 29, 2011.)

Ms. Auten addressed the Board and presented an executive summary and overview on the proposed response to the Governmental Accounting Standards Board's (GASB) Exposure Drafts. A discussion ensued among staff and the Board Members after which the following motion was made: A motion was made by Mr. Bernstein, seconded by Mr. Kehoe, to approve the recommendation. The motion passed with Mr. Russin voting no.

- B.** Recommendation as submitted by John Nogales, Director, Human Resources, LACERA, that the Board:
1. Approve establishment of the following unclassified (at-will) classifications: Chief Investment Officer, LACERA (UC) Principal Investment Officer, LACERA (UC) Assistant Executive Officer, LACERA (UC)
  2. Amend the County Personnel Code to determine the Chief Investment Officer, LACERA (UC) salary in a similar manner currently used by the Boards of Retirement and Investments in determining the Chief Executive Officer salary. (Memo dated September 8, 2011.)

Mr. Nogales provided an executive summary on the proposed recommendation, which was approved by the Board of Investments at its September 14, 2011 meeting.

Mr. Nogales provided a brief background on the establishment of unclassified positions. He noted that Section 31522.4 of the California Government Code permits a county in which both Boards of Investments and Retirement have appointed personnel pursuant to Section 31522.1 and 31522.2, to elect to appoint assistant administrators, chief investment officers and investment officers next in line of authority to chief investment officers to unclassified positions. Additionally, Section 31522.4 provides that these positions are not subject to county charter, civil service, or merit system rules. The persons so appointed shall be directed by, shall serve at the pleasure of, and may be dismissed at the will of, the appointing board or boards.

At present, the Chief Investment Officer position is vacant. Therefore, no incumbent is affected by this action. However, creating the unclassified positions prepares LACERA for future recruitment in these classifications. A brief discussion followed. A motion was made by Mr. Kehoe, seconded by Mr. Bernstein, approve the recommendations with the following amendment: that reinstatement rights be added to these positions when presented to the Board of Supervisors for approval.

At this point Mr. Rademacher asked that the Board vote on the motion, as submitted by staff without the addition of reinstatement rights. He proposed discussing reinstatement rights at the next Board meeting.

Mr. Rademacher assured the Board Members that this item will not be placed before the Board of Supervisors for approval until the Board of Retirement has discussed the issue of reinstatement rights. Messrs. Kehoe and Bernstein withdrew their amendment to staff's recommendation.

After discussion among the Board and staff Mr. Adams called for the question.

The Board voted on "call for the question" which passed with Mr. Kehoe voting no.

The motion made by Mr. Kehoe, seconded by Mr. Bernstein, to approve staff's recommendations was voted on and passed with Mr. Adams voting no.

- C.** Recommendation as submitted by Robert S. Van Der Volgen, Chief Counsel: That the Board approve payment of invoice #2379452 from Steptoe & Johnson, LLP for professional legal services rendered in connection with tax advice. (Memo dated August 11, 2011.)

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

- D.** Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer: That the Board continue its "watch" position on Assembly Bill 340 which addresses pension reform. (Memo dated September 8, 2011.)

#### **AB 340**

AB 340 was a broad-based pension reform proposal which amended the County Employees Retirement Law (CERL) and prohibited "pension spiking" and "double dipping".

Staff and the Board of Retirement have been monitoring the numerous amendments to this bill and their impact on LACERA.

The bill was amended again on September 7, 2011 and all of the prior language has been deleted. It now expresses the intent of the Legislature "to convene a conference committee to craft responsible, comprehensive legislation to reform state and local pension systems in a manner that reflects both the legitimate needs of public employees and the fiscal circumstances of state and local governments."

The Board of Retirement adopted a "Watch" position on AB 340 on May 5, 2011 and July 14, 2011.

A motion was made by Mr. Morris, seconded by Mr. Chery, to take a "watch" position. The motion passed unanimously.

- E.** Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board Members, and staff as designated by the Chief Executive Officer, at the NEOGOV 10th Annual Training Conference to be held in Las Vegas Nevada from September 28-30, 2011; and approve reimbursement of all travel costs associated with the conference in accordance with LACERA's Education and Travel Policy. (Memo dated August 31, 2011.)

A motion was made by Ms. Antebi, seconded by Mr. Kehoe, to approve the recommendation. The motion passed

unanimously.

- F. F. Recommendation as submitted by Christine Roseland, Staff Counsel: That the Board approve attendance of Board Members, and staff as designated by the Chief Executive Officer, at the 2011 Blue National Summit, to be held in Chicago, Illinois from October 5-7, 2011; and approve reimbursement of all travel costs associated with the conference in accordance with LACERA's Education and Travel Policy. (Memo dated August 24, 2011.)

A motion was made by Mr. Kehoe, seconded by Ms. Antebi, to approve the recommendation. The motion passed unanimously.

## **VI. PUBLIC COMMENT**

## **VII. GOOD OF THE ORDER**

(For discussion purposes only.)

## **VIII. EXECUTIVE SESSION**

- A. CONFERENCE WITH LEGAL COUNSEL — ANTICIPATED LITIGATION (Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9:

1. One potential case.

The Board met in Executive Session to discuss and give direction to its legal counsel in regards to one potential case. The Board reconvened in open session, at which time Mr. Van Der Volgen reported that the Board met in Executive Session pursuant to Subdivision (b) of Section 54956.9 of the California Government Code and gave legal counsel direction with respect to the one potential case.

### **Green Folder Information**

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

1. LACERA Legislative Report— Bills Amending CERL. (Dated September 12, 2011.)
2. LACERA Legislative Report — Other (Dated September 12, 2011.)
3. LACERA Legislative Report — Federal (Dated September 12, 2011.)

## **IX. ADJOURNMENT**