

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, FEBRUARY 15, 2018

PRESENT: Herman Santos, Acting Chair
Marvin Adams, Secretary
Alan Bernstein
Shawn R. Kehoe
Joseph Kelly
William Pryor (Alternate Member)
Les Robbins
Thomas Walsh
Gina Zapanta-Murphy

ABSENT: Vivian H. Gray, Chair
JP Harris (Alternate Retired)

STAFF ADVISORS AND PARTICIPANTS

Robert R. Hill, Interim Chief Executive Officer
James Brekk, Interim Deputy Chief Executive Officer
Steven P. Rice, Chief Counsel
Harvey Leiderman, Reed Smith LLP, Outside Fiduciary Counsel
Leisha Collins, Principal Internal Auditor

STAFF ADVISORS AND PARTICIPANTS (Continued)

Beulah S. Auten, Chief Financial Officer

Ted Granger, Assistant Chief Financial Officer

I. CALL TO ORDER

The meeting was called to order by Mr. Santos 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.

Mr. Santos led the Board and staff in a moment of silence in memory of the victims of the Florida school shooting.

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Special Meeting of January 30, 2018

Mr. Robbins made a motion, Mr. Adams seconded, to approve the minutes of the special meeting of January 30, 2018. The motion passed unanimously.

B. Approval of the Minutes of the Special Meeting of January 31, 2018

Mr. Robbins made a motion, Mr. Adams seconded, to approve the minutes of the special meeting of January 31, 2018. The motion passed unanimously.

III. APPROVAL OF MINUTES (Continued)

C. Approval of the Minutes of the Special Meeting of February 1, 2018

Mr. Adams made a motion, Mr. Kehoe seconded, to approve the minutes of the special meeting of February 1, 2018. The motion passed with Messrs. Santos, Adams, Bernstein, Kehoe, Kelly, Pryor, and Walsh and Ms. Zapanta-Murphy voting yes, and Mr. Robbins abstaining.

IV. OTHER COMMUNICATIONS

A. For Information

1. Awards

Renee Pasque was recognized for her 45 years of County service.

2. December 2017 All Stars

Mr. Brekk announced the eight winners for the month of December: Imelda Saldivar, Allison Barrett, Letha Williams-Martin, Ana Chang, Marilu Bretado, Ervin Wu, Linda Ghazarian, and Jan Bautista for the Employee Recognition Program and Ted Granger for the Webwatcher Program. Tionna Fredericks, Maisha Coulter, Margaret Chwa, and Ricardo Salinas were the winners of LACERA's RideShare Program.

3. Interim Chief Executive Officer's Report
(Memo dated February 5, 2018)

Mr. Hill shared that an ad-hoc committee has been established to handle the CEO search and consists of Vivian Gray, BOR Chair; Herman Santos, BOR Vice Chair; David Green, BOI Chair; and Shawn Kehoe, BOI Vice Chair.

Mr. Hill provided an update regarding the LACERA OPEB account. Mr. Hill

IV. OTHER COMMUNICATIONS

A. For Information

3. Interim Chief Executive Officer's Report (Continued)

informed the Board that LACERA has received a redemption notice from the Los Angeles County Superior Court, requesting to use approximately \$1.245 million each month for a three month period, from March 2018 through May 2018.

Furthermore, Mr. Hill shared the positive feedback received from Board members regarding the 2018 Board Offsite. In addition, he shared that there were several items that he will be following up on including Board members request for management fees to be incorporated in staff's analysis; analysis and discussion on our Committee structure; transparency on costs for consultants; in depth review of the Education and Travel Policy; a review of the responsibilities previously assigned to the Joint Operational Governance Committee and the new responsible party and work plan for those items; and the lifetime cap on certain indemnity insurance plans.

Lastly, Mr. Hill highlighted the participation of the students from Crenshaw High School's Business and Entrepreneurship Academy and mentors from the F.A.S.T. Program that were present at the Board of Investments meeting.

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. CONSENT AGENDA

Mr. Kehoe made a motion, Mr. Adams seconded, to approve the following agenda item. The motion passed unanimously.

- A. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the IACP Technology Conference on May 21-23, 2018 in Providence, Rhode Island and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated February 5, 2018) (Placed on the agenda at the request of Mr. Kehoe)

VII. NON-CONSENT AGENDA

- A. Recommendation as submitted by Richard Bendall, Chief Audit Executive Officer: That the Board elect a new member to the Audit Committee. (Memo dated January 19, 2018)

Leisha Collins was present to answer questions from the Board.

Mr. Robbins made a motion, Mr. Adams seconded, to elect Mr. Kelly as the Board's Audit Committee member. The motion passed unanimously.

- B. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board approve the ballot entitled "Powers and Duties of Retirement Board Members," which will be included with the ballot materials for the election of the Third Member of the Board of Retirement and posted on lacera.com. (Memo dated February 5, 2018)

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

Mr. Kehoe made a motion, Mr. Kelly seconded, to approve the agenda item with the following revisions to the Powers and Duties of Retirement Board Members:

- (1) Paragraph 10 of Board Member Responsibilities (Education) to be revised to create a new paragraph 11, which will

VII. NON-CONSENT AGENDA (Continued)

include, “Board members may participate in state and national pension and investment related organizations, including serving as an executive or committee member in these organizations;” and (2) Conflicts of Interest section to be revised to add information regarding the duty of disclosure, penalties for violation of conflict rules, and a link to the Fair Political Practices Commission website. The motion passed unanimously.

- C. Recommendation as submitted by Ted Granger, Assistant Chief Financial Officer: That the Board determine the Consumer Price Index changed by 3.61% (or when rounded to the nearest one-half of 1.00% as the COLA benefit rules require, 3.50%: the LACERA 2018 COLA Award), and approve cost-of-living increases and respective COLA Accumulation adjustments for retired LACERA members and beneficiaries, based on retirement plan and date of retirement or death, to become effective April 1, 2018 in accordance with applicable California Government Code Sections.
(Memo dated January 23, 2018)

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

- D. Recommendation as submitted by Ted Granger, Assistant Chief Financial Officer: That the Board determine the Consumer Price Index changed by 5.65% for the last two calendar years ended December 2017, and adjust the compensation for the review and analysis of disability retirement cases to \$118 per day for an eight-hour day, effective April 1, 2018.
(Memo dated January 24, 2018)

Mr. Kehoe made a motion, Mr. Kelly seconded, to approve staff’s recommendation in addition to reviewing the stipend amount as it compares to Los Angeles County’s minimum wage and bring the issue to the Insurance, Benefits & Legislative Committee and both Boards. The motion passed unanimously.

VIII. REPORTS

These reports were received and filed.

- A. For Information Only as submitted by Beulah S. Auten, Chief Financial Officer, regarding the Semi-Annual Interest Crediting for Reserves as of December 31, 2017. (Memo dated January 23, 2018)
- B. For Information Only as submitted by Robert R. Hill, Interim Chief Executive Officer, regarding the SACRS Board of Director Elections. (Memo dated January 31, 2018)

IX. REPORT ON STAFF ACTION ITEMS

There was nothing to report.

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

Mr. Brekk announced that there will be a new version of the CEO Report highlighting the metric section of the report.

XI. EXECUTIVE SESSION

- A. Conference Legal Counsel - Existing Litigation
(Pursuant to Paragraph (1) of Subdivision (d) of California Government Code Section 54956.9)

- 1. United States of America v. Gary Ordog
Case No. CV 17-1664-FMO (C.D. Cal.)

The Board did not meet during Executive Session since there was no update and nothing to report for this item.

XII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 9:26 a.m.

February 15, 2018

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MARVIN ADAMS, SECRETARY

VIVIAN H. GRAY, CHAIR