

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, SEPTEMBER 15, 2016

PRESENT: Shawn R. Kehoe, Chair
Vivian H. Gray, Vice Chair (Arrived at 9:07 a.m.)
William de la Garza, Secretary
Marvin Adams
Anthony Bravo
Yves Chery
Joseph Kelly
Les Robbins
Ronald A. Okum

ABSENT: David L. Muir (Alternate Retired)
William Pryor (Alternate Member)

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer
Robert Hill, Assistant Executive Officer
Steven P. Rice, Chief Counsel

STAFF ADVISORS AND PARTICIPANTS (Continued)

Barry W. Lew, Legislative Affairs Officer

Jill P. Rawal, Staff Counsel

Cassandra Smith, Director, Retiree Healthcare Division

Leilani Ignacio, Assistant Manager, Retiree Healthcare Division

John Nogales, Division Manager, Human Resources

I. CALL TO ORDER

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

II. PLEDGE OF ALLEGIANCE

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

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of August 11, 2016

Mr. Chery made a motion, Mr. de la Garza seconded, to approve the minutes of the regular meeting of July 14, 2016. The motion passed unanimously.

IV. REPORT ON CLOSED SESSION ITEMS

No items were reported.

V. OTHER COMMUNICATIONS

A. For Information

1. July 2016 All Stars

Mr. Hill announced the eight winners for the month of July: Carol Quinn, Jeff Shevlowitz, Roberta Van Nortrick, Sandy Pang, Alice Yen, Remigio Feliciano, Maureen Tsang, and Alyce Provencio for the Employee Recognition Program and Anh Huynh for the Webwatcher Program. Anh Huynh, Alvina Heard, Richard Creamer, Mary Ortiz, Diana Huang were the winners of LACERA's RideShare Program.

2. Chief Executive Officer's Report
(Memo dated September 6, 2016)

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

Mr. Rademacher recognized Maggie Deleon, Dina Lejano, Karli Sarni, Ricardo Salinas, Theo King, Tionna Fredericks, Samantha Garcia and Jeannine Smart for a job well done in putting together the HR Pros Conference held in August for the plan sponsor's HR teams.

Mr. Rademacher provided an update regarding the Chief Investment Officer search and encouraged Board members to forward the names of potential Chief Investment

V. OTHER COMMUNICATIONS

A. For Information

2. Chief Executive Officer's Report (Continued)

Officer candidates to the Executive Recruiter supporting the search, Michael Kennedy with Korn Ferry. In addition, the Board will be notified of all open recruitments in the organization moving forward.

Mr. Rademacher shared the over allocation of interest credited to members and participating employers based on the realized income was earned fiscal year to date, which was calculated using preliminary financial estimates. There was an audit adjustment that caused a reduction in the amount of realized income available to credit interest resulting in an adjustment to member accounts. A debrief of the impact and course of action for now and going forward regarding this incident, will be provided to the Operations Oversight Committee.

VI. PUBLIC COMMENT

There were no requests from the public to speak.

VII. NON-CONSENT AGENDA

- A. Recommendation as submitted by Joseph Kelly, Chair, Operations Oversight Committee: That the Board approve the purchase of Fiduciary Liability Insurance for the October 6, 2016 renewal with Hudson Insurance Company. (Memo dated August 31, 2016)

VII. NON-CONSENT AGENDA (Continued)

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

Chair Kehoe made a motion, Mr. Kelly seconded, to approve the recommendation. The motion passed unanimously.

- B. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits, and Legislative Committee: That the Board 1) Interview the two finalist firms, Mercer and Milliman, and select one firm to perform the audit of the 2014-2015 RDS subsidy submissions, with an option for LACERA to direct the firm also to audit the 2015-2016 and 2016-2017 RDS subsidy submission; and 2) Direct staff to retain the selected firm for a one year period beginning October 1, 2016 and ending November 1, 2017, with a two year extension at the discretion of LACERA. (Memo dated August 30, 2016)

Ms. Smith and Ms. Ignacio were present to answer questions from the

Board.

Mr. Chery made a motion, Mr. Kelly seconded, to select Mercer to perform the audit. The motion passed unanimously.

- C. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board 1) Adopt the revised Conflict of Interest Code; and 2) Authorize staff to file the revised Code with the County of Los Angeles Board of Supervisors, which is the code reviewing authority. (Memo dated August 30, 2016)

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

Mr. Chery made a motion, Mr. Adams seconded, to approve the recommendation. The motion passed unanimously.

VII. NON-CONSENT AGENDA (Continued)

- D. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board 1) Approve that the Chief Investment Officer salary range will be determined by the Board of Retirement and Board of Investments in accordance with amendments to County Code, Sections 6.127.030.F., 6.28.050 (Item 0776), and 6.127.040.B.7; and 2) Direct staff to submit to the Board of Supervisors the amendments to County Code, Sections 6.127.030.F, 6.28.050 (Item 0776), and 6.127.040.B.7. (Memo dated September 1, 2016)

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

Chair Kehoe made a motion, Mr. de la Garza seconded, to approve the recommendation. The motion passed unanimously.

- E. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board adopt the Policy on Joint Meetings. (Memo dated August 31, 2016)

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

Mr. Kelly made a motion, Chair Kehoe seconded, to approve the recommendation. The motion passed unanimously.

- F. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the status report on Privacy Audit. (Memo dated September 2, 2016)

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

received and filed.

VII. NON-CONSENT AGENDA (Continued)

- G. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding Assembly Bill 2376 – County Employees' Retirement. (Memo dated August 29, 2016)

Mr. Lew was present to answer questions from the Board. This Item was received and filed.

- H. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding Assembly Bill 1853 – County Employees Retirement Districts. (Memo dated September 2, 2016)

Mr. Lew was present to answer questions from the Board. This Item was received and filed.

- I. For Information Only as submitted by Beulah S. Auten, Chief Financial Officer, regarding the 2017 STAR COLA Program. (Memo dated August 30, 2016)

This Item was received and filed.

VIII. REPORT ON STAFF ACTION ITEMS

In regards to Item VII.A., the Board requested that staff provide the legal cap regarding the fiduciary liability insurance as it relates to the Trust Fund.

In regards to Item VII.B., the Board requested a list of past RDS Audit Results compared to the schedule of recovered monies.

In regards to Item X.A.1., the Board requested staff to look into the third party notification system for member account support.

Lastly, the Board requested updates on progress of the labor negotiations.

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

There was nothing to report during Good of the Order.

X. 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. Administrative Appeal of Nell Masto

The Board met in Executive Session pursuant to Government Code Section 54956.9 in regards to the anticipated litigation of the above mentioned case. The Board approved to deny the administrative appeal and gave additional guidance.

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

1. Agency designated representatives:
Robert Hill, Assistant Executive Officer
John Nogales, Director, Human Resources
Draza Mrvichin, LACERA's Contracted Negotiator
Employee Organization: SEIU Local 721

The Board met in Executive Session pursuant to Government Code Section 54957.6 and there is nothing to report at this time.

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/PEPRA
(Dated September 14, 2016)
2. LACERA Legislative Report – Other (Dated September 14, 2016)
3. LACERA Legislative Report – Federal (Dated September 14, 2016)

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XI. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned in memory of Edmund D. Edelman, former member of the Board of Supervisors, at 11:45 a.m.

WILLIAM DE LA GARZA, SECRETARY

SHAWN R. KEHOE, CHAIR