

**APPROVED**

**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, JUNE 13, 2019**

**PRESENT:** Alan Bernstein, Chair  
Gina Zapanta-Murphy, Secretary  
Shawn R. Kehoe  
Joseph Kelly  
Ronald Okum  
William Pryor (Alternate Safety)  
Herman Santos  
Thomas Walsh

**ABSENT:** Vivian H. Gray  
JP Harris (Alternate Retired)  
Les Robbins, Vice Chair

**STAFF ADVISORS AND PARTICIPANTS**

John Popowich, Assistant Executive Officer  
Steven P. Rice, Chief Counsel  
Barry Lew, Legislative Affairs Officer  
James Beasley, Supervising Administrative Assistant II  
Fern M. Billingsy, Senior Staff Counsel

STAFF ADVISORS AND PARTICIPANTS

John Nogales, Human Resources Director

Annette Cleary, Human Resources Assistant Director

Kimberly Hines, Administrative Services Division Manager

Holly Henderson, Administrative Services Analyst III

Bernie Buenaflor, Benefits Division Manager

Johanna Fontenot, Senior Staff Counsel

Michael Herrera, Senior Staff Counsel

Elaine Salon, Staff Counsel

Thomas Sosa, Member

Stephen Silver, Member Attorney

Charles Cummins, Member

Leland McElhaney, Member Attorney

Harvey Leiderman, Fiduciary Counsel, Reed Smith LLP

Don Wellington, Reed Smith LLP

I. CALL TO ORDER

The meeting was called to order by Mr. Bernstein at 9:01 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mrs. Zapanta-Murphy led the Board Members and staff in reciting the Pledge of Allegiance.

### III. OTHER COMMUNICATIONS

#### A. For Information

##### 1. April 2019 All Stars

Mr. Popowich announced the eight winners for the month of April: Edwin Tom., Jacqueline Boute, Soledad Cortez, Giselle Jaimes, Sandy Pang, Diana Luong, John Kim, and Srbui Vartanian for the Employee Recognition Program. Claro Lanting, Rachel Sacramento, Vanessa Ventura, and Jay Fullwood were the winners of LACERA's RideShare Program.

##### 1. Chief Counsel's Report (Memo dated June 3, 2019)

Mr. Rice provided a brief overview of his Chief Counsel's Report as well as an 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](http://www.lacera.com).)

### III. PUBLIC COMMENT (This Item was held out of order, after Item VII.C.)

LACERA members, Thomas Sosa and Charles Cummins, addressed the Board regarding their case agendized under Item XI.A.

### IV. CONSENT ITEMS

Mr. Kehoe made a motion, Mr. Pryor seconded, to approve Items A-E. The motion passed unanimously by all members present.

- #### A. Recommendation that the Board approve attendance of Board members at the NACD Future Trends on June 19, 2019 in Chicago, Illinois and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated June 5, 2019) (Placed on the agenda at the request of Mr. Bernstein)

V. CONSENT ITEMS (Continued)

- B. Recommendation that the Board approve attendance of Board members at the Cybersecurity Summit on August 13-14, 2019 in New York City, New York and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated May 22, 2019)  
(Placed on the agenda at the request of Mr. Bernstein)
  
- C. Recommendation that the Board approve attendance of Board members at the IAFCI Annual Training Conference & Exhibitor Show on August 26-30, 2019 in Raleigh, North Carolina and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.  
(Memo dated May 22, 2019)  
(Placed on the agenda at the request of Mr. Kehoe)
  
- D. Recommendation that the Board approve attendance of Board members at the NACD Global Board Leaders' Summit on September 21-24, 2019 in Washington, D.C. and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.  
(Memo dated May 24, 2019)  
(Placed on the agenda at the request of Mr. Bernstein)
  
- E. Recommendation as submitted by Fern M. Billings, Senior Staff Counsel: That the Board 1) Adopt Resolutions, No. 2019-BR004, No. 2019-BR005, and No. 2019-BR006, specifying pay items as "compensation earnable" and "pensionable compensation;" and 2) Instruct staff to coordinate with the County of Los Angeles to establish necessary reporting mechanism and procedures to permit LACERA to include the qualifying items in the calculation of final compensation. (Memo dated May 30, 2019)

VI. EXCLUDED CONSENT ITEMS

There were no Items to discuss under this section.

VII. NON-CONSENT ITEMS

- A. Recommendation as submitted by James Beasley, Supervising Administrative Assistant II: That the Board approve purchase of Employment Practices Liability and the Difference-in-Condition (Earthquake/Flood) insurance coverage, effective June 30, 2019 with the following insurance carriers: Markel American Insurance Co. and Empire Indemnity/Hiscox.  
(Memo dated May 30, 2019)

VII. NON-CONSENT ITEMS (Continued)

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

Mr. Kehoe made a motion, Mr. Pryor seconded, to approve the recommendation. The motion passed unanimously by all members present.

- B. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board adopt the final proposed LACERA Fiscal Year 2019-2020 Administrative, Retiree Healthcare Benefits, and Other Post-Employment Benefits Trust Budgets. (Memo dated June 3, 2019)

Mr. Rice, Mr. Popowich, Ms. Hines, and Ms. Henderson provided a brief presentation to the Board and answered questions from the Board.

Mr. Kehoe made a motion, Mr. Okum seconded, to approve the recommendation. The motion passed with Messrs. Kelly and Bernstein voting no.

- C. Recommendation as submitted by John Nogales, Human Resources Director: That the Board 1) Approve additional compensation for Chief Counsel, LACERA Steven P. Rice for assuming the duties and responsibilities for the Chief Executive Officer, LACERA, in addition to Mr. Rice's duties as Chief Counsel, LACERA; and 2) Approve reimburse in the amount of \$1,191.20 for airfare expenses incurred by for Mr. Rice and his wife, for Mr. Rice to be present at the June 13, 2019 Board of Retirement Meeting. (Memo dated June 4, 2019)

(Mr. Rice recused himself during this Item)

Mr. Nogales and Ms. Cleary were present and answered questions from the Board.

Mr. Pryor made a motion, Mr. Bernstein seconded, to approve C.1. The motion passed unanimously (roll call) with Messrs. Okum, Kehoe, Pryor, Kelly, Santos, Walsh Bernstein and Mrs. Zapanta-Murphy voting yes.

VII. NON-CONSENT ITEMS (Continued)

Mr. Bernstein made a motion, Mr. Kehoe seconded, to approve C.2. The motion passed (roll call) with Messrs. Okum, Kehoe, Pryor, Santos, Walsh, Bernstein and Mrs. Zapanta-Murphy voting yes and Mr. Kelly voting no.

VIII. REPORTS

The following Items were received and filed.

- A. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding the Engagement on Windfall Elimination Provision and Government Pension Offset. (Memo dated June 2, 2019)
- B. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding the Monthly Status Report on Legislation. (Memo dated June 3, 2019)
- C. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the County Board of Supervisors Action on Abortion as Healthcare. (Memo dated June 3, 2019)
- D. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the May 2019 Fiduciary Counsel Contact and Billing Report. (Memo dated May 31, 2019) (Privileged and Confidential Attorney-Client Communication/Attorney Work Product)

IX. ITEMS FOR STAFF REVIEW

The Board requested that the topic of business continuity and disaster recovery be presented at a future Operations Oversight Committee meeting. Lastly, the Board requested that staff bring back to both Boards the items that were approved by the Los Angeles County Board of Supervisors at a lower salary range. Staff is also directed to not fill any of those items until approved by the Boards.

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

Mrs. Zapanta-Murphy requested that the meeting be adjourned in memory of Janice Cordova. Lastly, Mr. Kehoe requested that the meeting also be adjourned in memory of Deputy Joseph Solano. The meeting was adjourned in their honor.

XI. 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. Internal Revenue Service and One Other Unnamed Party regarding Reporting and Withholding on Annuity Payments
2. Administrative Appeal of Charles B. Cummins
3. Administrative Appeal of Thomas R. Sosa, Jr.
4. One Additional Matter

The Board met in Executive Session with counsel pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9. In the matter of Item A.1., the Board unanimously by all members present voted, on a motion made by Mr. Santos, seconded by Mr. Okum, to authorize settlement with the IRS and retain the law firm Nossaman LLP. In the matter of Item A. 2., the Board unanimously by all members present voted, on a motion made by Mr. Kehoe, seconded by Mr. Pryor, to approve the administrative appeal by granting the applicant status as a deferred reciprocal member, with rights and benefits attendants thereto, and to direct staff to immediately make all necessary adjustments to his member account. In the matter of Item A. 3., the Board unanimously by all members present voted, on a motion made by Mr. Santos, seconded by Mr. Bernstein, to deny Mr. Sosa's request to reinstate the 1996 purchase contract but allow

XI. EXECUTIVE SESSION (Continued)

him to purchase the 28 months of service credit at the cost available in 2006, upon confirmation of withdrawal of funds from CalPERS. In regards to Item A.4., there was nothing to report.

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

1. Sandra J. Claggett v. LACERA  
Los Angeles Superior Court  
Case No. BS172904  
(For Information Only)

(This Item was held out of order, after XI. A. 3.)

The Board met in Executive Session with counsel pursuant to Paragraph (1) of Subdivision (d) of California Government Code Section 54956.9. There was nothing to report.

C. Consider the Appointment, Employment, Evaluation of Performance, Discipline, or Dismissal of a Public Employee  
(Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957)

Title: Chief Executive Officer

At the Joint meeting of the Board of Retirement and Board of Investments on May 31, 2019 on Agenda Item VII. A. Executive Session to Consider the Appointment, Employment, Evaluation of Performance, Discipline, or Dismissal of a Public Employee (Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957) Title: Chief Executive Officer, Mr. Kehoe made a motion, seconded by Mr.



XI. EXECUTIVE SESSION (Continued)

Bernstein, (the motion and second were for both Boards) the Boards voted to terminate the LACERA Chief Executive Officer effective at a future date. The termination became effective on June 7, 2019. Today is the first meeting of the Board of Retirement following the effective date of termination. The votes of the May 31, 2019 of the Joint Board of Retirement and Board of Investments meeting were as follows: For the Board of Investments, the vote was 6-0, with members Kelly, Santos, Okum, Bernstein, Kehoe and Muir vote in favor, there were no votes against it and no abstentions. Members Moore, Green and Sanchez were absent. For the Board of Retirement, with vote was 8-1, with members Kelly, Gray, Santos, Okum, Bernstein, Kehoe, Robbins and Zapanta-Murphy voted in favor and member Walsh voted against, there were no abstentions or absences.

XII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:27 p.m.

***SIGNATURE ON FILE***

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GINA ZAPANTA-MURPHY, SECRETARY

***SIGNATURE ON FILE***

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ALAN BERNSTEIN, CHAIR