

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., WEDNESDAY, AUGUST 7, 2019

PRESENT: Alan Bernstein, Chair
Les Robbins, Vice Chair
Gina Zapanta-Murphy, Secretary
JP Harris (Alternate Retired)
Shawn R. Kehoe
Keith Knox
Ronald Okum (Left the meeting at 12:21 p.m.)
Herman Santos
Thomas Walsh

ABSENT: William Pryor (Alternate Safety)
Vivian H. Gray

STAFF ADVISORS AND PARTICIPANTS

Steven P. Rice, Chief Counsel
John Popowich, Assistant Executive Officer
Harvey Leiderman, Fiduciary Counsel
Reed Smith LLP
Barry W. Lew, Legislative Affairs Officer
Ted Granger, Assistant Financial Officer

STAFF ADVISORS AND PARTICIPANTS

Fern M. Billingsy, Senior Staff Counsel

Jill P. Rawal, Staff Counsel

Elaine K. Salon, Staff Counsel

Robert L. Schmidt, Milliman

Janet O. Jennings, Milliman

Brent A. Banister, Cavanaugh Macdonald Consulting

Victoria Hwang, LACERA Member

Stanja C. Powell, LACERA Member

Sandra Romero, LACERA Member

Kurt Scott, SEIU Representative

I. CALL TO ORDER

The meeting was called to order by Mr. Bernstein at 9:03 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. Knox 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 July 11, 2019

Mr. Santos made a motion, Mr. Kehoe seconded, to approve the minutes of the regular meeting of July 11, 2019. The motion passed unanimously.

IV. OTHER COMMUNICATIONS

A. For Information

1. June 2019 All Stars

Mr. Popowich announced the eight winners for the month of June: Mel Tsao, Michael Huang, Brittini Haile, Scott Zdrazil, Richard Creamer, Chad Timko, Melissa Mooc, and Courtney Cook for the Employee Recognition Program and Gordon Pacana for Web Watcher. Angela Ward, Amy Lim, Elda Villarroel, and Penelope Huerta were the winners of LACERA's RideShare Program

2. Service Awards

Mr. Rice recognized Beulah Auten, Chief Financial Officer, for her 30 years of service with the County.

3. Chief Counsel's Report (Memo dated July 31, 2019)

Mr. Rice provided a brief overview of the Chief Counsel's Report.

V. PUBLIC COMMENT

Kurt Scott with SEIU addressed the Board regarding Item VI. F. as it pertains to Assembly Bill 343. Furthermore, Sandra Romero addressed the Board regarding her retiree healthcare. Lastly, Victoria Hwang and Stanja C. Powell addressed the Board regarding their administrative appeal.

VI. CONSENT ITEMS

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

VI. CONSENT ITEMS (Continued)

- A. Ratification of Service Retirement and Survivor Benefit Application Approvals. (Memo dated July 30, 2019)

Mr. Rice shared the retirement of Richard Creamer from the Communications Division and Eric Lo who worked in the Systems Division and thanked them for their service.

- B. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits, and Legislative Committee: That the Board adopt the revised Legislative Policy. (Memo dated July 23, 2019)
- C. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits, and Legislative Committee: That the Board 1) Approve submission of a legislative proposal for inclusion in the SACRS 2020 Legislative Platform regarding service retirements with pending civil service appeals; or 2) Alternatively, if the legislative proposal is not approved by the SACRS membership for inclusion in the SACRS 2020 Legislative Platform, sponsor legislation regarding service retirements with pending civil service appeals. (Memo dated July 22, 2019)
- D. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits, and Legislative Committee: That the Board adopt a “Support” position on Assembly Bill 199, which would enact the California Online Notary Act of 2019. (Memo dated July 22, 2019)

Mr. Kehoe made a motion, Mr. Harris seconded, to approve an “Oppose” position. The motion passed unanimously by all members present.

- E. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits, and Legislative Committee: That the Board adopt a “Watch” position on Assembly Bill 1400, which relates to expanding the cancer presumption under workers’ compensation for civilian employees in firefighting operations. (Memo dated July 11, 2019) (Supplemental Memo dated July 24, 2019)

Mr. Okum made a motion, Mr. Harris seconded, to adopt no position on the bill. The motion passed unanimously by all members present.

VI. CONSENT ITEMS (Continued)

- F. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits, and Legislative Committee: That the Board adopt no position on Senate Bill 343, which relates to healthcare data disclosure. (Memo dated July 22, 2019)

Mr. Kehoe made a motion, Mr. Robbins seconded, to approve a “Watch” position. The motion passed unanimously by all members present.

VII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Beulah S. Auten, Chief Financial Officer: That the Board approve the July 1, 2018 Los Angeles County Other Postemployment Benefits Program (OPEB) Actuarial Valuation prepared by LACERA’s consulting actuary, Milliman. (Memo dated July 29, 2019)

Milliman - July 1, 2018 OPEB Program Actuarial Valuation

Robert L. Schmidt, FSA, EA, MAAA - Principal and Consulting Actuary

Janet O. Jennings, ASA, MAAA - Associate Actuary

Cavanaugh Macdonald Consulting- Actuarial Review of the July 1, 2018 OPEB Program Actuarial Valuation

Brent A. Banister, PH.D., FSA, EA, MAAA, FCA - Chief Actuary

Mr. Granger and actuaries from Milliman and Cavanaugh Macdonald Consulting provided a brief presentation and answered questions from the Board.

Mr. Santos made a motion, Mr. Bernstein seconded, to approve staff’s recommendation. The motion passed unanimously by all members present.

- B. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits, and Legislative Committee: That the Board consider whether to 1) Approve submission of a legislative proposal for inclusion in the SACRS 2020 Legislative Platform relating to board self-evaluations held in closed session; or 2) Alternatively, if the legislative proposal is submitted to but not approved by the SACRS membership for inclusion in the SACRS 2020 Legislative Platform, sponsor legislation relating to board self-evaluations held in closed session. (Memo dated July 24, 2019)

VII. NON-CONSENT ITEMS (Continued)

Mr. Kehoe made a motion, Mr. Robbins seconded, to approve submission of the legislative proposal and, alternatively, sponsorship of the legislative proposal. The motion passed unanimously by all members present.

- C. Recommendation as submitted by Alan Bernstein, Chair, Joint Organization Governance Committee: That the Board approve the revised Education and Travel Policy. (Memo dated July 31, 2019)

Mr. Kehoe made a motion, Mr. Robbins seconded, to approve the revised Education and Travel Policy with minor revisions. The motion passed (roll call) with Messrs. Knox, Okum, Walsh, Santos, Robbins, Kehoe, Bernstein and Mrs. Zapanta-Murphy voting yes.

- D. Discussion and possible action regarding the processing, ordinance, budgeting, and hiring of the outstanding previously Board approved positions including the Deputy Chief Investment Officer, Deputy Chief Executive Officer, Principal Staff Counsel, Information Technology Items, and any other pending classifications. (Memo dated July 31, 2019)
(Request by Mr. Kehoe)

Mr. Kehoe made a motion, Mr. Robbins seconded, to work with the County CEO's office regarding the implementation of the pending ordinance and report back in 30 days. The makers of the motion withdrew their motion.

The Board requested that staff work with the County CEO's office on implementing the required ordinance for these positions and to report back to the Board at the next Administrative Board meeting.

VII. NON-CONSENT ITEMS (Continued)

- E. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board consider potential legislation regarding responsibilities of Board of Retirement. (Memo dated July 31, 2019)

This Item was pulled from the agenda and will be placed on the next Administrative Board meeting agenda.

- F. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board provide direction in connection with a grant of authority to staff, through the Chief Counsel, to issue a Request for Proposals for an external consultant to review LACERA's education and travel expenses, the Education and Travel Policy, and policy implementation practices during Fiscal Years (FY) 2016, 2017, 2018, and 2019, evaluate proposals, select a vendor, enter into a contract, and manage the vendor's review to completion and presentation of results and findings within 60 days, provided that notice of the selection of the vendor and key contract terms will be provided to the Board at its next meeting. (Memo dated July 31, 2019)

Mr. Kehoe made a motion, Mr. Okum seconded, to approve staff's recommendation. The motion passed with Mrs. Zapanta-Murphy voting no.

VIII. REPORTS

The following items were received and filed.

- A. For Information Only as submitted by Fern M. Billingsy, Senior Staff Counsel, regarding the Report of Pensionable Compensation and Compensation Earnable Items. (Memo dated July 24, 2019)
- B. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding the Monthly Status Report on Legislation. (Memo dated July 29, 2019)
- C. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding an update on the Chief Executive Officer Executive Recruiter Selection. (Memo dated July 31, 2019)

VIII. REPORTS (Continued)

- D. For Information Only as submitted by Steven P. Rice, Chief Counsel regarding Enhancing Transparency. (Memo dated July 31, 2019)
- E. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the July 2019 Fiduciary Counsel Contact and Billing Report. (Memo dated July 29, 2019) (Privileged and Confidential Attorney-Client Communication/Attorney Work Product)

IX. ITEMS FOR STAFF REVIEW

The Board requested that staff look into the current vendor issuing member checks to ensure LACERA is using the best vendor for LACERA's business and member needs, as well as evaluating the process of encouraging members to transition into an automated delivery of benefit payments.

The Board also requested that staff agendaize at a future Operations, Oversight Committee the topic of administrative meals between Board members and Board members and staff.

In addition, the Board requested Fiduciary Counsel, Harvey Leiderman, to provide written suggestions to consider regarding the Travel Policy and any questions from Board members can be directed to Mr. Rice for further discussion at the Joint Organizational Governance Committee (JOGC).

Lastly, Mr. Rice will provide a Green Folder item to the Board of Investments regarding the BOR requested changes to the Travel Policy and the pending JOGC items that will be discussed at a future meeting.

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

Mrs. Zapanta-Murphy expressed her continued interest in ensuring the Board is being prudent with the pension fund and how funds are used.

Mr. Harris requested that staff look into providing the members who pick up their retirement check at LACERA every month with information of County services available for assistance.

Lastly, Mr. Knox shared that the global ratings agency, Standard & Poor, raised Los Angeles County's credit rating to AAA, the highest possible credit rating available in the financial markets.

XI. EXECUTIVE SESSION

(Mr. Okum left the Board meeting at 12:21 p.m.)

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 Victoria Hwang

The Board met in Executive Session with counsel pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9. The Board unanimously by all members present voted, on a motion made by Mr. Bernstein, seconded by Mr. Walsh, to deny Mrs. Hwan's appeal.

2. Administrative Appeal of Muoi T. Martin

The Board met in Executive Session with counsel pursuant to Paragraph (2) of

XI. EXECUTIVE SESSION (Continued)

Subdivision (d) of California Government Code Section 54956.9. The Board unanimously by all members present voted, on a motion made by Mr. Santos, seconded by Mr. Bernstein, to deny Mrs. Martin's appeal.

3. Administrative Appeal of Stanja C. Powell

The Board met in Executive Session with counsel pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9. The Board unanimously by all members present voted, on a motion made by Mr. Bernstein, seconded by Mr. Santos, to deny Ms. Powell's appeal.

XII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:45 p.m.

SIGNATURE ON FILE

GINA ZAPANTA-MURPHY, SECRETARY

SIGNATURE ON FILE

ALAN BERNSTEIN, CHAIR