

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, AUGUST 9, 2018

PRESENT:

Vivian H. Gray, Chair

Herman Santos, Vice Chair

Marvin Adams, Secretary

Alan Bernstein

JP Harris (Alternate Retired)

Shawn R. Kehoe

Joseph Kelly (Mr. Kelly left the meeting at 12:10 p.m.)

William Pryor (Alternate Member)
(Mr. Pryor left the meeting at 11:30 a.m.)

Les Robbins

Thomas Walsh

Gina Zapanta-Murphy

STAFF ADVISORS AND PARTICIPANTS

Robert R. Hill, Interim Chief Executive Officer

James Brekk, Interim Deputy Chief Executive Officer

Bernie Buenaflor, Interim Assistant Executive Officer

Steven P. Rice, Chief Counsel

STAFF ADVISORS AND PARTICIPANTS (Continued)

Harvey L. Leiderman, Reed Smith LLP
Outside Fiduciary Counsel

Barry W. Lew, Legislative Affairs Officer

Ted Granger, Assistant Chief Financial Officer

Robert Schmidt, Milliman

Jonathan Grabel, Chief Investment Officer

I. CALL TO ORDER

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

II. PLEDGE OF ALLEGIANCE

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

III. OTHER COMMUNICATIONS

A. For Information

1. June 2018 All Stars

Mr. Brekk announced the eight winners for the month of June: Edwin Tom, Stephanie Kawai, Andrea Ellison, Gloria Colorado, Joshua Smalley, Susana Seeckts, Melvin Tsao, and Maritza Perez for the Employee Recognition Program. Ching Fong, Holly Henderson, Barry Lew, and Sarah Robles were the winners of LACERA's RideShare Program.

III. OTHER COMMUNICATIONS (Continued)

2. Interim Chief Executive Officer's Report
(Memo dated July 30, 2018)

Mr. Hill updated the Board on the 8th floor renovations taking place in the upcoming months. In addition, Mr. Hill announced the upcoming HR Conference hosted by LACERA that will be taking place on August 16, September 20, and October 18.

IV. PUBLIC COMMENT

There were no items from the public to speak.

V. CONSENT ITEMS

Ms. Gray made a motion, Mr. Santos seconded, to approve the following agenda items. The motion passed unanimously.

A. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits & Legislative Committee: That the Board approve the following Policies created by LACERA on behalf of the Retiree Healthcare Program.

- 1) Los Angeles County Retiree Healthcare Program HIPAA Privacy Policy
- 2) Los Angeles County Retiree Healthcare Program HIPAA Security Policy
- 3) Los Angeles County Retiree Healthcare Program HIPAA Privacy and Security Breach Notification Policy
- 4) Los Angeles County Retiree Healthcare Program Business Associate Policy
- 5) Los Angeles County Retiree Healthcare Program Notice of Privacy Practices
- 6) Los Angeles County Retiree Healthcare Program Policy on Sanctions for Violation of the HIPAA Privacy and Security Rules

(Memo dated July 27, 2018)

V. CONSENT ITEMS (Continued)

- B. Recommendation as submitted by Jill P. Rawal, Staff Counsel: That the Board:
- 1) Adopt the revised Conflict of Interest Code; and
 - 2) Authorize staff to file the revised Code with the County of Los Angeles Board of Supervisors, which is the code reviewing authority.
(Memo dated July 30, 2018)
- C. Recommendation as submitted by Marvin Adams, Chair, Operations Oversight Committee: That the Board approve the purchase of Fiduciary Liability and Cyber Liability Insurance effective October 6, 2018 with the Hudson Insurance Company, Westchester Fire Insurance Company, and NAS Insurance Company.
(Memo dated August 1, 2018)
- D. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the Intelligence Support Systems (ISS) World North America – Training Conference and Exhibition on September 5-7, 2018 in Washington, D.C. and approve reimbursement of all travel costs incurred in accordance with LACERA’s Educational and Travel Policy. (Placed on the agenda at the request of Mr. Kehoe)
(Memo dated August 1, 2018)
- E. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the 2018 USC Marshall Corporate Directors Symposium on November 8, 2018 in Los Angeles, California and approve reimbursement of all travel costs incurred in accordance with LACERA’s Educational and Travel Policy.
(Placed on the agenda at the request of Mr. Kelly)
(Memo dated July 12, 2018)
- F. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the Public Pension Trustees Fiduciary Conference: Gaining the Tools for Innovation on October 2-3, 2018 in New York, New York and approve reimbursement of all travel costs incurred in accordance with LACERA’s Educational and Travel Policy.
(Placed on the agenda at the request of Mr. Adams)
(Memo dated June 4, 2018)

VI. CONSENT ITEMS (Continued)

- G. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the 2018 Committee on Worker's Capital (CWC) Conference on September 10-11, 2018 in San Francisco, California and approve reimbursement of all travel costs incurred in accordance with LACERA's Educational and Travel Policy.

(Placed on the agenda at the request of Mr. Walsh)

(Memo dated June 4, 2018)

VI. NON-CONSENT ITEMS

- A. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board change the regular meeting schedule of the Operations Oversight Committee so that Committee, along with the Insurance, Benefits & Legislative Committee, will meet immediately following Board of Retirement administrative meetings.

(Memo dated July 24, 2018)

Mr. Santos made a motion, Mr. Kelly seconded, to approve staff's recommendation. The motion passed unanimously.

- B. Recommendation as submitted by Robert H. Hill, Interim Chief Executive Officer: That the Board consider rescheduling the Wednesday, October 3, 2018 Disability meeting. (Memo dated August 2, 2018)

Mr. Walsh made a motion, Mr. Kehoe seconded, to reschedule the Wednesday, October 3, 2018 Disability meeting as a combined BOR Disability/Administrative meeting on Thursday, October 11, 2018. The motion passed unanimously.

VI. NON-CONSENT ITEMS (Continued)

C. Recommendation as submitted by Joseph Kelly, Board Member: That the Board:

- 1) Reconstitute the Joint Organizational Governance Committee (JOGC) as a standing joint committee of both the Board of Retirement (BOR) and Board of Investments (BOI) and reassign to the JOGC all matters currently being considered by Ad Hoc Committees, with the exception of the Ad Hoc Committee overseeing the recruitment of the Retirement Administrator/Chief Executive Officer which will remain responsible for this recruitment at this time;
- 2) Revise the JOGC Charter, Section 8 Membership, Quorum, and Rules, as follows.

There will be eight (8) members with no designated alternates. The JOGC will be comprised of the BOR and BOI Chairs and Vice-Chairs plus one member appointed by each Chair and one member elected by each Board. If there is one JOGC member who represents both Boards (one overlap), then an additional appointment will be made by the BOR Chair in even years and by the BOI Chair in odd years. If there is more than one overlap, the BOR and BOI Chairs will make an equal number of additional appointments; if there are an odd number of overlaps, the final appointment, after the Board Chairs make their separate appointments, will be made following the rule as stated in the preceding sentence that applies in the case of one overlap. In selecting their appointments, the Chairs will endeavor to include an overall mix of trustees who are appointed by the Board of Supervisors, elected by active employees (general and safety), elected by retired employees, and who serve in an ex-officio capacity. The Chairs will also consider continuity of service when selecting Committee members, so that development of expertise and familiarity with the subject matters jurisdictional to the JOGC are encouraged, and to benefit Committee goals.

- 3) Elect a JOGC Member.

VI. NON-CONSENT ITEMS (Continued)

- 4) Request the Interim Chief Executive Officer (CEO) engage Funston Consultants, the consultants who assisted the BOR and the BOI Ad Hoc Committee that recommended the formation of the JOGC, to undertake an evaluation of the JOGC's effectiveness in the fall 2019. Funston should allow for input by all trustees in the evaluation processes. When completed, the evaluation should be placed on a BOR and BOI agenda for discussion.

(Memo dated July 31, 2018)

Mr. Kelly made a motion, Mr. Santos seconded, to 1) Constitute a Brown Act Ad-Hoc Committee (Committee) to evaluate the JOGC concerns listed in the January 2018 offsite memo authored on behalf of both Board Chairs; and 2) The Committee will provide solutions to the concerns listed and report back to both Boards with recommendations. The motion passed unanimously.

VII. REPORTS

The following reports were received and filed.

- A. For Information Only as submitted by Bernie Buenaflor, Interim Assistant Executive Officer, regarding the Los Angeles County Other Postemployment Benefits Program – Actuarial Valuation. (Presentation dated August 9, 2018) (Memo dated July 27, 2018)

Mr. Schmidt provided a brief presentation to the Board and Messrs.

Granger and Buenaflor were present and answered questions from the Board.

- B. For Information Only as submitted by Harvey L. Leiderman, Reed Smith LLP, regarding the Ralph M. Brown Act, “Sunshine is the Best Antiseptic”. (Presentation dated August 9, 2018)

Mr. Leiderman provided a brief presentation and answered questions from

VII. REPORTS (Continued) (Mr. Pryor left the meeting at 11:30 a.m.)

the Board.

- C. For Information Only as submitted by Jonathan Grabel, Chief Investment Officer, regarding the State Street Incident Report – Update #2. (Memo dated July 30, 2018)

Messrs. Grabel and Brekk were present and answered questions from the

Board.

- D. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding AB 2076 – Effective Date of Disability Retirement. (Memo dated July 25, 2018)

Mr. Lew was present and answered questions from the Board

- E. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the July 2018 Fiduciary Counsel Contact and Billing Report. (Memo dated August 1, 2018) (Privileged and Confidential Attorney-Client Communication/Attorney Work Product)

VIII. REPORT ON STAFF ACTION ITEMS

The Board requested that staff look into providing easy accessibility of LACERA's website for county staff on their computers. In addition, the Board requested that staff look into updating the retirement disability Government Code Section information on lacera.com. Furthermore, the Board requested staff to evaluate the groups responsible for monitoring the State Street relationship and report back to the Board. Should State Street like to address the Boards regarding the incidents that have taken place recently that they should be invited to address the Boards.

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

Messrs. Kelly and Kehoe thanked the police officers, firefighters and community representatives in dealing with the recent fires.

Lastly, Mr. Robbins shared his thoughts on the recent changes at LACERA.

X. EXECUTIVE SESSION

(Mr. Kelly recused himself from the Executive Session Item and left the meeting at 12:10 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)

Number of Potential Cases: One

The Board met in Executive Session with counsel, pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9. There was nothing to report.

Green Folder Information (Information distributed in each Board Member's Green Folder at the beginning of the meeting)

1. LACERA Comment Letter on Market-Based Rules Regulation (Memo dated July 27, 2018)

XI. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:48 p.m.

MARVIN ADAMS, SECRETARY

VIVIAN H. GRAY, CHAIR