

NOTICE OF MEETING AND AGENDA
SPECIAL MEETING OF THE BOARD OF RETIREMENT AND BOARD OF INVESTMENTS
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
WILL BE HELD AS FOLLOWS:

THE L.A. HOTEL DOWNTOWN
333 SOUTH FIGUEROA STREET, LOS ANGELES, CA
TUESDAY, JANUARY 24, 2017
California Ballroom – 9:00 a.m.

I. Welcome
Gregg Rademacher

A brief overview of the day's agenda and objectives.

II. Board Governance
Randall Miller, Funston Advisory Services
Gina Eubanks, Funston Advisory Services

Leading practice is to have up-to-date, written charters for the board itself and for its committees. Funston Advisory Services has been asked to help prepare draft charters for the Board of Retirement and the Board's standing committees – Insurance, Benefits & Legislative Committee (IBLC), the Operations Oversight Committee (OOC), and the Disability Procedures and Services Committee. Additionally, we would like to introduce and discuss creating a Joint Organizational Governance Committee.

III. Activism
Steven Rice

The Board of Retirement is responsible for Producing, Protecting and Providing the Promised Benefits. What is the most meaningful way for the Board to engage its stakeholder groups, community, legislators, advocate groups, and the media to further this Mission? Should the Board embrace an activism engagement philosophy? What are the levels of activism the Board might employ, and how would they be implemented? What are the benefits and risks associated with an activism engagement philosophy?

IV. Process Management Incubator
Bernardo Buenaflor

LACERA has a long tradition of prototyping innovative services and processes for effectiveness, with many such processes graduating to full scale deployment. This presentation will focus on our current “incubator” where we are testing a structured, cross-functional approach to process management. Staff is pleased with the results and we will share our successes to date, with a look into the future.

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V. Charting a Course for Member Services' Future
Allan Cochran

LACERA's commitment to provide world class customer service to our members inspires us to continually look to the future and find new and innovative ways to reach our members to provide them with the information and services they need in a manner that they find helpful, convenient, and desirable. Our Member Services team is working on developing the vision for the next generation of Member Services and will be discussing a wide range of possibilities for outreach, education, and the delivery of services to our members.

VI. Member Services' Future – How Can Tech Help?
James Pu

What does the future hold? At LACERA, our mission is to always Provide the Promised Benefits with exceptional member service. As such, we examine emerging technologies and how they might be leveraged to meet our Mission. Looking ahead allows us to be where our members *will* be and anticipate ways that our members can benefit from enhanced access to us. In this session, we will explore virtual-presence and tele-assistance technologies that can propel our portfolio of service options to a new level. Prepare yourself for a fun-filled, demonstrative presentation.

VII. Leveraging Operational Compliance
Rebecca Walker, Kaplan & Walker LLP

Operational Compliance programs are becoming more prevalent in the public pension world and are proving to be a key component of an organization's quality ecosystem. Ms. Walker will introduce some of the industry's best practices in compliance programs including: program structure, oversight, training, communications, polices, and the importance of nurturing a culture of compliance and business ethics.

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VIII. Disability Accommodation – Let's be "Reasonable"
Frank Boyd
Ricki Contreras

An employer's disability accommodation practices can create a disability determination conundrum. Unravel the knot by focusing on the applicable laws, evidence gathering, response documentation, and the Board's role as the "trier of fact."

IX. Retirement Benefits Strategic Plan
Gregg Rademacher

LACERA is committed to delivering premier retirement benefits service. This session will outline how we will meet our objectives through short, mid-term, and long-range goals.

X. Sacramento Political Update
Joe Ackler, Ackler & Associates

An update on politics in the State Capitol.

XI. Recapping the Day's Key Points
Board Members • Staff • Consultants

XII. Adjournment

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THE L.A. HOTEL DOWNTOWN
333 SOUTH FIGUEROA STREET, LOS ANGELES, CA
WEDNESDAY, JANUARY 25, 2017
California Ballroom – 8:30 a.m.

I. Welcome

Cassandra Smith

A brief overview of the day's agenda and objectives.

II. Trends Affecting LACERA's Retiree Healthcare Plans

Kirby Bosley, Aon Hewitt

John Grosso, FSA, MAAA, Aon Hewitt

Ms. Bosley and Mr. Grosso will provide an overview of the market and LACERA-specific trends that affect our plans and population. Our speakers will discuss the major factors impacting retiree medical plans. They will review demographic, claims, and utilization data related to LACERA's membership to help the Board understand the health issues of LACERA's covered population and how the general and LACERA-specific trends may impact LACERA's programs.

III. Post Election Healthcare Impact Prognosis

Rachel Arnedt, Aon Hewitt

John Grosso, FSA, MAAA, Aon Hewitt

Ms. Arnedt and Mr. Grosso will provide an up to the minute update on the emerging positions on many Federal health-related policy issues. They will provide a summary of the post-election healthcare landscape, the new leadership's positions and what actions can be taken and when. They will also speak about the possible impact on MACRA, Medicare, and Medicaid. Our speakers will also discuss how state and local government may respond. There is no question that the legislative landscape is likely to change over the next few years and be a challenge to plan sponsors. This overview is intended to help the Board consider its options and role in helping to shape legislation that could impact its members.

IV. LACERA – Current RX Outlook and Trends

Jeremy Sarich, PharmD, RPh, MBA

Prescription drugs account for 24% of LACERA's healthcare expenditures. Dr. Sarich will present an up-to-date view on the emerging prescription drug needs and challenges for a retiree population. He will share information about the programs in place to ensure that LACERA members receive their prescription drugs safely and in the most effective manner. Dr. Sarich will speak to the changes in pharmaceutical practices, including the rising concerns associated with the prescriptions for opioid medications and their potential effect on retiree populations, and what CVS and other plan sponsors are doing to manage the rising cost of prescription drugs.

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- V. California's Hidden Poor
Steven Wallace, PhD, UCLA Community Health Sciences Department

Approximately 655,000 older Californians are above the federal poverty level – ineligible for some government programs but without the means to live comfortably in California's high-cost housing market. Some of these hidden poor are LACERA members.

- VI. Healthcare Diversity: Cultural, Racial, Ethnic, Gender, and Age Related
Eric L. Book, MD, FAAFP, UHC

Racial and ethnic health disparities can be linked to poorer health outcomes and lower quality care. Language and cultural issues can have a significant impact on these disparities when not addressed by healthcare organizations. As the diversity of LACERA's membership continues to grow, ensuring that providers are equipped to meet the needs of members becomes more of an imperative. In this session Board members will learn how one managed care organization is addressing these issues to achieve better and more sustainable healthcare.

- VII. Advancement in Healthcare Delivery
J. Craig Collins, MD, MBA, FACS, Kaiser

Kaiser innovation teams apply their field experience to explore new care solutions through hands-on simulations, quick prototyping, and technology testing. Successful initiatives evolve into pilot programs in Kaiser Permanente medical centers, clinics, offices across the nation – and sometimes even around the world. As the largest healthcare innovation center in the country, Kaiser innovation in the areas of telemedicine and integrated records management are designed to save lives, time, and resources. In this session, Board members will learn how Kaiser's innovation lab is shaping the future delivery of healthcare.

- VIII. Accomplishments, Recap, and Wrap-Up
Board Members ● Staff ● Consultants

- IX. Adjournment

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333 SOUTH FIGUEROA STREET, LOS ANGELES, CA
THURSDAY, JANUARY 26, 2017
California Ballroom – 9:00 a.m.

I. Welcome
Chief Investment Officer

A brief overview of the agenda and objectives for the next two days.

II. What is the Inflation Outlook and What does that mean to LACERA's Portfolio?
Roy Appelman, Goldman Sachs Asset Management

As the Federal Reserve works to stimulate the economy, will they overshoot their goal for moderate inflation? If they do, what will be the impact to the financial markets? Which markets and strategies will perform well in an era of rising interest rates? What should be the Board's strategic and tactical considerations for various asset classes?

III. Does LACERA's Currency Hedging Strategy still make Sense?
Public Equity Team
Meketa

Currency hedging can reduce volatility in the non-US equity portfolio. Is the Board's current passive currency hedge policy meeting the program's purpose and performance expectations? Should the Board consider removing the hedge, modifying the hedge ratio, or expanding the program to include dynamic hedging strategies?

IV. What's the Role of Emerging Markets in the LACERA Portfolio?
Jim Meketa, Meketa Investment Group
Jennifer Young, The Townsend Group
Jose Fernandez, StepStone
Natalie Walker, StepStone

The Board's consultants will explore emerging market investment opportunities across our various asset classes. Through studying demographics, macroeconomics, expected return profiles, and risks, what role will the Board envision for emerging markets?

V. Investing with ESG Principles
Public Equity Team

How can LACERA leverage ESG Principles to enhance and protect the portfolio's long term risk adjusted returns? What are the immediate and mid-term project goals for incorporating ESG factors into LACERA's investment process?

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VI. Leverage
Investment Team
Meketa

Leverage magnifies gains when it works, but comes with a good dose of risk that may magnify losses. Where does LACERA leverage the portfolio? What is the impact on portfolio risk and should the Board modify, expand, or contract its leverage policies?

VII. Board Governance
Chief Executive Officer

How should the Board assess its effectiveness as a whole and the performance of individual members? Additionally, a look at an upcoming project to bring the Board Bylaws into legislative compliance and the impact to the Board Charter.

VIII. Recapping the Day's Key Points
Board Members • Staff • Consultants

IX. Adjournment

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FRIDAY, JANUARY 27, 2017
California Ballroom – 9:00 a.m.

I. Welcome
Chief Investment Officer

Recap day one's key points and preview today's agenda and objectives.

II. Portfolio Risk
Howard Marks, Oaktree Capital Management

Mr. Marks will share his insights into risk, a frequent topic in his highly regarded client memos. What does risk really mean? What are the various types of risk and the challenges of managing them? How should investors cope with the unknowable future and determine the appropriate tradeoff between risk and return?

III. What is an "Other Opportunity?"
Investment Team
Meketa

What should the Board consider when making Other Opportunity investments? What are the characteristics of potential investments and what are viable strategies? Is LACERA ready for Other Opportunities?

IV. Public Equity Portfolio
Public Equity Team

Insights into the Public Equity portfolio's opportunities and challenges with a focus on the portfolio's strategic direction, upcoming projects, and priorities.

V. Fixed Income and Commodities Portfolio
Fixed Income Team
Commodities Team

Insights into the Fixed Income and Commodities portfolios' opportunities and challenges with a focus on their respective strategic direction, upcoming projects, and priorities.

VI. Real Estate Portfolio
Real Estate Team

Insights into the Real Estate portfolio's opportunities and challenges with a focus on the portfolio's strategic direction, upcoming projects, and priorities.

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VII. Private Equity Portfolio
Private Equity Team

Insights into the Private Equity portfolio's opportunities and challenges with a focus on the portfolio's strategic direction, upcoming projects, and priorities.

VIII. Hedge Fund Portfolio
Hedge Fund Team

Insights into the Hedge Fund portfolio's opportunities and challenges with a focus on the portfolio's strategic direction, upcoming projects, and priorities.

IX. Strategic Plan 2017
Chief Investment Officer

A compilation of the asset class strategic priorities tied to a business plan to make it happen.

X. Recapping the Day's Key Points
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XI. Adjournment

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