

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., JANUARY 10, 2013

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF DECEMBER 13, 2012
- IV. OTHER COMMUNICATIONS
 - A. For Information
 - 1. December 2012 All Stars
 - 2. Service Awards
 - 3. Chief Executive Officer's Report
(Memo dated January 2, 2013)
- V. NON-CONSENT AGENDA
 - A. Recommendation as submitted by Bernie Buenaflor, Manager, Claims Processing Division: That the Board: 1) Determine, based upon the medical evaluation conducted October 4, 2012, that **Brenda Sheppard- Johnson** is not incapacitated for the duties assigned to her in the position of Clinical Psychologist I; and 2) Grant the application of **Brenda Sheppard-Johnson** for reinstatement to active membership. (Memo dated January 2, 2013.)

V. NON-CONSENT AGENDA (Continued)

- B. Recommendation as submitted by Herman B. Santos, Chair, Board of Investments: That the Board accept a delegation of authority, from the Board of Investments, for contract administration and hiring processes for future financial audit service needs of the OPEB Trust, to be performed in conjunction with the contracting process for financial service needs of the Pension Trust, commencing with audit services for the fiscal year ending June 30, 2015. (Memo dated December 12, 2012.)
- C. Recommendation as submitted by the Operations Oversight Committee: That the Board adopt the Resolution and Regulations allowing for the use and acceptance of documents containing an electronic signature with the same force and effect as signed, valid original document, and specifying the technology sufficient to ensure their integrity, security, and authenticity. (Memo dated December 17, 2012.)
- D. Recommendation as submitted by the Insurance, Benefits and Legislative Committee: That the Board of Retirement adopt a “watch” position on Senate Bill 13 which provides clean-up language applicable to the Public Employees Pension Reform Act (PEPRA). (Memo dated January 1, 2013.)
- E. PEPRA implementation: Response to SACRS Survey.

VI. PUBLIC COMMENT

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

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., JANUARY 10, 2013

PRESENT: Yves Chery, Chair
William de la Garza, Secretary
Marvin Adams
Sadonya Antebi
John M. Barger
Alan Bernstein
Vivian H. Gray
Shawn R. Kehoe (Alternate Member)
Joseph Kelly (Sitting in for Mark J. Saladino, Vice Chair)
Ed C. Morris (Alternate Retired)
William R. Pryor

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

Bernie Buenaflor, Manager, Claims Processing Division

Richard Bendall, Manager, Internal Audit

I. CALL TO ORDER

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

II. PLEDGE OF ALLEGIANCE

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

III. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF DECEMBER 13, 2012

A motion was made by Mr. Morris, seconded by Mr. Barger, to approve the minutes of the regular meeting of December 13, 2012. The motion passed with Ms. Antebi and Mr. Bernstein abstaining.

IV. OTHER COMMUNICATIONS

A. For Information

1. December 2012 All Stars

Mr. Hill announced the fourteen winners for the month of December;

IV. OTHER COMMUNICATIONS (Continued)

Allene Davis, Ramon Reyes, Jim Alvarez, Kathy Delino, Elsy Gutierrez, Arlene Owens, Mercie Martinez, and Joanna Anguiano for the Employee Recognition Program. Barry Lew was the winner of LACERA's Web Watcher Award. Romla Robinson, Everett Scott, Renee Copeland, and Susana Seeckts were the winners of LACERA's RideShare Program.

2. Service Awards

Mr. Rademacher thanked and recognized LACERA's Employee Council Team (ECT) for all their hard work and service. He presented certificates to the following 2012 ECT Members: Gloria Harriel, ECT Treasurer, Bonnie Nolley, ECT Secretary, Miriam DeLeon, Roberta Van Nortrick, Tiona Fredericks, Ada Huerta, Debra Rendon, Koleta Caldwell, Michael Sanchez, Rosalind White, Hernan Barrientos, Paul Magsino, Armendina Lejano, Tina Young, John Popowich. In addition, Mr. Rademacher thanked and recognized those ECT members who were not present for today's meeting. They are, Julia Ray, ECT Chair, Lauren Decoudreaux, ECT Co-Chair, Caroline Cedillo, Johnny Medina, Rosalind White, Hernan Barrientos, and Allen Helbig.

Mr. Rademacher presented a 40 year service award to Renee Pasqua.

3. Chief Executive Officer's Report (Memo dated January 2, 2013)

Mr. Rademacher provided a brief overview of his Chief Executive

January 10, 2013

Page 4

IV. OTHER COMMUNICATIONS (Continued)

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.)

In regards to the California Public Employees' Pension Reform Act of 2013 (PEPRA), Mr. Rademacher reported that the Board of Investments adopted the Government Codes that would allow General Plan G and Safety Plan C members to pay a single contribution rate.

Mr. Rademacher announced the retirement of Board Secretary, Elizabeth Duran and newly assigned Board Secretary, Bonnie Nolley.

The last day for LACERA members to purchase Additional Retirement Credit (ARC) was December 31, 2012. At the upcoming Board Offsite meeting, Board Members will be provided further details on the quality control efforts in processing the applications.

Under the guidance of Assistant Executive Officer, JJ Popowich, the five participants of the Leadership Development Program (Carlos Barrios, Derwin Brown, Leisha Collins, Louis Gittens, and Roberta Van Nortrick) will work as a team in serving as the Acting Division Manager of the Member Services Division.

Mr. Rademacher highlighted Los Angeles County Joint Labor Management Committee addressing retiree healthcare. LACERA has been invited to host and

IV. OTHER COMMUNICATIONS (Continued)

participate in the meetings. The next meeting will be on January 16, 2013, and will focus on how federal programs may impact LACERA.

Mr. Rademacher requested that the meeting be adjourned in the memory of LACERA staff member, Michael Eubanks.

V. NON-CONSENT AGENDA

- A. Recommendation as submitted by Bernie Buenaflor, Manager, Claims Processing Division: That the Board: 1) Determine, based upon the medical evaluation conducted October 4, 2012, that Brenda Sheppard-Johnson is not incapacitated for the duties assigned to her in the position of Clinical Psychologist I; and 2) Grant the application of Brenda Sheppard-Johnson for reinstatement to active membership. (Memo dated January 2, 2013)

A motion was made by Mr. Morris, seconded by Mr. Adams, to approve the recommendation. The motion passed unanimously.

- B. Recommendation as submitted by Herman B. Santos, Chair of the Board of Investments, that the Board accept a delegation of authority, from the Board of Investments, for contract administration and hiring processes for future financial audit service needs of the OPEB Trust, to be performed in conjunction with the contracting process for financial service needs of the Pension Trust, commencing with audit services for the fiscal year ending June 30, 2015. (Memo dated December 12, 2012.)

A motion was made by Mr. Kehoe, seconded by Mr. Adams, to approve the recommendation. The motion passed unanimously.

V. NON-CONSENT AGENDA (Continued)

- C. Recommendation as submitted by the Operations Oversight Committee, that the Board adopt the Resolution and Regulations allowing for the use and acceptance of documents containing an electronic signature with the same force and effect as signed, valid original document, and specifying the technology sufficient to ensure their integrity, security, and authenticity. (Memo dated December 17, 2012.)

A motion was made by Mr. Morris, seconded by Mr. de la Garza, to approve the recommendation. The motion passed unanimously.

- D. Recommendation as submitted by the Insurance, Benefits and Legislative Committee, that the Board of Retirement adopt a “watch” position on Senate Bill 13 which provides clean-up language applicable to the Public Employees Pension Reform Act (PEPRA). (Memo dated January 1, 2013.)

SB 13

Assembly Bill 340 was passed during the final days of the 2011-2012 legislative session. It enacts the California Public Employees’ Pension Reform Act of 2013 (PEPRA) which is effective January 1, 2013.

Senate Bill 13 was introduced on December 3, 2012, the first day of the new legislative session. It is urgency legislation which provides clean-up language applicable to PEPRA. According to the bill, its urgency is necessary to address technical problems and to avoid costly and unnecessary changes to retirement systems implementing PEPRA. If passed and signed by the Governor, it will become effective immediately.

V. NON-CONSENT AGENDA (Continued)

One important amendment repeals new Government Code Section 7522.66, added under AB 340, which addresses industrial disability benefits for safety members who retire on or after January 1, 2013. While the intent of that new section may have been to apply to State safety members, it was not clear as written whether or not it would apply to both State and '37 Act safety members.

Another amendment addresses a requirement under PEPPRA providing for equal sharing of normal costs between employer and employee. SB 13 amends Government Code Section 7522.30 and makes provisions also applicable to new members employed by the Legislature. It further specifies that the contribution rate of at least 50% of the normal cost rate for the defined benefit plan, rounded to the nearest 1/4 of 1%, or the current contribution rate of similarly situated employees, whichever is greater, if the greater current contribution rate has been agreed to through the collective bargaining process.

This bill makes other minor technical changes.

As this bill has just been introduced and there may be further amendments forthcoming, a "Watch" position on Senate Bill 13 is recommended.

LACERA is working with the Committee staff of the Legislature to address an unintended consequence of PEPPRA which eliminated the ability of existing Plan

V. NON-CONSENT AGENDA (Continued)

E members to convert their Plan E service to Plan D service via the “open window” transfer method. We are hopeful that this fix will be included in Senate Bill 13 or in another bill this legislative session.

A motion was made by Mr. de la Garza, seconded by Ms. Gray, to approve the recommendation. The motion passed unanimously.

- E. For Information Only: Robb Van Der Volgen, Chief Counsel regarding: The Legal Office’s response to the SACRS survey as it relates to PEPRA implementation.

Mr. Van Der Volgen and Mr. Rademacher provided a brief update on the SACRS survey as it relates to implementation of PEPRA.

A brief question and answer period ensued. The survey will be submitted communicating LACERA’s neutral survey response.

VI. PUBLIC COMMENT

There were no requests from the public.

- VII. GOOD OF THE ORDER
(For discussion purposes only.)

VIII. ADJOURNMENT

There being no further business to come before the Board, the meeting

January 10, 2013

Page 9

VIII. ADJOURNMENT (Continued)

was adjourned in the memory of Michael Eubanks, LACERA employee, at

9:40 a.m.

WILLIAM DE LA GARZA, SECRETARY

YVES CHERY, CHAIR