

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., FEBRUARY 14, 2013

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF JANUARY 10, 2013
- IV. OTHER COMMUNICATIONS
 - A. For Information
 - 1. January 2013 All Stars
 - 2. Service Awards
 - 3. Chief Executive Officer's Report
(Memo dated February 7, 2013)
- V. NON-CONSENT AGENDA
 - A. Recommendation as submitted by Beulah S. Auten, Chief Financial Officer: That the Board determine the Consumer Price Index changed by 1.9% for the year ended December 2012, (or 2.0% when rounded to the nearest ½% as the COLA benefit rules require), 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, 2013 in accordance with applicable California Government Code Sections. (Memo dated January 28, 2013)

V. NON-CONSENT AGENDA (Continued)

- B. Recommendation as submitted by Bernie Buenaflor, Division Manager, Claims Processing Division: That the Board 1) Determine, based upon medical evaluation conducted December 20, 2012, that **Ramon F. Rocha** is not incapacitated for the duties assigned to him in the position of Mental Health Clinical Supervisor; and 2) Grant the application of **Ramon F. Rocha** for reinstatement to active membership. (Memo dated February 5, 2013)

- C. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer: That the Board adopt a “support” position on Senate Bill 13 which provides clean-up language applicable to the California Public Employees Pension Reform Act of 2013(PEPRA). (Memo dated February 7, 2013)

- D. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board review the 2013 meeting calendar and reschedule meeting dates as needed. (Memo dated February 6, 2013)

- E. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board ratify attendance by Board Members and staff at the Kaiser Family Foundation Workshop: Sustaining Medicare for the Future, which was held January 30, 2013, in Washington, DC; and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy. (Memo dated February 4, 2013.)

- F. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board Members, and staff as designated by the Chief Executive Officer, to attend the Klausner and Kaufman’s 15th Annual Client Conference on March 10-13, 2013 at the Hyatt Regency Pier 66 in Fort Lauderdale, Florida; and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy. (Memo dated January 9, 2013)

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V. NON-CONSENT AGENDA (Continued)

- G. For information only as submitted by Beulah S. Auten, Chief Financial Officer: Semi-Annual Interest Crediting for Reserves as of December 31, 2012. (Memo dated January 30, 2013)

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
MEETING OF THE BOARD OF RETIREMENT
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA

9:00 A.M., FEBRUARY 14, 2013

PRESENT: Yves Chery, Chair
William de la Garza, Secretary
Marvin Adams
Sadonya Antebi
John M. Barger (Arrived at 9:19 a.m.)
Alan Bernstein
Vivian H. Gray
Shawn R. Kehoe (Alternate Member)
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 (Continued)

Bernie Buenaflor, Manager, Claims Processing Division

Beulah S. Auten, Manager, Chief Financial Officer

Cynthia Lau, Legislative Affairs Officer

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

III. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF JANUARY 10, 2013

A motion was made by Mr. Morris, seconded by Mr. de la Garza, to approve the minutes of the regular meeting of January 10, 2013. The motion passed unanimously.

IV. OTHER COMMUNICATIONS

A. For Information

1. January 2013 All Stars

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

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IV. OTHER COMMUNICATIONS (Continued)

Christian Perez, Alisa Gavaller, Dana Brooks, Eilene Morken, Koreana Wong, Gloria Harriel, Mary Arenas, and Brittany Moyer were acknowledged for the Employee Recognition Program. Tionna Fredericks was the winner of LACERA's Web Watcher Award. Ramon Reyes, Brenda Grundy, Alfred Tirado, and La Tonya Robinson were the winners of LACERA's RideShare Program.

2. Service Awards

Service awards will be presented at the next Board of Retirement meeting.

3. Chief Executive Officer's Report (Memo dated February 7, 2013)

(Mr. Barger arrived at 9:19 a.m.)

Mr. Rademacher provided a brief overview of his Chief Executive 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.)

Mr. Rademacher thanked the Board for their attendance at the Board Offsite in January.

At the Board Offsite, the new document delivery plan for the electronic board package was discussed. In April, the electronic document delivery for the Board of Retirement and Disability meetings will go into effect.

IV. OTHER COMMUNICATIONS (Continued)

Mr. Rademacher thanked the Board and staff for all their work towards the implementation of the California Public Employees' Pension Reform Act of 2013 (PEPRA). Due to PEPRA, the Communications Division is finalizing the New Hire package which includes information on the new plan tiers and new membership letter. By April, the new Plan books will be printed. In addition, Mr. Rademacher thanked the Communications Division for all their work in the midst of staff changes.

Mr. Rademacher shared that March Madness is fast approaching and staff is estimated to retire approximately 900 employees as of today's date.

In addition, Mr. Rademacher announced that the Board of Supervisors has funded \$450 million into the OPEB Trust benefiting the Retiree Healthcare program.

Mr. Rademacher reported that starting mid-February, members will be able to sign up on the new Member Services Reservation System for workshops and one-on-one counseling at www.lacera.com.

In 2011, LACERA filed a Tax Determination Letter and Voluntary Compliance Program application to the Internal Revenue Service (IRS) in order to review the implementation of the Plan design. The Orange County Employees Retirement System (OCERS) was the first to file their Tax Determination Letter

IV. OTHER COMMUNICATIONS (Continued)

with the IRS. OCERS recently received notice that the IRS has started the process of reviewing their Tax Determination Letter.

V. NON-CONSENT AGENDA

- A. Recommendation as submitted by Beulah S. Auten, Chief Financial Officer: That the Board determine the Consumer Price Index changed by 1.9% for the year ended December 2012, (or 2.0% when rounded to the nearest ½% as the COLA benefit rules require), 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, 2013 in accordance with applicable California Government Code Sections. (Memo dated January 28, 2013)

Ms. Auten was present to answer questions.

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

- B. Recommendation as submitted by Bernie Buenaflor, Division Manager, Claims Processing Division: That the Board determine, based upon medical evaluation conducted December 20, 2012, that Ramon F. Rocha is not incapacitated for the duties assigned to him in the position of Mental Health Clinical Supervisor; and grant the application of Ramon F. Rocha for reinstatement to active membership into General Plan G. (Memo dated February 5, 2013)

A motion was made by Mr. Morris, seconded by Mr. de la Garza, to approve the recommendation. The motion passed with Ms. Antebi voting no.

V. NON-CONSENT AGENDA (Continued)

- C. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer: That the Board adopt a “Support” position on Senate Bill 13 which provides clean-up language applicable to Public Employees Pension Reform Act (PEPRA). (Memo dated February 7, 2013)

SB 13

Urgency clean-up legislation to the Public Employees’ Pension Reform Act of 2013 (PEPRA), is intended to provide clarifying changes to PEPRA that are consistent with legislative intent as enacted in Assembly Bill 340.

Anticipating possible further amendments to this bill, your Board adopted a “Watch” position on SB 13 on January 10, 2013. The bill has been subsequently amended on February 6, 2013, and now includes a technical amendment to correct an unintended consequence of PEPRA which disallowed “Open Window Plan Transfers” for LACERA’s non-contributory Plan E members.

Other clarifying amendments on February 6, 2013 include:

1. Grandfathering of membership for public employees hired prior to January 1, 2013.
2. Employer who offers a defined benefit plan prior to January 1, 2013 not prohibited from offering only a defined contribution plan, or a defined contribution plan in addition to a defined benefit plan.
3. Provides authority to retirement systems to promulgate regulations or adopt resolutions to implement the requirements of PEPRA.

V. NON-CONSENT AGENDA (Continued)

4. In determining normal cost, the actuary may use single rate or age-based rates.
5. Creates uniform requirement for all public retirement systems subject to PEPRA with regard to when and how to make annual changes to the compensation limits and when such changes shall be effective.
6. Defines limits to an employer's contribution to an employee's defined contribution account.
7. Allows retirement system to discontinue receiving contributions from a member on compensation in excess of the limit with regard to member's defined benefit plan.
8. Clarifies normal cost rate includes all benefits under the plan.
9. Uniformity for vesting for retiree health care between represented and non-represented employees. However, employer not required to change the vesting schedule of any employee subject to a specific health vesting schedule prior to January 1, 2013, or with whom the employer had a contractual agreement prior to January 1, 2013 for a particular health vesting schedule.
10. Exemption for 180-day rule for public safety officers and firefighters only applies when the retiree is returning to perform a function regularly performed by a public safety officer or firefighter.

V. NON-CONSENT AGENDA (Continued)

11. Felons forfeit all rights (in addition to benefits) earned or accrued from forfeiture date.
12. New members subject to PEPRA formulas shall not be subject to traditional offsets on contributions and benefits that apply to legacy employees.

As this urgency legislation corrects drafting errors and provides clarification with regards to PEPRA implementation, staff recommends supporting amended Senate Bill 13.

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

- D. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board review the 2013 meeting calendar and reschedule meeting dates as needed.
(Memo dated February 6, 2013)

Mr. Rademacher addressed the Board noting conferences that could potentially create a conflict with the Board of Retirement's current scheduled meetings.

After a brief discussion among staff and Board Members, the following changes were made to the Board's regularly scheduled meeting dates: The Board of Retirement's March Administrative Meeting was moved to Thursday, March 7;

V. NON-CONSENT AGENDA (Continued)

the Board of Retirement's April Disability and Administrative Meeting was combined and scheduled to meet on Wednesday, April 3; the Board of Retirement's May Disability Meeting was moved to Thursday, May 2; a the Board of Retirement's June Administrative Meeting was moved to Thursday, June 6th; and the Board of Retirement's November Administrative Meeting was moved to Thursday, November 7.

A motion was made by Mr. Morris, seconded by Mr. Kehoe, to approve the recommendation. The motion passed with Ms. Antebi and Mr. de la Garza voting no and Mr. Barger abstaining.

- E. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board determine whether to ratify attendance by Cassandra Smith at the Kaiser Family Foundation Workshop: Sustaining Medicare for the Future, which was held January 30, 2013 in Washington, DC; and, approve reimbursement of all travel costs associated incurred in accordance with LACERA's Education and Travel Policy. (Memo dated February 4, 2013.)

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

V. NON-CONSENT AGENDA (Continued)

- F. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board Members, and staff as designated by the Chief Executive Officer, to attend the Klausner and Kaufman's 15th Annual Client Conference on March 10-13, 2013 at the Hyatt Regency Pier 66 in Fort Lauderdale, Florida; and approve reimbursement of all travel costs occurred in accordance with LACERA's Education and Travel Policy. (Memo dated January 9, 2013)

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

- G. For information only from Beulah S. Auten, Chief Financial Officer: Semi-Annual Interest Crediting for Reserves as of December 31, 2012. (Memo dated January 30, 2013)

The document was received and filed.

VI. PUBLIC COMMENT

There were no requests from the public.

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

Green Folder Information (Information distributed in each Board Members Green Folder at the beginning of the meeting)

1. LACERA Legislative Report -Bills Amending CERL. (Dated February 12, 2013)
2. LACERA Legislative Report - Other. (Dated February 12, 2013)
3. LACERA Legislative Report -Federal. (Dated February 12, 2013)

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VIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 9:50 a.m.

WILLIAM DE LA GARZA, SECRETARY

YVES CHERY, CHAIR