

AGENDA

MEETING OF THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., APRIL 12, 2012

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. OTHER COMMUNICATIONS
 - A. For Information
 - 1. March 2012 All Stars
 - 2. Chief Executive Officer's Report
(Memo dated April 3, 2012)
- IV. NON-CONSENT AGENDA
 - A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board provide the SACRS voting delegate direction on voting for the SACRS slate of officers. (Memo dated April 4, 2012.)
 - B. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a "support" position on Assembly Bill 1519 relating to Board Member education. (Memo dated March 21, 2012.)

IV. NON-CONSENT AGENDA (Continued)

- C. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a “watch” position on Assembly Bill 1542 relating to cost of living increases for Orange County service. (Memo dated April 2, 2012.)
- D. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a “watch” position on Assembly Bill 1633 which places a cap on retirement benefits. (Memo dated March 21, 2012.)
- E. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a “watch” position on Assembly Bill 1639 which prohibits the calculation of pension benefits based on compensation levels that exceed federal limits. (Memo dated March 21, 2012.)
- F. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a “watch” position on Assembly Bill 1815 which would prohibit membership in OCERS for new members of the Orange County Board of Supervisors. (Memo dated March 21, 2012.)
- G. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a “support” position on Assembly Bill 2664 which allows for the use and acceptance of electronic signatures and provides authority to LACERA for the correction of errors or omissions. (Memo dated March 22, 2012.)
- H. For information only as submitted by Cassandra Smith, Retiree Healthcare Director regarding: Report on member Eleanor Tavis. (Memo dated March 27, 2012.)

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V. PUBLIC COMMENT

VI. GOOD OF THE ORDER
(For discussion purposes only.)

VII EXECUTIVE SESSION

A. CONFERENCE WITH LEGAL COUNSEL - EXISTING
LITIGATION (Subdivision (a) of the Government Code
Section 54956.9)

1. Attorneys Fees in the case of **Rebecca Huambachano**

B. Pursuant to Government Code Section 54957
Public Employee Performance Evaluation

Title: Chief Executive Officer

VIII. 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 MEETING OF THE BOARD OF RETIREMENT
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., APRIL 12, 2012

PRESENT: Les Robbins, Chair
Simon S. Russin, Vice Chair
Yves Chery, Secretary
Marvin Adams
Sadonya Antebi
John M. Barger
William de la Garza
Shawn R. Kehoe (Alternate Member)
Ed C. Morris (Alternate Retired)
William R. Pryor
Mark J. Saladino

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer
Robert Hill, Assistant Executive Officer
JJ Popowich, Assistant Executive Officer
Robb Van Der Volgen, Chief Counsel

STAFF ADVISORS AND PARTICIPANTS

Jorja Frank, Senior Staff Counsel

James J. Castranova, Senior Staff Counsel

Christine Roseland, Staff Counsel

Cynthia Lau, Legislative Affairs Officer

Leilani Ignacio, Retiree Health Care

Eleanor Tavis

Deputy Gregory J. Gabriel

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

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

III. OTHER COMMUNICATIONS

A. For Information

1. March 2012 All Stars

Mr. Hill announced the eight winners for the month of March; Bonnie Nolley, Justin Lewis, Robert Contreras, Karla Sarni, Catherine Lumpkin, Russell Lurina, Kathleen Thompson, and Keisha Munn for the Employee Recognition Program. Christine Roseland was the winner of LACERA's Web Watcher Award. Ruby Grundy, Nora Jackson, Roberta Van Nortrick, and Hubert Brooks were the winners of LACERA's RideShare Program.

2. Chief Executive Officer's Report (Memo dated April 3, 2012)

Mr. Rademacher provided a brief overview of his Chief Executive Officer's Report with a quick update on what transpired at the previous day's Board of Investments meeting. (Board of Investments minutes are available to view on LACERA's Website www.lacera.com.)

Mr. Rademacher announced that budget hearings have been scheduled for Wednesday, May 16, 2012 ,following the Board of Investments Meeting and Wednesday, May 23, 2012 at 9:00 a.m.

III. OTHER COMMUNICATIONS (Continued)

Mr. Rademacher reported meeting with Senator Negrete McLeod, Co-Chair of the Conference Committee on Public Employee Pensions and Chair of the Senate Public Employment and Retirement Committee to discuss pension reform in Los Angeles County.

Mr. Rademacher announced that Fred Whiting's, LACERA's former Systems Director, wife recently passed away and asked that the Board adjourn today's meeting in her memory.

IV. NON-CONSENT AGENDA

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board provide the SACRS voting delegate direction on voting for the SACRS slate of officers. (Memo dated April 4, 2012.)

A motion was made by Mr. Saladino, seconded by Mr. Kehoe, to approve the following SACRS slate of officers:

Doug Rose – President

Yves Chery – Vice President

Tom Ford – Treasurer

John Kelly – Secretary

The motion passed unanimously with Ms. Antebi abstaining.

IV. NON-CONSENT AGENDA (Continued)

- B. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a “support” position on Assembly Bill 1519 relating to Board Member education. (Memo dated March 21, 2012.)

AB 1519

Last year, the SACRS Board of Directors sought endorsement of a legislative proposal which would require retirement systems operating under the County Employees’ Retirement Law (CERL) to adopt a policy relating to education for its board members.

While it is important for board members to stay informed, there is no requirement under CERL for new or experienced trustees to meet ongoing training requirements.

On May 5, 2011 and May 9, 2011, the Board of Retirement and Board of Investments endorsed the SACRS proposal, which was subsequently approved by the SACRS membership at their November, 2011 conference.

Assembly Bill 1519 was introduced on January 17, 2012 to add new section 31522.8 to CERL to require each board to adopt a policy for providing

IV. NON-CONSENT AGENDA (Continued)

education to its board members. It was subsequently amended on March 6, 2012 due to a drafting error.

It requires that all board members receive a minimum of 24 hours of education within the first two years of assuming office and for every subsequent two-year period the board member continues to hold membership on the board.

The policy would identify topics for board member education, which may include, but is not limited to, the following:

1. Fiduciary responsibilities.
2. Ethics.
3. Pension fund investments and investment program management.
4. Actuarial matters.
5. Pension funding.
6. Benefit administration.
7. Disability evaluation.

IV. NON-CONSENT AGENDA (Continued)

8. Fair hearings.
9. Pension fund governance.
10. New board member orientation.

Additionally, each board would be required to maintain a record of board member compliance. The posting of the policy and an annual report on compliance shall be placed on the Internet web site of the retirement system.

Mandating continuing education makes a strong statement about each system's high fiduciary standards.

The Board of Investments adopted a position of "Support" on AB 1519 at their meeting on March 14, 2012.

A motion was made by Mr. Saladino, seconded by Mr. Russin, to take a "support" position on AB 1519. The motion passed unanimously.

- C. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a "watch" position on Assembly Bill 1542 relating to cost of living increases for Orange County service.
(Memo dated April 2, 2012.)

IV. NON-CONSENT AGENDA (Continued)

AB 1542

This bill provides authority to the Orange County Board of Supervisors to adopt a resolution applicable to employees or officials of Orange County who become members of the Orange County Employees Retirement System (OCERS) on or after January 1, 2012. It does not apply to members of OCERS who earned service with any other participating plan sponsor agencies.

Under this bill, the affected member would not be eligible for a cost-of-living adjustment until at least 12 months from the date of the member's retirement, and the member would only be eligible to receive an adjustment based on the preceding 12 months.

Currently, members of OCERS who retire on or before March 31 would be eligible for a COLA of up to 3% on April 1.

While this bill adds a new section to the County Employees Retirement Law (CERL), it does not apply to LACERA's current or future retirees.

IV. NON-CONSENT AGENDA (Continued)

A motion was made by Mr. Saladino, seconded by Mr. Adams, to take a “watch” position on AB 1542. The motion passed unanimously.

- D. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a “watch” position on Assembly Bill 1633 which places a cap on retirement benefits. (Memo dated March 21, 2012.)

AB 1633

This bill was introduced to place a cap on public employee pensions in California. Author Assembly Member Wagner reported that there are over 12,000 retired workers receiving pensions over \$100,000 and believes that his bill will help to “get our extravagant and reckless problem of pension growth under control.”

The provisions apply to public employees who are employed and become members on or after January 1, 2013, but does not apply to the University of California Retirement System (UCRS) and any retirement systems created for a charter city or charter county.

IV. NON-CONSENT AGENDA (Continued)

For members whose service is not included in the federal Social Security system, their benefit would be capped at \$100,000 per year, adjusted annually for inflation based on the Consumer Price Index for All Urban Consumers.

For members whose service is included in the federal Social Security system, their benefit would be capped at \$80,000 per year, adjusted annually for inflation based on the Consumer Price Index for All Urban Consumers.

The bill's provisions do not apply to:

1. Former public employees employed before January 1, 2013, who return to the same public agency on or after January 1, 2013.
2. Specified state employees hired prior to January 1, 2013.
3. Public employees on an approved leave of absence employed prior to January 1, 2013, who return to active employment on or after January 1, 2013.

IV. NON-CONSENT AGENDA (Continued)

Furthermore, it specifies that if these provisions are in conflict with an MOU that is current and in effect on January 1, 2013, the MOU would be controlling until its expiration and may not be superseded by a subsequent MOU.

In summary, these caps proposed by the bill are lower than the existing 2012 federal cap of \$200,000 set by Internal Revenue Code Section 415(b).

With the lowered benefit cap, this could provide a disincentive for an employee to continue employment and remain a member of the retirement system once the cap is reached. A question remains as to what would happen to contributions if an employee remains employed after hitting the cap.

As pension benefits are negotiated through collective bargaining, staff has recommended a "Watch" position on Assembly Bill 1633.

A motion was made by Mr. Barger, seconded by Mr. Saladino, to take a "watch" position on AB 1633.

IV. NON-CONSENT AGENDA (Continued)

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

A substitute motion was made by Mr. Pryor, seconded by Mr. Russin, to take an “oppose” position on AB 1633.

Mr. Pryor withdrew his substitute motion.

The action motion to take a “watch” position on AB 1633 passed with Ms. Antebi and Mr. Russin voting no.

- E. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a “watch” position on Assembly Bill 1639 which prohibits the calculation of pension benefits based on compensation levels that exceed federal limits. (Memo dated March 21, 2012.)

AB 1639

Assembly Member Jerry Hill has reintroduced a measure from 2011 which places a cap on public pensions not to exceed Federal limits set forth in Section 401(a)(17) of Title 26 of the United State Code (currently \$250,000 for 2012).

IV. NON-CONSENT AGENDA (Continued)

While the author stated that the bill (AB 89) did not target a specific entity, media reports surfaced about 36 University of California (UC) executives from around the state who demanded that the regents lift the pension cap. It was reported that the executives earned between \$174,000 and \$756,000 in 2009 and the UC formula for calculating their pensions counted towards only a portion of their compensation, as required by Internal Revenue Code regulations.

The executives contended that UC was renegeing on a 1999 agreement by the regents to calculate retirement pay as a percentage of their entire salaries once the IRS agreed to lift the cap for UC. In 2007, the IRS allowed an exemption by allowing UC to lift the cap and calculate pensions on the employees' total salaries, but the university never implemented the change.

The Board of Retirement adopted a "Watch" position on the prior measure, Assembly Bill 89, which was subsequently amended to address lowered retirement tiers for some of San Mateo County's safety members.

IV. NON-CONSENT AGENDA (Continued)

A motion was made by Mr. Barger, seconded by Mr. Adams, to take a “watch” position on AB 1639. The motion passed with Ms. Antebi voting no.

- F. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a “watch” position on Assembly Bill 1815 which would prohibit membership in OCERS for new members of the Orange County Board of Supervisors. (Memo dated March 21, 2012.)

AB 1815

The Orange County Board of Supervisors voted on October 18, 2011 to provide that new members of their Board of Supervisors must participate in Federal Social Security as their defined benefit plan and would not become a member of the Orange County Employees’ Retirement System (OCERS).

Under this bill, Section 31553.7 is added to the County Employees Retirement Law (CERL) and specifies that members who are first elected or first appointed to the Orange County Board of Supervisors on or after January 1, 2012 shall not be eligible to participate in OCERS.

IV. NON-CONSENT AGENDA (Continued)

Furthermore, these members shall not acquire any retirement right or benefit for serving in that office and shall not be credited with service by virtue of serving on the Orange County Board of Supervisors.

This applies to Orange County only.

A motion was made by Mr. Saladino, seconded by Mr. Barger, to take a “watch” position on AB 1815. The motion passed with Ms. Antebi and Mr. Russin voting no.

- G. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a “support” position on Assembly Bill 2664 which allows for the use and acceptance of electronic signatures and provides authority to LACERA for the correction of errors or omissions. (Memo dated March 22, 2012.)

AB 2664

On August 11, 2011, the Board of Retirement approved several legislative proposals for inclusion in the SACRS 2012 legislative platform.

The proposal relating to the use and acceptance of electronic signatures was approved for SACRS sponsorship by their membership at the November, 2011 Conference.

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IV. NON-CONSENT AGENDA (Continued)

However, the other proposal which would have provided statutory authority to '37 Act systems for the correction of errors or omissions was not endorsed by SACRS as the membership did not see a need for this legislation.

Subsequently, on January 12, 2012, your Board directed staff to work with LACERA's lobbyist to sponsor legislation addressing this subject which would be applicable to LACERA only.

Coincidentally, both proposals are being carried by the Assembly Committee on Public Employees, Retirement and Social Security under Assembly Bill 2664. The following summarizes the bill's provisions, as amended on March 19, 2012:

Section 1 of the bill, sponsored by SACRS, amends Section 31527 of the County Employees' Retirement Law (CERL) and allows county retirement system boards to adopt optional regulations allowing for the use and acceptance of a member's electronic signature with the same force and effect as a signed, valid original document, provided it is submitted using electronic

IV. NON-CONSENT AGENDA (Continued)

technology that the board determines sufficient to ensure its integrity, security and authenticity.

Sections 2 and 3 of the bill, sponsored by LACERA, provides statutory authority and the framework for the correction of errors or omissions by adding new Sections 31540 and 31541 to mirror existing provisions under the Public Employees' Retirement Law (PERL) which is applicable to CalPERS. These new sections apply to LACERA only.

A motion was made by Mr. Chery, seconded by Mr. Kehoe, to take a "support" position on AB 2664. The motion passed unanimously.

- H. For information only as submitted by Cassandra Smith, Retiree Healthcare Director regarding: Report on member Eleanor Tavis. (Memo dated March 27, 2012.)

Based on the facts presented by Mr. and Mrs. Tavis, staff is unable to grant Mr. and Mrs. Tavis' request to add Leslie Berlin as an adult disabled dependent to their health insurance benefit plan.

After a brief discussion the Report was received and filed.

V. PUBLIC COMMENT

Eleanor Tavis addressed the Board regarding staff's denial of her request to enroll her disabled dependent into her husband's healthcare insurance plan.

Deputy Gregory J. Gabriel, from Altadena Sheriff's Station, thanked Messrs. Hill and Popowich for their support in attending Altadena Sheriff Stations fundraiser. Deputy Gabriel presented Mr. Popowich with his prize from a raffle ticket he purchased.

VI. GOOD OF THE ORDER
(For discussion purposes only.)

VII EXECUTIVE SESSION

A. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Subdivision (a) of the Government Code Section 54956.9)

1. Attorneys Fees in the case of Rebecca Huambachano

The Board met in Executive Session to discuss and give direction to its legal counsel in regards to the above named existing litigation. The Board reconvened in open session, at which time Mr. Van Der Volgen reported that the Board met in Executive Session for the purpose of discussion existing litigation pursuant to California Government Code Section 54956.9 Subdivision (a) in the matter of Rebecca Huambachano. The Board gave direction to Counsel with regard to that case.

VII EXECUTIVE SESSION (Continued)

- B. Pursuant to Government Code Section 54957
Public Employee Performance Evaluation

Title: Chief Executive Officer

The Board met in Executive Session pursuant to Government Code Section 54957 to consider the performance evaluation of the Chief Executive Officer. No reportable action was taken.

Green Folder Information (Information distributed in each Board Members Green Folder at the beginning of the meeting.)

1. LACERA Legislative Report –Bills Amending CERL.
(Dated April 5, 2012.)
2. LACERA Legislative Report – Other. (Dated April 5, 2012.)
3. LACERA Legislative Report –Federal. (Dated April 5, 2012.)
4. Ballot Initiatives Status Report (Dated April 5, 2012.)

VIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned in the memory of Shannon Whiting at 11:00 a.m.

YVES CHERY, SECRETARY

LES ROBBINS, CHAIR