

BOARD OF RETIREMENT AGENDA 10-13-11

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 SEPTEMBER 15, 2011

IV. OTHER COMMUNICATIONS

A. For Information

1. September 2011 All Stars
2. Chief Executive Officer's Report (Memo dated October 5, 2011)

V. NON-CONSENT AGENDA

A. Recommendation as submitted by John Nogales, Director Human Resources, that the Board:

1. Delegate authority to the Chief Executive Officer to set the Chief Investment Officer's initial salary in the fourth quartile of the salary range.
2. Provide LACERA unclassified positions reinstatement rights as provided under County Charter Article IX — Civil Service, Section 33.6. (Memo dated October 5, 2011.)

B. BROWN ACT MATTER

Consider and take possible action to address Brown Act related matter.

C. For information only as submitted by Beulah S. Auten, Chief Financial Officer regarding 2012 STAR COLA PROGRAM. (Memo dated September 20, 2011.)

VI. PUBLIC COMMENT

VII. GOOD OF THE ORDER

(For discussion purposes only.)

VIII. EXECUTIVE SESSION

A. CONFERENCE WITH LEGAL COUNSEL — EXISTING LITIGATION (Subdivision (a) of Section 54956.9)

1. Los Angeles County Professional Peace Officers' Association v. Los Angeles County Employees Retirement Association et al. (Los Angeles County Superior Court Case No. BC470065)
2. Los Angeles Times Communications LLC v. LACERA (Los Angeles County Superior Court Case No. BS133956)

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

1. Case of Angela Cheng

IX. ADJOURNMENT

BOARD OF RETIREMENT MINUTES 10-13-11

PRESENT

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

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer
Robert Hill, Assistant Executive Officer
Janice Golden, Assistant Executive Officer
Robb Van Der Volgen, Chief Counsel
Beulah S. Auten, Chief Financial Officer
John Nogales, Director, Human Resources
Fern M. Billingsy, Senior Staff Counsel
Michael Herrera, Senior Staff Counsel
Christine Roseland, Staff Counsel

I. CALL TO ORDER

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

II. PLEDGE OF ALLEGIANCE

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

III. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF SEPTEMBER 15, 2011

A motion was made by Mr. Chery, seconded by Mr. Kehoe, to approve the minutes of the regular meeting of September 15, 2011. The motion passed with Chair Robbins abstaining.

IV. OTHER COMMUNICATIONS

A. For Information

1. September 2011 All Stars

Mr. Hill announced the eight winners for the month of September: Allen Helbig, Julieta Bryan, Darren Huey, Niki Webb, Tina Young, Clarence Malone, Remigio Feliciano, and Linda Martin for the Employee Recognition Program. Evelyn Leung was the winner of LACERA's Web Watcher Award. David Murphy, Wila Kung, Gary Smith, and Mike Prihoda were the winners of LACERA's RideShare Program.

2. Chief Executive Officer's Report (Memo dated October 5, 2011)

Mr. Rademacher provided a brief overview of his Chief Executive Officer's Report with emphasis on LACERA's response to the Los Angeles Times public records request and subsequent release of certain member data to the L.A. Times, including name of retiree; department they retired from; retirement date; average final compensation and gross pension amount, which are considered public information based on recent California Appellant court rulings.

A temporary restraining order was filed by the Los Angeles County Professional Peace Officers' Association (PPOA) for a stay of release of the above member information for Sheriff personnel to allow PPOA time to notify their members of the release and give them the opportunity to explain why they should be exempted from the release. Therefore, LACERA will withhold information pertaining to those retired sheriffs until further review by the court. Association for Los Angeles Deputy Sheriffs (ALADS) members have also been included in the stay.

A letter detailing this information was mailed out to retirees on September 28, 2011.

LACERA has now been sued by L.A. Times requesting that member data LACERA has refused to disclose be provided to them.

Mr. Rademacher also reported that at its meeting yesterday, the Board of Investments decided, after consulting

with its Actuary, to gradually lower the earnings assumption rate from 7.75% to 7.50% in 3 years. This will be implemented by lowering the earnings assumption rate by .05% (to 7.70%) for this coming valuation, .1% (to 7.60%) for next year's valuation, and lastly .1% (to 7.5%) for the 2013 valuation. A communications piece will be developed to explain the effect this will have on the employer and employee contribution rates.

V. NON-CONSENT AGENDA

A. Recommendation as submitted by John Nogales, Director Human Resources, that the Board:

1. Delegate authority to the Chief Executive Officer to set the Chief Investment Officer's initial salary in the fourth quartile of the salary range.
2. Provide LACERA unclassified positions reinstatement rights as provided under County Charter Article IX — Civil Service, Section 33.6. (Memo dated October 5, 2011.)

Mr. Nogales provided an executive summary on the proposed recommendations, which were approved by the Board of Investments at its October 12, 2011 meeting.

The Board decided to vote on each recommendation individually. Therefore, the first recommendation was briefly discussed and voted on:

A motion was made by Mr. Morris, seconded by Mr. Chery, to delegate authority to the Chief Executive Officer to set the Chief Investment Officer's initial salary in the fourth quartile of the salary range. The motion passed unanimously.

Mr. Rademacher announced that Mr. David Kushner has been hired to be LACERA's Chief Investment Officer. Mr. Kushner is expected to begin his duties at LACERA by mid November, 2011.

Mr. Nogales discussed with the Board and clarified how reinstatement rights will be applied to the established at-will (unclassified) positions.

After discussion among the Board and staff, the second recommendation was voted on.

A motion was made by Mr. Chery, seconded by Mr. Adams, to provide LACERA unclassified positions reinstatement rights as provided under County Charter Article IX — Civil Service, Section 33.6. The motion passed with Mr. Bernstein and Ms. Antebi voting no.

B. BROWN ACT MATTER

Consider and take possible action to address Brown Act related matter.

Mr. Van Der Volgen addressed the Board noting that Ms. Ashley K. Dunning, LACERA's outside Counsel, was originally scheduled to address the Board with a brief overview of the Brown Act as it pertains to closed sessions but due to the possibility of one of the Board Members being absent for today's meeting the session was cancelled.

Mr. Van der Volgen said that following the Board of Retirement's September 15th meeting at which the Board also met in closed session to consider anticipated litigation, a Board Member disclosed substance from the closed session meeting with an outside party. This is not permissible under the Brown Act.

Pursuant to the Brown Act, the Board could choose among several actions to address the Brown Act violation and reprimand that Board Member. Prior to discussion on these choices, Mr. Kehoe addressed the Board.

Mr. Kehoe apologized to the Board and said that he had a misunderstanding of the specifics of the Brown Act. The item in question was something that he believed could be brought to the attention of the concerned parties without violating the Brown Act. Mr. Kehoe added that after an in-depth discussion with LACERA's CEO and reviewing additional information and specifics regarding the Brown Act he realized his error.

Mr. Kehoe said that this would never happen again. Additionally, Mr. Kehoe stated that he had already decided, prior to reading recommendations made by Ms. Dunning, that he would recuse himself from participating in further closed sessions of the Board regarding the pending California Public Records Act (CPRA) litigation with both Los Angeles Times and PPOA.

After a brief discussion among the Board, the following motion was made:

A motion was made by Mr. Chery, seconded by Chair Robbins, to accept Mr. Kehoe's offer to recuse himself from further discussion and action regarding LACERA's response to the pending California Public Records Act litigation with both Los Angeles Times and the Los Angeles County Professional Peace Officers Association. The motion passed with Messrs. de la Garza and Russin voting no.

C. For information only as submitted by Beulah S. Auten, Chief Financial Officer regarding 2012 STAR COLA PROGRAM. (Memo dated September 20, 2011.)

Ms. Auten was available for questions.

Mr. Rademacher reported the Board of Investments at their October 12, meeting decided to count the STAR COLA Reserve as a valuation asset without including a corresponding liability, and they will bring the matter back before the Board of Investments to review the funding policy for the coming years.

The memo was received and filed.

VI. PUBLIC COMMENT

VII. GOOD OF THE ORDER

(For discussion purposes only.)

VIII. EXECUTIVE SESSION

Chair Robbins said the Board would handle item B.

A. CONFERENCE WITH LEGAL COUNSEL — EXISTING LITIGATION (Subdivision (a) of Section 54956.9)

1. *Los Angeles County Professional Peace Officers' Association v. Los Angeles County Employees Retirement Association et al.*
(Los Angeles County Superior Court Case No. BC470065)
2. *Los Angeles Times Communications LLC v. LACERA*
(Los Angeles County Superior Court Case No. BS133956)

Mr. Kehoe recused himself from discussion or voting on the existing litigation portion of the Executive agenda items. Mr. Kehoe left the room.

The Board met in Executive Session to discuss and give direction to its legal counsel in regards to above existing litigation. The Board reconvened in open session, at which time Mr. Herrera reported that the Board met in Executive Session pursuant to Subdivision (a) of Section 54956.9 of the California Government Code to discuss L.A. Superior Court Case No. BC470065 and L.A. Superior Court Case No. BS133956 and said that no action was taken.

B. CONFERENCE WITH LEGAL COUNSEL — ANTICIPATED LITIGATION

(Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9):

1. Case of Angela Cheng.

The Board met in Executive Session to discuss and give direction to its legal counsel in regards to above anticipated litigation.

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 in the case of Angela Cheng. He further stated that on a unanimous vote the Board gave direction to staff with regard to Ms. Cheng's claim.

Chair Robbins announced that November 10, 2011 will be the only Board of Retirement Meeting held during the month of November.

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 October 11, 2011.)
2. LACERA Legislative Report — Other. (Dated October 11, 2011.)
3. LACERA Legislative Report — Federal (Dated October 11, 2011.)
4. Memo to Each Member, Boards of Retirement and Investments from Earl W. Buehner, Senior Staff Counsel regarding: FPPC action against Form 700 filers regarding undisclosed gifts. (Memo dated October 4, 2011.)

IX. ADJOURNMENT