

AGENDA

A 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, FEBRUARY 9, 2017

*The Board may take action on any item on the agenda,
and agenda items may be taken out of order.*

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Regular Meeting of January 12, 2017
- IV. REPORT ON CLOSED SESSION ITEMS
- V. OTHER COMMUNICATIONS
 - A. For Information
 1. December 2016 All Stars
 2. Chief Executive Officer's Report
(Memo dated January 31, 2017)
- VI. PUBLIC COMMENT
- VII. CONSENT AGENDA
 - A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the InfoSecWorld 2017 Conference & Expo on April 3-5, 2017 in Championsgate, Florida and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Placed on the agenda at the request of Mr. Bernstein)
(Memo dated January 27, 2017)

VII. CONSENT AGENDA (Continued)

- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the Gartner Security & Risk Management 2017 Summit on June 12-15, 2017 in National Harbor, Maryland and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Placed on the agenda at the request of Mr. Bernstein) (Memo dated January 27, 2017)
- C. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the Ignite 2017 Cybersecurity Conference on June 12-15, 2017 in Vancouver, BC and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Placed on the agenda at the request of Mr. Bernstein) (Memo dated January 27, 2017)

VIII. NON-CONSENT AGENDA

- A. Recommendation as submitted by Alan Bernstein, Chair, Operations Oversight Committee: That the Board approve the proposed Retirement Benefits Strategic Plan for Fiscal Years Ending 2018-2020. (Memo dated January 30, 2017)
- B. Recommendation as submitted by Ted Granger, Assistant Financial Officer: That the Board determine the Consumer Price Index changed by 1.97% (or when rounded to the nearest one-half of 1% as the COLA benefit rules require, 2.0%: the LACERA 2017 COLA Award), 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, 2017 in accordance with applicable California Government Code Sections. (Memo dated January 27, 2017)
- C. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board approve the ballot insert entitled "Powers and Duties of Retirement Board Members" to be included with the ballot materials for the election of the Second Member, Eighth Member, and Alternate Retired Member of the Board of Retirement. (Memo dated January 30, 2017)

IX. FOR INFORMATION ONLY

- A. For Information Only as submitted by Beulah S. Auten, Chief Financial Officer, regarding the Semi-Annual Interest Crediting for Reserves as of December 31, 2016. (Memo dated January 31, 2017)

X. REPORT ON STAFF ACTION ITEMS

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

XII. EXECUTIVE SESSION

- 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 Lorraine Munoz
- 2. Administrative Appeal of Selena Safari

- B. Conference with Legal Counsel - Anticipated Litigation Initiation of Litigation (Pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9)

- 1. Number of Cases: 1

XIII. 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 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, JANUARY 12, 2017

PRESENT: Shawn R. Kehoe, Chair
Vivian H. Gray, Vice Chair (Arrived at 9:23 a.m.)
William de la Garza, Secretary
Marvin Adams
Alan Bernstein
Anthony Bravo
Yves Chery
David L. Muir (Alternate Retired) (Arrived at 9:18 a.m.)
William Pryor (Alternate Member)

ABSENT: Joseph Kelly
Ronald A. Okum

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

Robert Hill, Assistant Executive Officer

Steven P. Rice, Chief Counsel

Cassandra Smith, Director
Retiree Healthcare Division

STAFF ADVISORS AND PARTICIPANTS (Continued)

Fern Billingsy, Senior Staff Counsel
Legal Division

Johanna Fontenot, Senior Staff Counsel
Legal Division

Richard Bendall, Chief Internal Auditor

Jill P. Rawal, Staff Counsel

Lisa Garner, Outside Counsel

I. CALL TO ORDER

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

II. PLEDGE OF ALLEGIANCE

Mr. Chery 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 December 15, 2016

Mr. Chery made a motion, Mr. de la Garza seconded, to approve the revised minutes of the regular meetings of December 15, 2016. The motion passed with Mr. Bernstein abstaining.

IV. REPORT ON CLOSED SESSION ITEMS

No items were reported.

V. OTHER COMMUNICATIONS

A. For Information

1. November 2016 All Stars

Mr. Hill announced the eight winners for the month of November: Angelus Robinson, Mary Ann Vanezuela, Inga Tadevosyan, Alexandra Hollis, Andrea Ellison, Jay Fullwood, Carol Nakamoto Zitter, and Marco Grajeda for the Employee Recognition Program and Lisa Chasse for the Webwatcher Program. Aracelli Gamboa, Alexandra Hollis, Galina Dorfman, and Claro Lanting were the winners of LACERA's RideShare Program.

2. Chief Executive Officer's Report
(Memo dated January 3, 2017)

Mr. Rademacher provided a brief overview of his Chief Executive Officer's Report with a quick update on what transpired at the previous Board of Investments meeting. (Board of Investments minutes are available to view on LACERA's Website www.lacera.com.)

Mr. Rademacher gave an update regarding the CIO search and the interviews that will be taking place in the upcoming week. Furthermore, he shared that the salary ordinance proposal to the Board of Supervisors will be coming back to the Board for further development.

In addition, Mr. Rademacher shared that the retiree check printing vendor, Proforma, has moved their business location to Fort Worth, TX.

V. OTHER COMMUNICATIONS

A. For Information

2. Chief Executive Officer's Report (Continued)

Lastly, Mr. Rademacher reminded the Board that the Board Offsite is schedule for Tuesday, January 24 to Friday, January 27.

VI. PUBLIC COMMENT

LACERA member, Joseph Ruggiero, addressed the Board regarding his appeal as detailed in Item X.A.1.

Michael Schafler from Caldwell Leslie & Proctor spoke on behalf of member, Magda Schafler, regarding her appeal as detailed in Item X.A.2.

VII. NON-CONSENT AGENDA

- A. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board select Segal Consulting to provide the Retiree Healthcare Benefits Program Consulting Services for the five (5) year period beginning July 1, 2017 and ending June 30, 2022. (Memo dated December 27, 2016) (Supplemental Legal Memo dated December 28, 2016)

Ms. Smith was present to answer questions from the Board.

Mr. Chery made a motion, Chair Kehoe seconded, to approve staff's recommendation. The motion passed unanimously.

(Mr. Muir arrived at 9:18 a.m.)

- B. Recommendation as submitted by Joseph Kelly, Chair, Audit Committee: That the Board adopt the Audit Committee Charter (*Revised December 28, 2016*). (Memo dated December 29, 2016)

VII. NON-CONSENT AGENDA (Continued)

Mr. Rice was present to answer questions from the Board.

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

- C. Recommendation as submitted by Joseph Kelly, Chair, Audit Committee: That, if the revised Audit Committee Charter is adopted, the Board act to: 1) Adopt amendments to the Los Angeles County Salary Ordinance, County Code, Section 6.127.040, on LACERA's MAPP Program, to permit implementation of the Audit Committee Charter provisions relating to personnel matters concerning the Chief Audit Executive; and 2) Direct staff to submit the Salary Ordinance amendments to the Board of Supervisors for adoption. (Memo dated December 27, 2016)

Mr. de la Garza made a motion, Chair Kehoe seconded, to approve staff's recommendation. The motion passed unanimously.

VIII. REPORT ON STAFF ACTION ITEMS

There was nothing to report on for staff action items.

(Ms. Gray arrived at 9:23 a.m.)

IX. GOOD OF THE ORDER

(For information purposes only)

Mr. Pryor requested that the issue regarding joint board engagement, such as personnel issues, be addressed. Mr. Rice and Mr. Rademacher provided an update and progress related to this issue.

X. EXECUTIVE SESSION

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 Joseph Ruggiero
2. Administrative Appeal of Magda Schafler
3. Administrative Appeal of Donnell Willis

(This item was handled after item X. B.1)

The Board met in Executive Session pursuant to Government Code Section 54956.9 in regards to the anticipated litigation of the above mentioned cases. It was reported that the Board voted unanimously to deny without prejudice the appeal in the case of Joseph Ruggiero; the Board voted unanimously to grant the appeal of Magda Schafler; and in the case of Donnell Willis, the Board voted unanimously to rescind the member's retirement application.

B. Conference with Legal Counsel - Existing Litigation
(Pursuant to Paragraph (1) of Subdivision (d) of California Government
Code Section 54956.9)

1. Sarah Marks v. LACERA
Los Angeles Superior Court Case No. BC 598957

(This item was handled before item X. A.1)

The Board met in Executive Session pursuant to Paragraph (1) of Subdivision (d) of Government Code Section 54956.9 and there was nothing to report.

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

1. Board of Retirement Revised Meeting Minutes of December 15, 2016
2. Update on Status of MAPE v. Marin CERA (Memo dated January 10, 2017)
3. LACERA Board Offsite Agenda (Memo dated January 10, 2017)

XI. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 10:00 a.m. in honor of the first African-American President, Barack Hussein Obama, for his remarkable service to our country.

WILLIAM DE LA GARZA, SECRETARY

SHAWN R. KEHOE, CHAIR



January 31, 2017

TO: Each Member
Board of Retirement
Board of Investments

FROM: Gregg Rademacher 
Chief Executive Officer

SUBJECT: **CHIEF EXECUTIVE OFFICER'S REPORT**

I am pleased to present the Chief Executive Officer's Report that highlights a few of the operational activities that have taken place during the past month, key business metrics to monitor how well we are meeting our performance objectives, and an educational calendar.

March Madness

We refer to the period beginning in December through the end of March as "March Madness" because retirements tend to spike during this period as members desire to retire in time to be eligible for any April 1st cost-of-living adjustment (COLA) that may be approved. As we have in years past, we are continuing our commitment to share the annual March Madness statistics in the Chief Executive Officer's report. There are two key statistics we track during this time of year.

How well are we keeping up with our member's requests to retire? The chart below shows the total number of pending retirement elections. All incoming retirement requests are triaged by staff to facilitate processing those retirements with immediate retirement dates and those which will require special handling (i.e. legal splits and those with uncompleted service credit purchases).

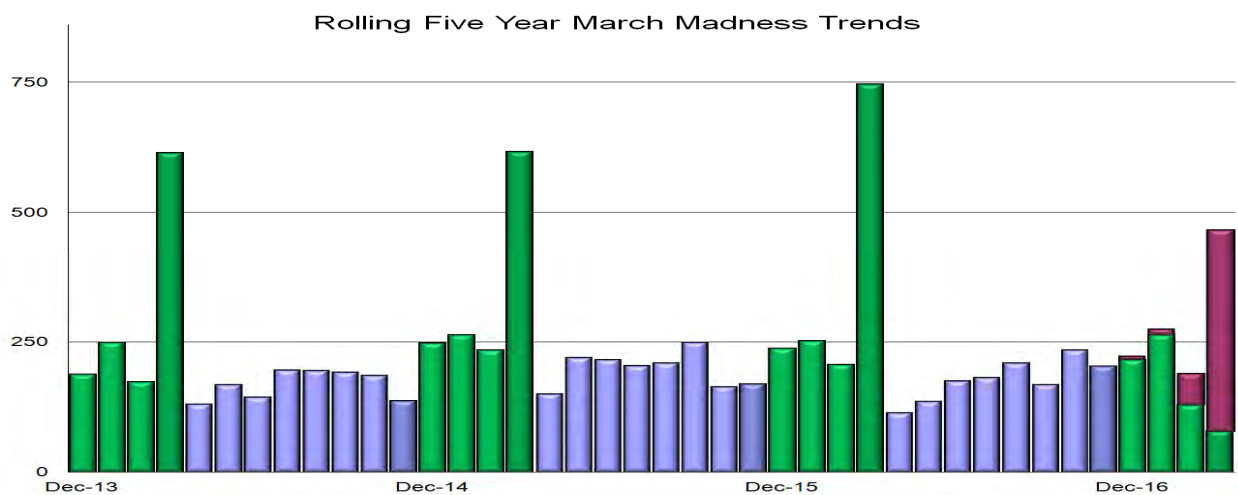
Retirement Month	Retirement Elections
December 2016	7
January 2017	12
February 2017	61
March 2017	387
Pending Disability Cases	102
Total Pending	569

The retirement elections not completed for December and January are pending for the following reasons: Receipt/Review of Receipt of Reciprocal Confirmation/Information (7 cases), last minute retirement submissions (6 cases), and Additional Research required (6 cases).

The Pending Disability Cases represents the number of approved disability cases being processed by the Benefits Division. Once a disability has been granted by the Board, the Benefits Division staff work with the member and their employer to select a disability effective date, determine the member's option election, and bring them on payroll. Of the 102 cases pending, 20 were completed after the payroll was run, 82 are pending review and action. These cases are not assigned to a specific month in the "March Madness" period because the final effective date has not been determined. As with service retirements, some cases have mitigating factors such as legal splits and uncompleted purchases which can also extend processing. We expect to successfully meet the retirement agenda deadlines for a majority of our March Madness retirees.

The second key statistic is the volume of retirements during the year, and especially during March Madness. This gives us an indication on the severity of the stress being placed on our capacity to meet our various member service requests and demands placed upon our staff.

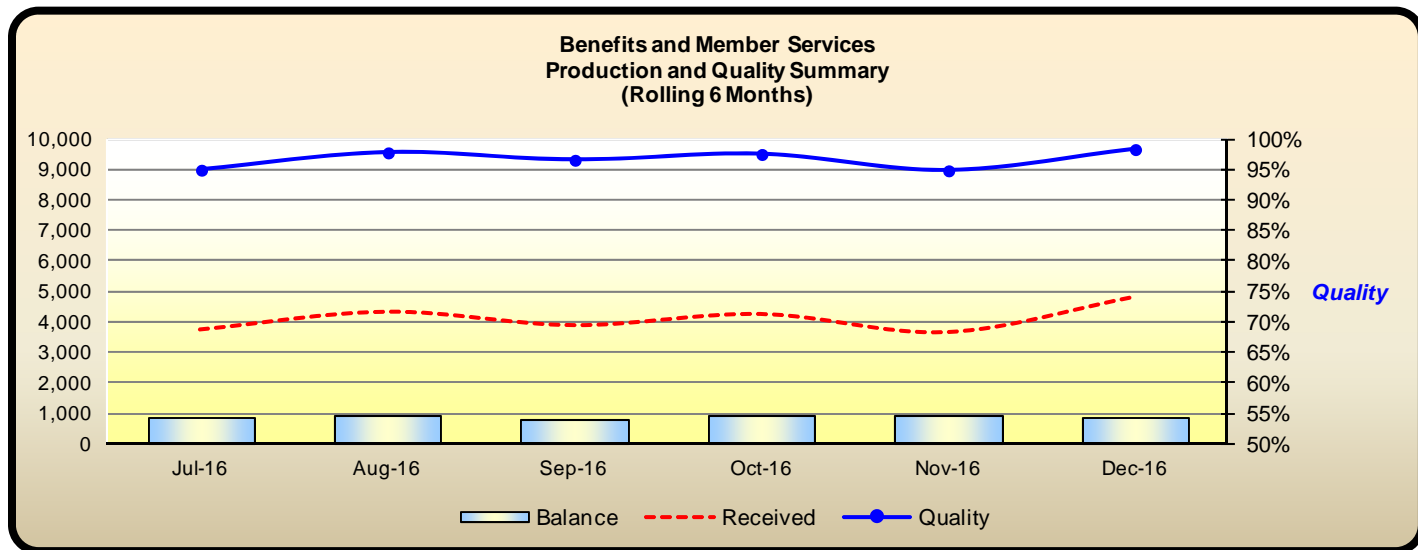
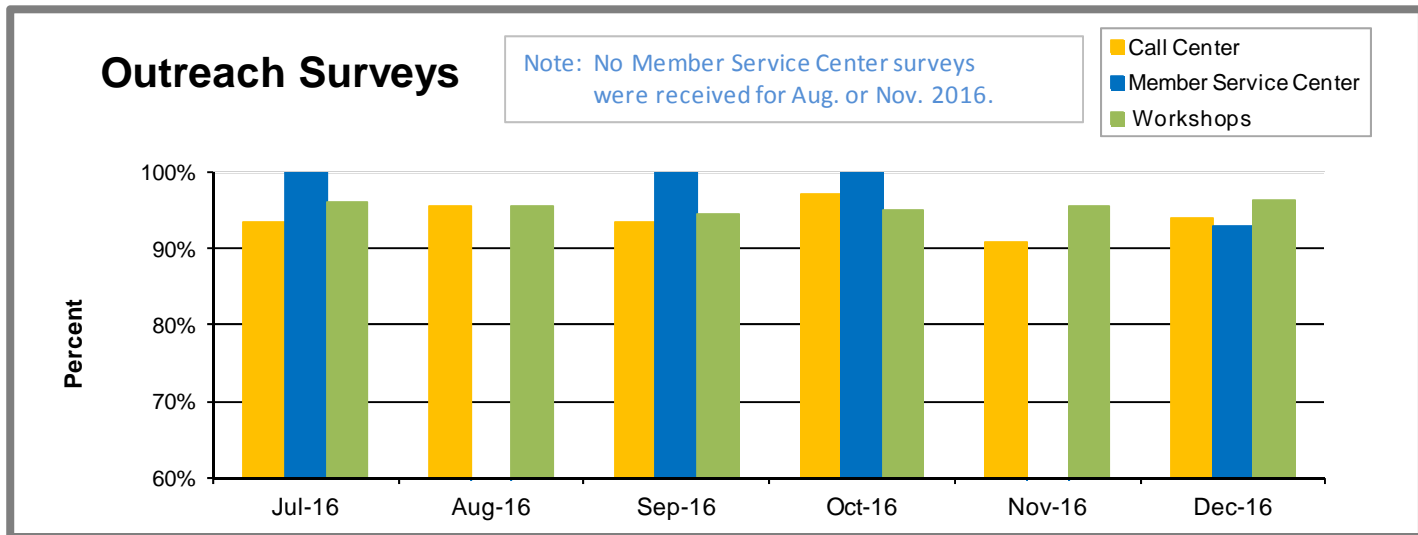
The green bars in the following chart reflect those members who have been approved to retire (i.e., their retirement elections have been approved and completed). The red bars reflect those cases that have not been processed as of the date of this report. As of January 25, 2017, we have processed 683 out of 1,156 retirements for the March Madness period so far. Comparing the total processed and pending per month we are running under the five year average for December (222 vs. avg. of 244), and over the five year average for January (274 vs. avg. of 247). Putting this into perspective during last year's March Madness 1,439 members retired, which was higher than the rolling five year average of 1,234 (the five year averages may change from month to month as disability cases are processed due to retroactive retirement dates).



LACERA's KEY BUSINESS METRICS

OUTREACH EVENTS AND ATTENDANCE

Type	# of WORKSHOPS		# of MEMBERS	
	Monthly	YTD	Monthly	YTD
Benefit Information	8	100	259	3,815
Mid Career	1	17	98	563
New Member	10	91	276	1,947
Pre-Retirement	6	47	118	1,077
General Information	0	5	0	381
Retiree Events	1	11	30	617
Member Service Center	Daily	Daily	1,409	7,415
TOTALS	26	271	2,190	15,815



Member Services Contact Center			RHC Call Center	Top Calls
Overall Key Performance Indicator (KPI)	101.04%			
Category	Goal	Rating		
Call Center Monitoring Score	95%	95.17%	98%	<u>Member Services</u>
Grade of Service (80% in 60 seconds)	80%	83%	53%	1) Workshop Info/Appoint.: Inquiries
Call Center Survey Score	90%	94.07%	xxxxx	2) Benefit Payments: Gen. Inquiry/Payday
Agent Utilization Rate	65%	59%	81%	3) Retirement Counseling Estimate
Number of Calls	9,271		3,875	<u>Retiree Health Care</u>
Calls Answered	8,986		3,513	1) Medical Benefits-General Inquiries
Calls Abandoned	285		367	2) Medical-New Enroll/Change/Cancel
Calls-Average Speed of Answer	00:00:41		02:09	3) Turning Age 65/Part B Prem Reim.
Number of Emails	319		268	
Emails-Average Response Time	04:33:45		1	Adjusted for weekends

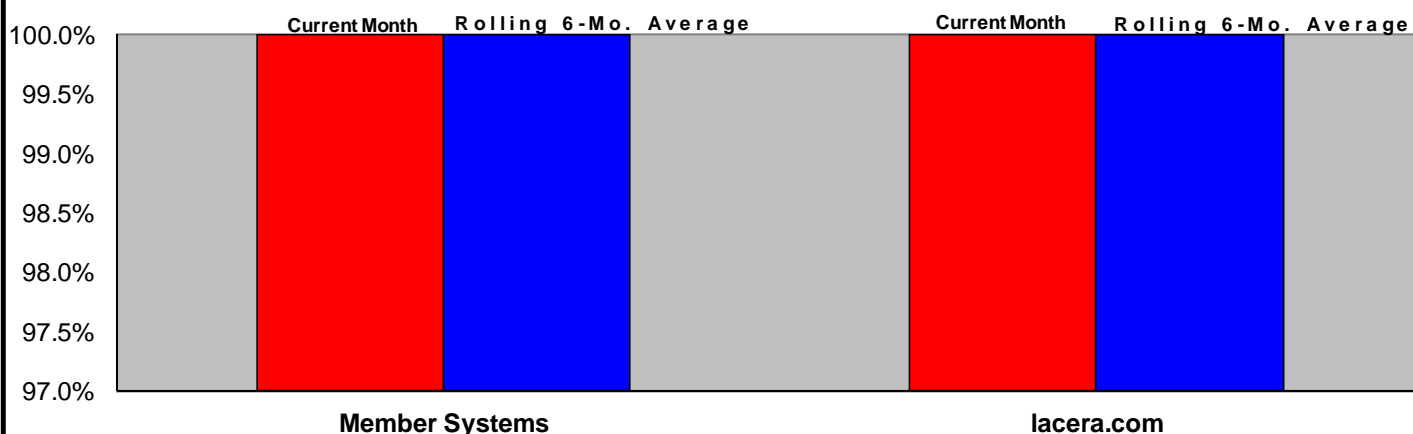
LACERA's KEY BUSINESS METRICS

Fiscal Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assets-Market Value	\$40.9	\$38.7	\$30.5	\$33.4	\$39.5	\$41.2	\$43.7	\$51.1	\$51.4	\$50.9
Funding Ratio	93.8%	94.5%	88.9%	83.3%	80.6%	76.8%	75.0%	79.5%	83.3%	n/a
Investment Return	19.1%	-1.4%	-18.2%	11.8%	20.4%	0.3%	12.1%	16.8%	4.3%	1.1%

DISABILITY INVESTIGATIONS

APPLICATIONS	TOTAL	YTD		APPEALS	TOTAL	YTD
On Hand	519	xxxxxxx		On Hand	133	xxxxxxx
Received	38	269		Received	6	19
Re-opened	1	1		Administratively Closed/Rule 32	4	15
To Board – Initial	30	206		Referee Recommendation	2	4
Closed	4	26		Revised/Reconsidered for Granting	0	6
In Process	524	524		In Process	133	133

SYSTEMS AVAILABILITY - DECEMBER 2016



Active Members as of 2/1/17		Retired Members/Survivors as of 2/1/17			Retired Members		
		Retirees	Survivors	Total			
General-Plan A	215	18,876	4,676	23,552	Monthly Payroll	252.16 Million	
General-Plan B	81	684	65	749	Payroll YTD	1.5 Billion	
General-Plan C	76	427	59	486	Monthly Added	300	
General-Plan D	46,089	12,252	1,159	13,411	Seamless %	100.00	
General-Plan E	20,256	11,347	957	12,304	YTD Added	1,577	
General-Plan G	17,282	5	0	5	Seamless YTD %	99.75	
Total General	83,999	Total General	43,591	6,916	50,507	Direct Deposit	95.00%
Safety-Plan A	10	5,747	1,575	7,322			
Safety-Plan B	11,142	4,475	239	4,714			
Safety-Plan C	1,642	1	0	1			
Total Safety	12,794	Total Safety	10,223	1,814	12,037		
TOTAL ACTIVE	96,793	TOTAL RETIRED	53,814	8,730	62,544		

Health Care Program (YTD Totals)

	Employer Amount	Member Amount
Medical	224,969,905	19,560,505
Dental	20,240,941	2,141,596
Med Part B	26,226,493	xxxxxxxxxx
Total Amount	\$271,437,339	\$21,702,101

Health Care Program Enrollments

Medical	47,915
Dental	48,994
Med Part B	31,594
Long Term Care (LTC)	736

Funding Metrics as of 6/30/16

Employer Normal Cost	9.28%*
UAAL	8.49%*
Assumed Rate	7.50%*
Star Reserve	\$614 million
Total Assets	\$47.8 billion

Member Contributions as of 6/30/16

Annual Additions	\$458.7 million
% of Payroll	6.18%*

Employer Contributions as of 6/30/16

Annual Addition	\$1,443.1 million
% of Payroll	17.77%*

*Effective July 1, 2016, as of 6/30/15 actuarial valuation.

Date	Conference
March, 2017	
1-2	International Corporate Governance Network (ICGN) Washington D.C. Event Washington D.C.
2	The Public Retirement Journal Annual Southern California Public Retirement Seminar Lakewood, CA
4-7	CALAPRS (California Association of Public Retirement Systems) General Assembly Meeting Monterey, CA
8-9	AHIP (America's Health Insurance Plans) National Health Policy Conference Washington D.C.
13-15	IFEBP (International Foundation of Employment Benefit Plans) Investments Institute Phoenix, AZ
29-31	CALAPRS (California Association of Public Retirement Systems) Advanced Principles of Pension Management for Trustees at UCLA Los Angeles, CA
April, 2017	
24-26	CRCEA (California Retired County Employees Association) Spring Conference Ventura, CA
24-26	SuperReturn China Conference and Summit Beijing, China
25-26	IFEBP (International Foundation of Employment Benefit Plans) Benefits Conference for Public Employees <i>(back fr. Public Employee Benefits Update)</i> Columbus, OH
30-May 3	World Healthcare Congress Washington D.C.
30-May 4	Milken Institute Global Conference Los Angeles, CA
May, 2017	
1-3	IFEBP (International Foundation of Employment Benefit Plans) Health Care Mgmt. Conference New Orleans, LA
1-4	Portfolio Concepts & Management <i>(prev. Fundamentals of Money Management)</i> Wharton School, University of Pennsylvania
2-3	African Pension and Sovereign Wealth Fund Leaders' Summit Johannesburg, South Africa
8-12	Investment Strategies & Portfolio Management <i>(prev. Pension Fund & Investment Mgmt.)</i> Wharton School, University of Pennsylvania



January 27, 2017

TO: Each Member
Board of Retirement

FROM: Gregg Rademacher 
Chief Executive Officer

FOR: Board of Retirement Meeting of February 9, 2017

SUBJECT: InfoSecWorld Conference & Expo 2017
April 3-5, 2017 in Championsgate, FL

Learn about solutions in today's security problems, from both a strategy and technology perspective at the InfoSecWorld Conference & Expo 2017 on April 3-5, 2017 at the Omni Orlando Resort in Championsgate, Florida. InfoSec World features 7 dynamic tracks and hands-on workshops, summits or roundtable discussions that allow you to dive deep into specific technologies or management challenges in a collaborative, participatory way.

The main conference highlights include the following:

- Mainframe security: Hands-on audit and compliance
- How to prepare for, respond to and recover from a security incident
- Keys to creating an effective cybersecurity culture
- Data protection
- How to create your cyber incident response plan

The conference meets LACERA's policy of an average of five (5) hours of substantive educational content per day. The standard hotel rate at the Omni Orlando Resort is \$225.00 per night plus applicable taxes and the registration fee is \$1,995.

If the registration fee is insufficient to pay the cost of the meals provided by the conference sponsor, LACERA must reimburse the sponsor for the actual cost of the meals, less any registration fee paid. Otherwise, the attendee will be deemed to have received a gift equal to the value of the meals, less any registration fee paid, under California's Political Reform Act.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Approve attendance of Board members at the InfoSecWorld Conference & Expo 2017 on April 3-5, 2017 in Championsgate, Florida and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

GR/bn
Attachment



MIS|TI™ PRESENTS

InfoSecWorld

Conference & Expo 2017

en-tre-pre-neur-ship

noun

1. The willingness to take risks and develop, organize and manage a business venture in a competitive global marketplace that is constantly evolving.

The infosec space is constantly changing, and today's security practitioners have no choice but to become more entrepreneurial about finding solutions to problems, not just at a technical level, but at a management and leadership level. InfoSec World 2017 Conference & Expo provides practitioners with the ideal forum for learning about the latest advances and most cutting-edge strategies for ensuring optimal security within their organizations, despite the progressive threat landscape. Join your peers from around the globe for two and a half days of learning, peer sharing, networking and hands-on education.

CONFERENCE HIGHLIGHTS

EXPO HOURS: MONDAY, APRIL 3 5:00 PM - 6:30 PM | TUESDAY, APRIL 4 11:30 AM - 6:15 PM | WEDNESDAY, APRIL 5 8:00 AM - 11:00 AM

NETWORKING EVENTS: MONDAY, APRIL 3 5:00 PM - 6:30 PM | TUESDAY, APRIL 4 4:45 PM - 6:15 PM | WEDNESDAY, APRIL 5 9:30 AM - 11:00 AM

NETWORKING

InfoSec World isn't JUST about the in-depth breakout sessions. We know networking is just as important, which is why this year we are holding THREE networking receptions. Plus, we've added huddle spaces around the Expo floor to help facilitate even more informal brainstorming with your peers.

ONE-ON-ONE LEADERSHIP STRATEGY SESSIONS

Are you valued for your leadership as much as your security skills? Explore how to recognize your leadership value in a private, one-on-one coaching session customized for you. Spend twenty minutes with Michael Santarcangelo, Founder of Security Catalyst, to assess your situation and determine your best next step as a security leader. Known for his leadership and communication development, Michael elevates leaders and accelerates their journeys, infused with the mindset of success. And he's offering his services to you – complimentary for conference attendees.

BOOK SIGNINGS

Each year a new break-through book is released in the infosec industry, and we have the authors of the latest titles! Meet and greet with these authors and bring home a signed copy of their books. This year's book signings include titles from keynote speakers Craig Smith and Cory Doctorow, as well as Raef Meeuwisse, Director of Cybersecurity and Data Privacy Governance at Cyber Simplicity Ltd.

HANDS-ON

Want to get down into the nitty gritty of mainframes, threat hunting or malware analysis? This year we have more hands-on sessions and workshops than ever before. Join us for an extra day or two to get full access to our experts in our pre- and post- conference workshops and get all of your toughest questions answered. Plus earn extra CPEs while you're at it!

KEYNOTE SPEAKERS

MONDAY, APRIL 3, 8:30 AM - 9:30 AM



RADICAL REMODELING: RENOVATING SECURITY FOR TODAY'S PROBLEMS AND TOMORROW'S OPPORTUNITIES

Rich Mogull, Chief Executive Officer, Securosis

The practice of information security is in the midst of the most tumultuous changes in our history. As threats become global socioeconomic challenges, we are adopting new technologies at a pace never before seen. Security professionals face the unenviable challenge of protecting decades' worth of decisions while building a safe foundation as we transition into a world dominated by cloud and mobile technologies. This keynote will lay out a roadmap for adapting your security for current requirements while still preparing yourself for the future.

TUESDAY, APRIL 4, 8:30 AM - 9:30 AM



REBOOTING THE AUTO INDUSTRY: WHEN SECURITY AFFECTS SAFETY

Craig Smith, Founder, Open Garages; Research Director, Rapid7

We are surrounded by 2-ton IoT devices on wheels. The auto

industry has rapidly evolved in the last five years; vehicles now have phone apps for remote control, built-in Wi-Fi hot spots, heads-up displays, lane correction systems and other Advanced Driver Assistance Systems. These convenience and road safety features are in high demand, but they also introduce cybersecurity concerns.

Automakers are now software companies, and this talk will address some of the cybersecurity-related issues faced by the transportation industry. Mr. Smith will share techniques currently used by hackers and show some of the security defenses being put into place. You will see the vulnerabilities of vehicles on the road today, as well as take a peek into the future of fully autonomous cars.

TUESDAY, APRIL 4, 1:30 PM - 2:30 PM



1998 CALLED AND IT WANTS ITS STUPID INTERNET LAW BACK...BEFORE IT DESTROYS THE WORLD

Cory Doctorow; Science fiction author, activist, journalist and blogger; Electronic Frontier Foundation & Boing Boing
In 1998, Congress passed the Digital Millennium Copyright

CONFERENCE AT-A-GLANCE

TECHNICAL LEVEL DESIGNATIONS

LOW MEDIUM HIGH

	TOOLS & DEMOS ✨	INFORMATION PROTECTION 🛡	MANAGEMENT & STRATEGIES 📊
MONDAY, APRIL 3, 2017			
7:30 AM - 8:30 AM	Registration and Continental Breakfast		
8:30 AM - 9:30 AM	WELCOME KEYNOTE Radical Remodeling: Renovating Security for Today's Problems and Tomorrow's Opportunities, presented by Rich Mogull		
9:30 AM - 9:45 AM	Tech Spotlight presented by HP		
9:45 AM - 10:00 AM	Refreshment Break		
10:00 AM - 10:50 AM	A1 Ninja Looting Like A Pirate <i>William Lumpkin</i> 📄	B1 Data Protection - How to Sleep Better at Night <i>Steven Sheinfeld</i> 📄	C1 Management Hacking 101: Leading High Performance Security Teams <i>Tom Eston</i> 📄
11:00 AM - 11:50 AM	A2 Pentesting Yourself to DEBT <i>Chris Nickerson</i> 📄	B2 Do You Have a Mega Breach Brewing? <i>Raef Meeuwisse</i> 📄	C2 Late-breaking session
12:00 PM - 1:15 PM	LUNCH KEYNOTE 3 Ways to Use PIM & Process to Pump Up the Respond Side of Detect & Respond, presented by Jonathan Sander sponsored		
1:15 PM - 2:05 PM	A3 Everything is Code: Why Should You Worry About Software Security and Coding Standards? <i>Dan Creed</i> 📄	B3 Late-breaking session	C3 It's Not If, But When: How to Create Your Cyber Incident Response Plan <i>Lucie Hayward & Michael Quinn</i> 📄
2:15 PM - 3:05 PM	A4 Scouting AWS Accounts for Security Gaps <i>Loic Simon</i> 📄	B4 Secure Development for the Cloud <i>Randall Brooks</i> 📄	C4 I Have Phish 's For You <i>Mike Saurbaugh</i> 📄
3:05 PM - 3:20 PM	Refreshment Break		
3:20 PM - 4:10 PM	A5 The Exploits Used in Ransomware Campaigns <i>Brad Antoniewicz</i> 📄	B5 Secure Data Logistics: How Information Security Can Learn from Armored Cars <i>Chris Ensey & David Etue</i> 📄	C5 Cutting Through the Security Analytics Hype <i>Stu Bradley</i> 📄
4:15 PM - 5:00 PM	Panel: Cyber Liability Insurance: Misinformation Everywhere! moderated by Jake Kouns		
5:00 PM - 6:30 PM	Opening Party in the Expo		
TUESDAY, APRIL 4, 2017			
7:30 AM - 8:30 AM	Continental Breakfast		
8:30 AM - 9:30 AM	KEYNOTE ADDRESS Rebooting the Auto Industry: When Security Affects Safety, presented by Craig Smith		
9:40 AM - 10:30 AM	A6 Everything I Know About Security I Learned from Watching Kung Fu Movies <i>Paul Asadoorian</i> 📄	B6/B7 Your Data was Breached, Now What? An Interactive Incident Response Tabletop Experience <i>Diana Kelley & Ed Moyle</i> 📄	C6 Becoming BI-lingual: Community Cybersecurity as a Business Impact <i>Summer Fowler</i> 📄
10:40 AM - 11:30 AM	A7 Excuse Me, Server, Do You Have the Time? <i>Brian Cardinale</i> 📄		C7 Late-breaking session
11:30 AM	Expo opens		
12:00 PM	Lunch in the Expo		
1:30 PM - 2:30 PM	KEYNOTE ADDRESS 1998 Called and It Wants Its Stupid Internet Law Back...Before It Destroys the World, presented by Cory Doctorow		
2:30 PM - 2:40 PM	Tech Spotlight		
2:40 PM - 3:00 PM	Refreshment Break in the Expo		
3:00 PM - 3:50 PM	A8 Late-breaking session	B8 Pi in the Sky: The Push Towards Cloud-Based Applications <i>Nicholas Takacs</i> 📄	C8 Fast, Cheap or Good? How a Fortune 500 Picked All Three in Assessing Enterprise to Cloud Application Migration Risks <i>Jon-Michael Brook</i> 📄
4:00 PM - 4:50 PM	A9 Abnormal Behavior Detection in Large Environments <i>David Kennedy</i> 📄	B9 OWASP Software Assurance Maturity Model <i>Brian Glas</i> 📄	C9 Information Security Assessments: Building Bridges Instead of Making Enemies <i>Jaret Preston</i> 📄
4:45 PM - 6:15 PM	Networking Reception in the Expo		
WEDNESDAY, APRIL 5, 2017			
8:00 AM - 8:30 AM	Rise'n Shine Breakfast in the Expo		
8:30 AM - 9:30 AM	KEYNOTE ADDRESS The Three T's of Security: Talent, Tools & Techniques, presented by Jim Routh		
9:30 AM - 11:00 AM	Refreshment Break in the Expo; Enjoy Mimosas while we announce <i>Passport-to-Prizes!</i>		
10:30 AM - 11:20 AM	A10 Hacking Blockchain <i>Konstantinos Karagiannis</i> 📄	B10 Patients Have Lost Patience for Data Breaches <i>Ray Potter</i> 📄	C10 What We Learn from Hackers ... and the Government <i>Erez Liebermann & Andrew Pak</i> 📄
11:30 AM - 12:15 PM	Panel: You're in a Leadership Position, Now What? moderated by Michael Santarcangelo		

THREAT MANAGEMENT 🛡	GOVERNANCE, RISK & COMPLIANCE 📊	OPERATIONS & APPLIED SECURITY 🛠	SECURITY ROUNDTABLES* 🗣
<p>Tools & Demos ✨ Information Protection 🛡 Management & Strategies 📊 Threat Management 🛡 Governance, Risk & Compliance 📊 Operations & Applied Security 🛠 Security Roundtables* 🗣</p> <p><i>*To enable an interactive learning environment these roundtable sessions are limited to 30 attendees on a first-come, first-served basis.</i></p> <p>THIS TRACK SPONSORED BY Hewlett Packard Enterprise</p>			
D1 Launch, Detect, Evolve: The Mutation of Malware <i>Adam Kujawa</i> 📄	E1 Watch Out! Yet Another Regulator Is Asking Questions! <i>Randy Sabert</i> 📄	F1 Incident Response: The First 48 <i>Nick Selby</i> 📄	G1 Protecting Dollars for Pennies: Improving Organizational Security with Effective, Inexpensive Solutions <i>Kevin Johnson</i> 📄 <i>This session ends at 11:30 AM</i>
D2 Applying Analytics to Cyber Threat Intelligence <i>Steve Orrin</i> 📄	E2 Insider Risk: Attacking the Threat From Within <i>George McBride</i> 📄	F2 Behavioral Analysis Using DNS, Network Traffic and Logs <i>Josh Pyarke</i> 📄	
by Lieberman Software			
D3 Developing a Threat and Vulnerability Management Program: A Pentester's Perspective <i>Robert Thibodeaux</i> 📄	E3 Vendor Vetting: Who's Touching Your Stuff? <i>Angie Singer Keating & Connie Mastovich</i> 📄	F3 Application Security: From the Ground Up <i>James Jardine</i> 📄	G2 Risk vs. Threat: Threat Intelligence Exposed <i>Kristy Westphal</i> 📄 <i>This session ends at 2:45 PM</i>
D4 Forensics and Discovery Obligations vs. International Privacy Law <i>Darrin Reynolds</i> 📄	E4 Self-Audits: Applying User Context to Activity Anomalies <i>Leslie Lambert</i> 📄	F4 Late-breaking session	
D5 Late-breaking session presented by Cylance	E5 An Aflac Case Study: Moving a Security Program From Defense to Offense <i>Tim Callahan</i> 📄	F5 Rise of Cyber Hunting: Not Falling Victim to Undetected Breaches <i>Kris Lovejoy</i> 📄	G3 Securing Innovation <i>Kerry Matre</i> 📄 <i>This session ends at 4:45 PM</i>
D6 Corporate Cannabis: Lessons Learned in Modeling a Controversial Threat Profile <i>Grant Sewell</i> 📄	E6 Late-breaking session	F6 Mutiny on the Bounty: Handling Security in a Bug Bounty World <i>Kevin Johnson</i> 📄	G4 IoT Security and Its Impact on Your Job <i>Chad Childers</i> 📄 <i>This session ends at 11:00 AM</i>
D7 The Details of Forensic Case Studies <i>Bill Dean</i> 📄	E7 Creating a Relevant Cyber Security Governance Framework: Supporting Business Digital Transformation <i>Dominic Vogel</i> 📄	F7 Getting Off the Back Foot – Employing Active Defense <i>Rafal Las</i> 📄	
D8 Threat Modeling Wearables by 2019 <i>David Lindner</i> 📄	E8 Moving Mountains Through Measurement <i>Chris Clymer, Jack Nicholson & Jason Middaugh</i> 📄	F8 Victory in 100 Battles: How to Perform a Successful Asset Inventory <i>Chris Paulin</i> 📄	G5 The Technology is Worth 5% <i>Joshua Marpet & Scott Lyons</i> 📄 <i>This session ends at 4:15 PM</i>
D9 Facing Emerging Threats - Evolving from Penetration Testing to Capability Effectiveness Testing <i>Paul Rohmeyer</i> 📄	E9 Case Study: Atlassian's Journey Through CSA Certification <i>Bill Marriott</i> 📄	F9 The Phishing Kill Chain <i>Ira Winkler</i> 📄	
D10 Social Engineering: It's Not Just for Suckers Anymore <i>Erich Kron</i> 📄	E10 Cyber Liability Insurance 101 - What You Should Know Before and After a Breach <i>Brian Kelly</i> 📄	F10 Dealing with Cyberextortion, Ransomware and Other Bad Stuff <i>Ben Rothke</i> 📄	G6 Is Enterprise Resiliency the New Security Strategy? <i>Gary Sheehan</i> 📄 <i>This session ends at 11:45 AM</i>



January 27, 2017

TO: Each Member
Board of Retirement

FROM: Gregg Rademacher 
Chief Executive Officer

FOR: Board of Retirement Meeting of February 9, 2017

SUBJECT: Gartner Security & Risk Management 2017 Summit
June 12-15, 2017 in National Harbor, MD

The Gartner Security & Risk Management 2017 Summit will be held on June 12-15, 2017 in National Harbor, Maryland at the Gaylord National Resort & Convention Center. The Summit premieres the gathering of security, risk management and business continuity management leaders, that delivers the insight to having a secure digital business future. The comprehensive agenda addresses the latest threats, flexible new security architectures, governance strategies, the chief information security officer role and much more.

The main conference highlights include the following:

- Cyber security, threat management and context-aware digital trust
- Risks and opportunities of smart machines and artificial intelligence
- Data security and risk governance
- Protecting vital infrastructure
- People-centric security strategies
- Agile strategies to secure digital business

The conference will be issuing the agenda mid-March and will mirror last year's meeting agenda, which met LACERA's policy of an average of five (5) hours of substantive educational content per day. The standard hotel rate at the Gaylord National Resort & Convention Center is \$269.00 per night plus applicable taxes and the registration fee is \$3,400.

If the registration fee is insufficient to pay the cost of the meals provided by the conference sponsor, LACERA must reimburse the sponsor for the actual cost of the meals, less any registration fee paid. Otherwise, the attendee will be deemed to have received a gift equal to the value of the meals, less any registration fee paid, under California's Political Reform Act.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Approve attendance of Board members at the Gartner Security & Risk Management 2017 Summit on June 12-15, 2017 in National Harbor, MD and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

GR/bn
Attachment

Gartner Security & Risk Management Summit 2017

June 12 – 15 / National Harbor, MD
gartner.com/us/securityrisk

Manage Risk. Build Trust. Embrace Change.

Agenda programs

Chief Information Security Officer (CISO) Program: Paving the Way for Algorithmic Business

As businesses go digital, the “control everything” approach won’t work anymore. CISOs must recognize business goals, and assess and communicate risks in business terms. Learn how to cement your role as a business leader, communicator and go-to problem solver.

Security Program: Building Trust and Resilience With Agile Security

Get practical strategies to build a trusted, resilient environment for digital business and agile IT. As new business practices bring new threats, security must evolve — without neglecting legacy infrastructure. Learn how to support the new and improve the old.

TechInsights: Security Architecture Track — Real-World Tactics to Enable Secure Digital Business

Demands on security and risk keep increasing as digital business accelerates and threats evolve. These tactical recommendations help you enable risk-aware, business-outcome-focused architectures and solutions for today’s changing IT and business environments.

Business Continuity Management (BCM) Program: Transitioning From Recovery to Resilience

Anticipate the unexpected and establish a proactive plan for business resilience. Explore how to articulate the impact of disruptions, set stakeholder expectations and define a process for effective recovery and continuity of operations.

Risk Management and Compliance Program: Managing Risk on the Road to Digital

Digital risks are expanding as more data and technologies are woven into the fabric of the business. The evolving compliance and regulatory landscape compounds the complexity of these risks. This program highlights new digital risks and how to mitigate them.

Marketplace for Security Program: Understanding Market Forces, Trends and Disruptors

Designed for security technology providers, investors and media, this program explores the state of the security marketplace and growth opportunities. Learn what defines differentiated, compelling enterprise security products, services and customer interactions.

Hot topics

- Cybersecurity, threat management and context-aware digital trust
- Enabling safer cloud computing
- Risks and opportunities of smart machines, artificial intelligence, the Internet of Things and operational technology
- Data security and risk governance
- Mobile security for digital business
- Protecting vital infrastructure
- Privacy and data security
- Informed risk governance
- Adaptive security architecture
- People-centric security strategies
- Agile strategies to secure digital business

Early-bird discount

Save \$300 when you register by April 14, 2017.

Early-bird price: \$3,100

Standard price: \$3,400



3 ways to register

Web gartner.com/us/securityrisk

Email us.registration@gartner.com

Phone 1 866 405 2511

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January 27, 2017

TO: Each Member
Board of Retirement

FROM: Gregg Rademacher 
Chief Executive Officer

FOR: Board of Retirement Meeting of February 9, 2017

SUBJECT: Ignite 2017 Cybersecurity Conference
June 12-15, 2017 in Vancouver, British Columbia

The Ignite 2017 Cybersecurity Conference is the largest gathering of next-generation security experts in the world and will be held on June 12-15, 2017 in Vancouver, British Columbia. Attendees will include security industry experts, Palo Alto Networks product experts, and some of the most experienced Palo Alto Networks customers presenting their stories to help address tough security challenges, share best practices, provide hands-on training, highlight new innovations, and much more. The program is designed to maximize your time with highly technical, interactive and educational sessions that will provide actionable insights and immediately applicable best practices to improve your organization's security posture.

The main conference highlights include the following:

- Next-generation Security Platform Explained
- Advanced Threat Prevention Strategies
- Securing the Public Cloud and Protecting the Data Center
- Best Practices for the Advanced Practitioner

The conference meets LACERA's policy of an average of five (5) hours of substantive educational content per day. Standard hotel rates range between \$134-\$295 per night plus applicable taxes and the registration fee is \$1,595.

If the registration fee is insufficient to pay the cost of the meals provided by the conference sponsor, LACERA must reimburse the sponsor for the actual cost of the meals, less any registration fee paid. Otherwise, the attendee will be deemed to have received a gift equal to the value of the meals, less any registration fee paid, under California's Political Reform Act.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Approve attendance of Board members at the Ignite 2017 Cybersecurity Conference on June 12-15, 2017 in Vancouver, BC and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

GR/bn
Attachment



*Agenda is subject to change

DAY ONE - MONDAY, JUNE 12

5k Fun Run

Registration 7:00 a.m. - 8:00 p.m.

Lunch 12:00 p.m.- 2:00 p.m.

PCNSE6/PCNSE7/PSE Exams 12:00 p.m. - 5:00 p.m.

Welcome Reception 6:00 p.m. - 8:00 p.m.

Ultimate Test Drives (UTDs) TBD

Hands-On Workshops (HOWs) TBD

DAY TWO - TUESDAY, JUNE 13

Registration 7:00 a.m. - 6:00 p.m.

Breakfast 7:00 a.m. - 8:45 a.m.

General Session 9:00 a.m. - 12:00 p.m.

Lunch 11:00 a.m. - 1:00 p.m.

Expo Hall 1:00 a.m. - 5:30 p.m.

Breakout Sessions, UTDs, HOWs 1:00 p.m.- 5:30 p.m.

DAY THREE - WEDNESDAY, JUNE 14

Registration 7:00 a.m. - 8:30 p.m.

Breakfast 7:00 a.m. - 9:00 a.m.

Expo Hall 7:00 a.m. - 5:00 p.m.

PCNSE6/PCNSE7/PSE Exams 8:00 a.m. - 5:00 p.m.

Breakout Sessions, UTDs, HOWs 9:00 a.m. - 5:00 p.m.

BC Place 6:00 p.m. - 9:00 p.m.

DAY FOUR - THURSDAY, JUNE 15

Registration 7:00 a.m. - 5:00 p.m.

Breakfast 7:00 a.m. - 9:00 a.m.

Expo Hall 7:00 a.m. - 1:30 p.m.

PCNSE6/PCNSE7/PSE Exams 8:00 a.m. - 5:00 p.m.

Breakout Sessions, UTDs, HOWs 9:00 a.m. - 5:00 p.m.

Lunch 11:30 a.m. - 1:30 p.m.



January 30, 2017

TO: Board of Retirement

FROM: Operations Oversight Committee

Alan Bernstein, Chair

Yves Chery, Vice Chair

Anthony Bravo

Joseph Kelly

Ronald Okum, Alternate

FOR: February 9, 2017 Board of Retirement Meeting

SUBJECT: **Retirement Benefits Strategic Plan for Fiscal Years Ending 2018-2020**

Recommendation

Approve the proposed Retirement Benefits Strategic Plan for Fiscal Years Ending 2018-2020.

Executive Summary

On behalf of the Operations Oversight Committee, the Chief Executive Officer is presenting the following discussion and request for the Board of Retirement to approve the Retirement Benefits Strategic Plan for Fiscal Years Ending 2018-2020.

The Retirement Benefits Strategic Plan is a roadmap for aligning organizational resources in the best manner to successfully deliver on our mission to Produce, Protect, and Provide the Promised Benefits. The plan is a living document in that we carry it forward from fiscal year to fiscal year by using project milestones for up to three years into the future.

The planning process approved by the Board at our February 2015 meeting is a collaborative effort that begins nine months before the fiscal year begins with the Operations Oversight Committee reviewing the current year plan to test its relevance and to begin the discussion on how to move the plan forward. At our October 5, 2016 Committee meeting, we reviewed our current plan's strategic initiatives to see if we are on track and make suggestions for improvement. At our January 4, 2017 Committee meeting, we reviewed management's suggestions and explored new ideas. At our January 24, 2017 Board Offsite meeting, the Board reviewed the plan to ensure we have alignment to achieve our mission to Produce, Protect, and Provide the Promised Benefits. It is, therefore, recommended the Board of Retirement approve the Retirement Benefits Strategic Plan for Fiscal Years Ending 2018-2020.

Process Overview

The strategic planning process has five milestones. It begins with the Operations Oversight Committee providing the initial momentum and culminates with the Board of Retirement adopting the plan. The following table lists these five process milestones:

Meeting	Purpose	Notes
1. October OOC	Plan Development	Review current year plan and begin discussion on strategic direction.
2. October Management Offsite	Plan Development	Management team provides operational substance.
3. January OOC	Plan Development	Introduce draft of new Strategic Plan. Revise as needed.
4. January Board Offsite	Plan Development	Work to finalize draft.
5. February Board Meeting	Plan Adoption	Propose final draft for adoption.

This timetable facilitates completing the Strategic Plan as we begin the budget process in mid-February. Having a firm idea on the Strategic Plan's initiatives we will be undertaking in the next three years provides the foundation for our budget's spending plan.

Values

Our LACERA Values are what we collectively believe in and guide our behaviors. Our LACERA Values influence how we make choices, what choices we make, and how we are to be judged on our actions by our members and stakeholders.

Professionalism

We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

Respect

Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to support each other, we create a nurturing work environment that promotes fairness and trust.

Open Communications

Our frank and straightforward expression of ideas fosters a common understanding of purpose – quality service to our members. We create a healthy work environment by sharing information, listening to each others' ideas, and giving constructive feedback.

Fairness

Our employees are entitled to a clear explanation of performance expectations. Performance evaluations are timely, honest, and impartial; personal improvement plans are reasonable and constructive; and we provide opportunities for professional development and promotion.

Integrity

We inspire confidence by our high standards for member services and sound investment practices. We are reliable, ethical, and honest. Loyalty to LACERA means loyalty to members. Integrity guides all of our work relationships.

Teamwork

We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.

Guiding Principles

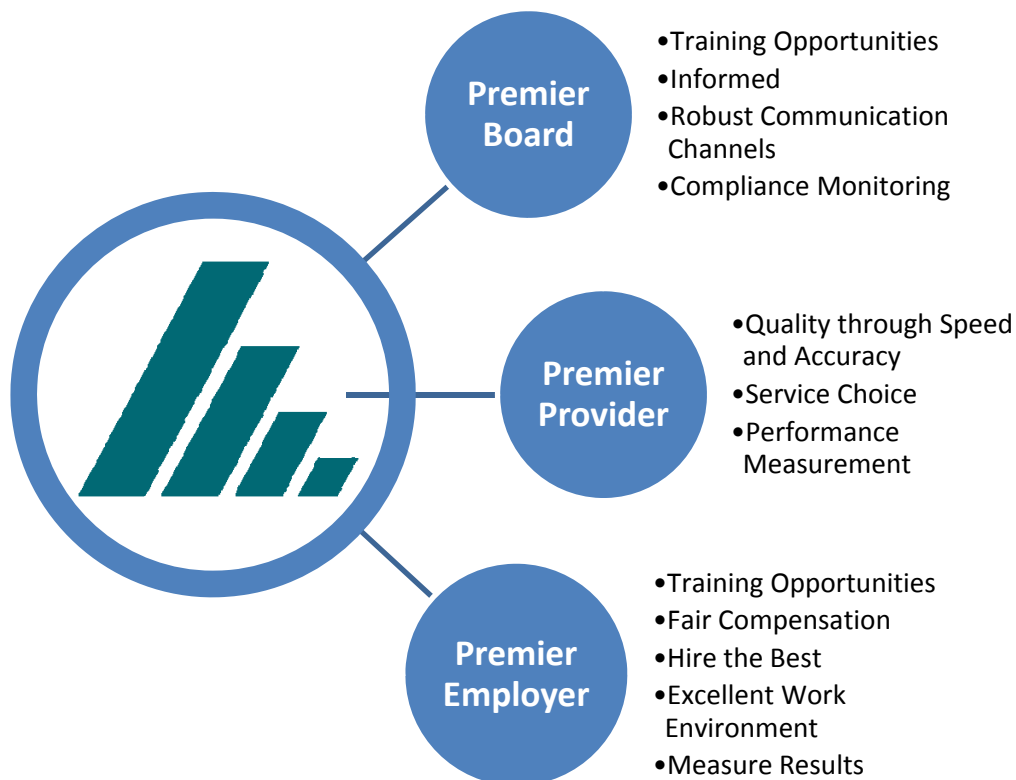
Our guiding principles describe the organization's philosophy and guide what the organization does, why it does it, and how it should be done. They will guide our organization in all circumstances irrespective of changes in our goals, strategies, work area, and leadership team.

1. To act at all times as prudent fiduciaries, executing our responsibilities exclusively on behalf of our members, beneficiaries, and participating employers.
2. To manage growth and change through planning, innovation, and the maximum use of available technology.
3. To provide responsive and consistent quality service using integrated cost-effective procedures and practices.

4. To maintain a human resources program to recruit, train, develop, and promote qualified staff; provide a quality work environment; and enhance the quality of life for our employees.
5. To maximize investment returns and minimize long-term costs by employing prudent investment and actuarial policies and practices.
6. To promote and enhance the understanding of LACERA benefits among members, employers, County officials, and the public.

Defining LACERA

In planning for the future, it is beneficial to understand, from a big picture perspective, what type of organization we will strive to become. Another way of thinking about this is to ask the question, "What is most important?" Historically, this question has been answered with a commitment to strive toward being a premier retirement association built upon our values and delivering superior member service. Expanding this definition we can view being a premier retirement organization in three dimensions.



Conclusion

The LACERA Retirement Benefits Strategic Plan helps us set our direction, define our project goals, and make decisions on allocating resources. We begin our Retirement Benefits Strategic Plan with a collaborative conversation at the Operations Oversight Committee meeting. At our Committee meetings, we reaffirm our guiding belief structure to ensure we have alignment on what we hold as most important. This facilitates our decision making process. At the Operations Oversight Committee's October 2016 meeting, we reviewed our current plan's strategic initiatives to see if we are on track and make suggestions for improvement. At our January 2017 Committee meeting, we reviewed managements suggestions and explored new ideas. At our January 24, 2017 Board Offsite meeting, the Board reviewed the plan to ensure we have alignment to achieve our mission to Produce, Protect, and Provide the Promised Benefits.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Approve the proposed Retirement Benefits Strategic Plan for Fiscal Years Ending 2018-2020.

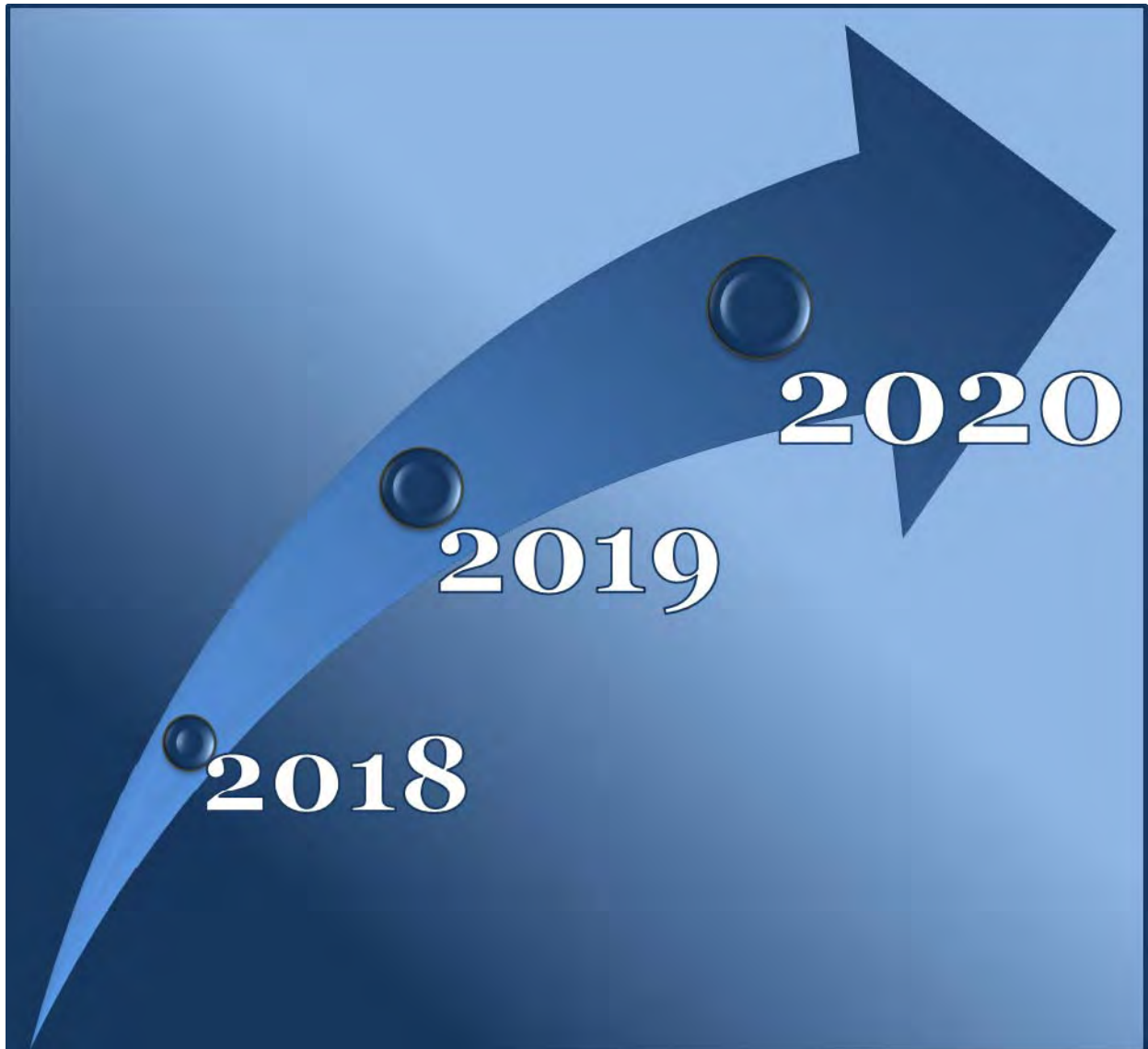
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Retirement Benefits Strategic Plan 2018 to BoR Feb 2017.doc

Attachment – Retirement Benefits Strategic Plan Proposal for Fiscal Years Ending 2018-2020

STRATEGIC PLAN

Retirement Benefits FOR FISCAL YEARS ENDING 2018-2020



L//CERA

OUR HISTORY

On January 1, 1938, LACERA was established to provide retirement allowances and other benefits to the safety and general members employed by Los Angeles County. Subsequently, LACERA expanded its membership program to include four outside Districts:

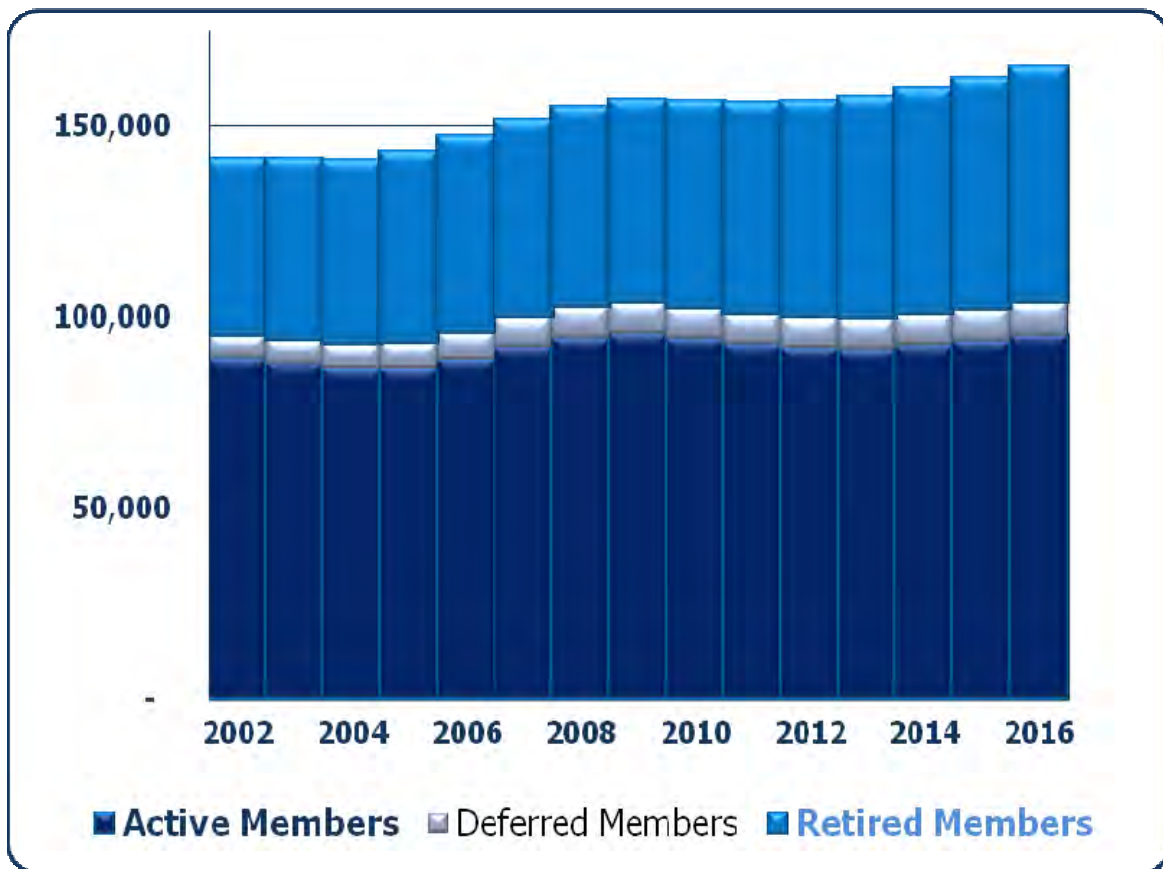
- Little Lake Cemetery District
- Local Agency Formation Commission
- Los Angeles County Office of Education
- South Coast Air Quality Management District

LACERA is governed by the California Constitution, the County Employees Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, bylaws, procedures, and policies adopted by LACERA's Boards of Retirement and Investments. The Los Angeles County Board of Supervisors may also adopt resolutions, as permitted by CERL, which may affect benefits of LACERA members.

The Board of Retirement is responsible for the general management of LACERA. The Board of Investments is responsible for determining LACERA's investment objectives, strategies, and policies. Both Boards appoint a Chief Executive Officer, to whom is delegated the responsibility of overseeing the day-to-day management of LACERA and adopting its annual administrative budget.

OUR MEMBERS

When we look at the members we serve, we see more than 160,000 individuals, each with a unique set of circumstances. And we see opportunity. For our active members, we see their opportunity to eventually retire with a secure future and we see our opportunity to provide them with the knowledge they need to make strategic choices throughout their careers that will enhance their retirements. For our retirees, we see more than the disbursement of a monthly benefit. We see the opportunity to provide the peace of mind that comes with knowing they will not outlive their hard-earned retirement allowances and that their eligible designated survivors will receive any benefits to which they are entitled.



OUR MISSION

Produce, Protect, and Provide the Promised Benefits

We see our mission as vast, yet personal. Although it is framed by statutes and diligently executed by highly-trained professionals, it is implemented each day on a personal level, with a personal touch. We see efficient service through education and compassion. We also see a prudently invested retirement fund, strategically positioned for long term growth.

OUR CORE VALUES

PROFESSIONALISM • We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

RESPECT • Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to and support each other, we create a nurturing work environment that promotes fairness and trust.

OPEN COMMUNICATIONS • Our frank and straightforward expression of ideas fosters a common understanding of purpose – quality service to our members. We create a healthy work environment by sharing information, listening to each others' ideas, and giving constructive feedback.

FAIRNESS • Our employees are entitled to a clear explanation of performance expectations. Performance evaluations are timely, honest, and impartial; personal improvement plans are reasonable and constructive; and we provide opportunities for professional development and promotion.

INTEGRITY • We inspire confidence by our high standards for member services and sound investment practices. We are reliable, ethical, and honest. Loyalty to LACERA means loyalty to members. Integrity guides all of our work relationships.

TEAMWORK • We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.

OUR OBJECTIVES

● PRUDENT FIDUCIARY ●

To act at all times as prudent fiduciaries, executing our responsibilities exclusively on behalf of our members, beneficiaries, and participating employers.

● RESPONSIVE QUALITY SERVICE ●

To provide responsive and consistent quality service using integrated cost-effective procedures and practices.

● COMMUNICATION ●

To promote and enhance the understanding of LACERA benefits among members, employers, County officials, and the public.

● QUALITY WORKFORCE ●

To develop a human resources program to recruit, train, develop, and promote qualified staff; provide a quality work environment and enhance the quality of life for our employees.

● MANAGE GROWTH AND CHANGE ●

To manage growth and change through planning, innovation, and the maximum use of available technology.

STRATEGIC INITIATIVES



Modernization of Information Technology

Information Technology plays a crucial role in every aspect of serving our membership. Our commitment to technological solutions dates back to the late 1980's when we built our own retirement processing data center, databases, and data programs. This effort continues with the transition to modern databases, graphical user interfaces, electronic documents and disaster redundancy.

• Disability Retirement •

We continue to focus our organizational energy on modernizing our disability investigation processes through revising Board policy, streamlining staff procedures, evaluating staffing deployment, changing operational expectations, improving accountability, creating new measurement structures, and developing new assistive technology tools.

Task	Implementation
Disability Process Modification	FY 2013-14
Disability Data Integration: Tracker	FY 2013-14
Disability Document Management	FY 2015-16
Disability Process Management	FY 2017-18
Board and Management Metrics Reporting	FY 2017-18
Disability Medical Document Portal – System	FY 2017-18
Disability Medical Document Portal – Training	FY 2017-18
Case Management	FY 2017-18

• Disability Appeal Process Modernization •

We are leveraging our efforts and the lessons learned in the Disability Retirement process to modernize the Disability Litigation appeals process by streamlining staff processes and procedures, developing case management tools to improve resource management, process and manage Writs, and develop a new measurement structure to provide greater insight into the caseload.

Task	Implementation
Digital Appeal Packages	FY 2016-17
E-Board Package – Disability Appeal Cases	FY 2016-17
Planning Writ Process Management	FY 2016-17
Implement Writ Process Management	FY 2017-18
Appeal Process Management	FY 2017-18
Retire Legacy System: Tracker	FY 2017-18

• Managing Work through the Job Ticket Process •

Through the years, LACERA introduced various tools to improve accuracy, timeliness, and reliability of our member transactions. Building upon this foundation, LACERA is designing and implementing a system to track the progress of each transaction as it undergoes triaging, assigning, calculating, quality review, and completion. Intrinsic to each "job ticket" is process-centric and member-centric meta data to efficiently and effectively manage work objects.

Task	Implementation
Job Ticket 1.0 – Planning	FY 2013-14
Job Ticket 1.0 – Prototyping	FY 2015-16
Job Ticket 1.0 – Production	FY 2017-18
Job Ticket 2.0 – Reporting	FY 2017-18
Job Ticket 3.0 – Case Management	FY 2018-19
Job Ticket 4.0 – Audit Version	FY 2019-20

• Knowledge & Content Management •

Provide an Enterprise Content Management System (ECMS) that integrates a centralized search of all knowledge content. We expect to internally ingest the Board of Retirement's Committee documents and implement a user friendly tool to access our membership rules and plan information.

Task	Implementation
Board Package Web Posting	FY 2015-16
Digital Archive: BOI Back file – Implement	FY 2016-17
Digital Archive: BOR Committee – Implement	FY 2016-17
Digital Archive – Disability Case Back file – Evaluate	FY 2017-18
Digital Archive – RFP	FY 2017-18
Digital Archive – Actuary Reports	FY 2018-19
Digital Archive – Accounting Reports	FY 2018-19
Digital Archive – Brochures	FY 2018-19
Digital Archive – Summary Plan Descriptions	FY 2018-19
Digital Archive – Retiree Healthcare Program	FY 2018-19

• LACERA.com •

Our website will support on-line transactions so that our members can self-service their accounts in a protected and expeditious manner.

Task	Implementation
Beneficiary Update	FY 2013-14
Portal Redesign	FY 2016-17
Secure Message Center	FY 2016-17
LACERA.com Redesign	FY 2017-18
On-Line Pension Verification	FY 2017-18
On-Line Form – Service Credit Purchase	FY 2018-19
On-Line Form – Disability Application	FY 2018-19
On-Line Retirement Elections	FY 2019-20

• Retiree Healthcare Program •

In 1987 we embarked on an ambitious program to create our own benefit administration software application. Over the ensuing decades we have devoted considerable resources to support our retirement benefit administration and more recently our disability application work processes. Looking to the future, now is the time to begin planning how to best support the Retiree Healthcare Program with improved document control, workflow, and technology. Similar to our efforts in the disability application area, this will be a multi dimensional effort which will require us to evaluate Board policy, staff procedures, staffing deployment, operational expectations, accountability, and measurement structures.

Task	Implementation
Develop Needs Assessment	FY 2017-18

• Managing Member Interactions •

The ability to provide world class service to our members is dependent on ensuring LACERA manages member interactions in an efficient manner, measures service levels, as well as keeping an accurate record of member interactions in the member's file. LACERA will focus resources on expanding our ability to record and store inbound and outbound calls with members to the Benefits and Disability Retirement Services divisions. Recording calls ensures we have an accurate record of member interactions which improves service and can be leveraged to provide quality assurance and training to staff. We will also begin focusing on the development of a Member Service Center queuing system to improve our ability to forecast, budget, and allocate staffing resources and improve management of service levels in the Member Service Center.

Task	Implementation
Member Service Center Queue System – Planning	FY 2017-18
Call Recording – Benefits Division – Planning	FY 2017-18
Call Recording – Disability Division – Planning	FY 2017-18
Replace Call Recording System	FY 2018-19

• Workspace •

The information system will facilitate member service while protecting membership information. The system environment and programs will be continually evaluated and updated. We look to improve the way we circulate the member's electronic document by creating a Job Ticket processing system.

Task	Implementation
Replace Green Screens	FY 2017-18
Retire CICS	FY 2017-18
COBOL Program Replacement – Planning	FY 2017-18
Update Estimate Program	FY 2017-18
Multiple Plan Streams	FY 2018-19
Reengineer 1st Payment – Planning	FY 2018-19



Quality is paramount to the success of this organization. Quality must be ingrained in everything we do. Quality must be developed, nurtured and evolve as our staff, systems, processes, and services transform. Our plan includes multiple initiatives to feed, care, and grow our quality ecosystem.

• Operational Compliance •

LACERA continues implementing innovative and best practice quality initiatives by introducing another line-of-defense -- a formalized Operational Compliance program. The Operational Compliance program is geared to nurture a culture of compliance and to provide a structured and transparent approach to adhere to operational processes, policies and key organizational training regiments. The program's ultimate success is achieved by an organization demonstrating a culture of compliance and ethical business practices coupled with the efficient and effective integration of Operational Compliance into our daily business practices.

Task	Implementation
Create Compliance Program Charter	FY 2017-18
Implement Organizational Compliance Committee	FY 2017-18
Develop Compliance Reporting Protocols	FY 2017-18
Develop Policy Governance Procedures and Training	FY 2018-19
Develop and Deliver Compliance and Ethics Training	FY 2018-19
Inventory LACERA Policies and Standardize	FY 2019-20
Conduct Best Practices Review	FY 2019-20

• Advanced CERL Education (ACE) Certification •

The International Foundation of Employee Benefits, in conjunction with the University of Pennsylvania, provides an outstanding educational certification in compensation management covering all aspects of benefits and compensation. This rigorous designation, known as the Certified Employee Benefit Specialist (CEBS), allows the student to specialize their CEBS certification into one of three specialty areas:

- *Compensation Management Specialist* - compensation and human resources
- *Group Benefits Associate* - healthcare and other group benefits
- *Retirement Plans Associate* - all aspects of retirement plans

While these are excellent educational opportunities, they do not specifically address plan design, practices, and procedures unique to LACERA. Our initial concept is for the ACE certification to serve as advanced certification available to LACERA's Claims Processing, Member Services, Retiree Healthcare, Quality Assurance, and Internal Audit staff. The program would include an eligibility test, class work, proficiency tests (classroom and production), and continuing education requirements. It is our hope that this designation will be eligible for certification compensation.

Task	Implementation
Develop ACE Program	FY 2016-17
Implement Program	FY 2017-18
Graduate Inaugural Class	FY 2018-19

• In-Line Quality Audits •

LACERA made great strides building a quality ecosystem over the past 10 years. Our efforts include comprehensive training courses, data clean-up projects, apprenticeship programs, standardized business practices, and independent quality assurance. These practices achieved impressive results with our quality improving from 88% to a world class quality level exceeding 98%. Our next evolutionary step is to identify data anomalies and calculation errors earlier when working a member's account to prevent errors from reaching the member in the first place.

Task	Implementation
Increase the In-Line Audit Ratio to 60%	FY 2015-16
Increase the In-Line Audit Ratio to 75%	FY 2016-17
Assess Program Resource Requirements	FY 2017-18

• Member Centric Process Management •

Benefits Division developed a Process Management Group (PMG) that is successfully managing its business rules, documentation and tools so that they are coordinated, standardized, and optimized through a continuous process improvement effort. Our Strategic Plan will expand this effort to include all member centric service divisions and business rule repositories.

Task	Implementation
Develop Coordinated Procedures	FY 2017-18
Monitor and Harmonize Procedures	FY 2017-18
Audit Program	FY 2017-18
Develop Requirements for Knowledge System	FY 2018-19

• Member Communications •

Members have important retirement choices to make, from plan selection when first hired through choosing the best date and retirement option at the end of their careers. It is our responsibility to provide the education they need to make good choices for their individual circumstances. Our strategic direction is to continue to expand and improve our communication to members by offering a wide variety of user-friendly, updated, informative, and creative educational tools that include print materials, seminars and workshops, website materials, videos, etc. We will review our current pre-retirement workshop and develop and offer topic-specific modules that members could choose from as alternatives.

Task	Implementation
Outreach Web Video – New Member	FY 2014-15
Active Member Benefit Statement	FY 2017-18
Retirement Estimate Document	FY 2017-18
Retirement University – Course 1	FY 2017-18
Retirement University – Course 2	FY 2018-19
Member Survey – Customer Needs	FY 2019-20

• Student Internship Program •

The purpose of the LACERA Student Internship Program is to employ students at the graduate and undergraduate levels, in fields of study that will be beneficial to LACERA while providing the students with challenging work experience and exposure to the public pension industry and the business operations of a governmental entity. Through this program, LACERA hopes to increase awareness of the positive community impact made by public defined benefit plans and encourage students to pursue LACERA careers.

Task	Implementation
Develop Program	FY 2016-17
Present Program for Board Approval	FY 2016-17
Implement Program	FY 2016-17

• Board Room Operations •

It is important for all members of the organization, Board, management, and workers, to be dedicated to creating and maintain a professional workspace. The Board's workspace should foster an aesthetic appearance while maintaining functionality and readily communicate LACERA's commitment to its membership.

Task	Implementation
Board Room Branding Entryway	FY 2017-18
Board Room Branding Meeting Room	FY 2017-18
Board Room Speaker Timer and Signal	FY 2017-18

• Succession Planning •

Succession planning is an important part of doing business, no matter how certain the future seems. It promotes strong leadership, facilitates organizational responsiveness, and builds team strength. A successful plan includes employees throughout the organization at all operational levels.

Task	Implementation
Employee Survey – Planning	FY 2016-17
Employee Survey – Conduct	FY 2017-18



Scrubbing Legacy Data

Our membership data is diverse, voluminous, and spans many decades of time. We maintain our membership data for perpetuity. The consequences of poor or incomplete data can magnify as time progresses and may cause serious ramifications to our members. The 1989-90 database conversion includes a series of poor or incomplete data that has placed a number of our members in harm's way. Our three year Strategic Plan places a high priority in scrubbing our legacy data.

• Member Data Evaluation •

A multi-year project plan to identify and prioritize data clean-up projects that will improve processing accuracy and service to members.

Task	Implementation
Multiple Sworn Statements – 2,800	FY 2014-15
MOU Retroactive Salary Adjustments – 26,000	FY 2014-15
Missing Service Credit – 1,000	FY 2015-16
Back Contributions Uncollected – 1,000	FY 2015-16
Service Contract not Resident – 1,000	FY 2015-16
Recalculate Contracts Uncompleted – 4,000	FY 2017-18



Implementing PEPRA

The Public Employees' Pension Reform Act of 2013 (PEPRA) required LACERA to open new plan tiers, design information systems to support the new benefit structure, develop member communications, conduct staff training, and create new monitoring protocols. With the new plan tiers successfully launched, the organization needs to take a fresh look at the additional implementation efforts yet to be completed.

Task	Implementation
PEPRA Implementation Needs Assessment	FY 2016-17
PEPRA Implementation Tactical Plan	FY 2017-18

GR:RH:JP
Strategic Plan Retirement Benefits 2017 Committee Proposal January 2017.docx



January 27, 2017

TO: Each Member,
Board of Retirement

FROM: Ted Granger, CPA, CGMA, CRMA
Assistant Financial Officer

FOR: February 9, 2017 Board of Retirement Meeting

SUBJECT: COST-OF-LIVING INCREASES EFFECTIVE APRIL 1, 2017

CONSUMER PRICE INDEX CHANGE

Sections 31870, 31870.1, and 31495.5 of the California Government Code govern cost-of-living increases for retired LACERA members and beneficiaries. These sections provide that the Board of Retirement shall, before April 1 of each year, determine whether there has been an increase or decrease in the cost-of-living, as shown by the Bureau of Labor Statistics Consumer Price Index (CPI) for All Urban Consumers for the area in which the county seat is situated, as of January 1 of each year.

Information concerning the Bureau of Labor Statistics CPI for All Urban Consumers for the Los Angeles-Riverside-Orange County, CA area is as follows:

CPI Index for Year Ended December 2016	250.19
CPI Index for Year Ended December 2015	245.36
CPI Index Change	4.83
CPI Percentage Change	1.97%
LACERA 2017 COLA Award (rounded to nearest one-half of 1%)	2.0%

MAXIMUM ALLOWABLE COST-OF-LIVING CHANGES

Every retirement allowance, optional death allowance, or annual death allowance payable to or on account of any member who retires or dies or who has retired or died shall, as of April 1 of each year, be increased or decreased by a percentage of the total allowance to approximate to the nearest one-half of 1%, the percentage of annual increase or decrease in the cost-of-living as of January 1 of each year subject to the following limitations:

- Section 31870.1 of the California Government Code governing cost-of-living increases for retired Plan A members and beneficiaries provides that such change shall not exceed 3% per year.
- Section 31870 of the California Government Code governing cost-of-living increases for retired Plans B, C, and D, as well as PEPRA Plans C and G, members and beneficiaries provides that such change shall not exceed 2% per year.
- Section 31495.5 of the California Government Code governing cost-of-living increases for retired Plan E members and beneficiaries provides that such change shall not exceed 2% per year for Plan E members who retire on and after June 4, 2002. Plan E members with service *prior* to adoption of the resolution will have their COLA benefit reduced.

ACCUMULATED COST-OF-LIVING INCREASES

The above Code sections also provide that the amount of any CPI cost-of-living increase or decrease in any year which is not met by the maximum annual change of 3% or 2% in allowances shall be accumulated to be met by increases or decreases in allowances in future years. The accumulated percentage carryover is known as the *COLA Accumulation*.

COST-OF-LIVING INCREASES EFFECTIVE APRIL 1, 2017

Based on the LACERA COLA award of 2.0% and applicable Government Code provisions, cost-of-living increases for retired members and beneficiaries, which may be approved to become effective April 1, 2017 based on retirement plan and date of retirement or death, are as follows:

- **PLAN A MEMBERS AND ELIGIBLE BENEFICIARIES**

- ALL DATES UP TO MARCH 31, 1981: 3.0%

The 3.0% increase is from the LACERA COLA award of 2.0% plus 1.0% from the COLA Accumulation to equal the maximum allowable increase of 3.0%.

- APRIL 1, 1981 TO MARCH 31, 1982: 2.7%

The 2.7% increase is from the LACERA COLA award of 2.0% plus 0.7% from the COLA Accumulation to equal the maximum allowable increase of 2.7%.

- APRIL 1, 1982 TO MARCH 31, 2017: 2.0%

The 2.0% COLA increase equals the LACERA COLA award.

- **PLANS B, C, & D, AND PEPRA PLANS C & G MEMBERS AND ELIGIBLE BENEFICIARIES**

- ALL DATES: 2.0%

The 2.0% COLA increase equals the LACERA COLA award.

- **PLAN E MEMBERS AND ELIGIBLE BENEFICIARIES**

- BEGINNING JUNE 4, 2002 TO MARCH 31, 2017: UP TO 2.0%

Plan E COLA increases apply only to service credit earned on and after June 4, 2002. Plan E members who retire on and after June 4, 2002 will receive up to a 2% COLA increase. The portion of the 2% COLA is based upon a ratio defined as the months of service earned on and after June 4, 2002 divided by the total months of service.

ADJUSTMENTS TO THE COLA ACCUMULATION FOR 2017

Based on the LACERA COLA award of 2.0% and applicable Government Code provisions, COLA Accumulation adjustments for retired members and beneficiaries, which may be approved to become effective April 1, 2017 based on retirement plan and date of retirement or death, are as follows:

- **PLAN A MEMBERS AND ELIGIBLE BENEFICIARIES (ATTACHMENT 1)**

- ALL DATES UP TO MARCH 31, 1981: 1.0% DECREASE
As the LACERA COLA award was 2.0%, 1.0% was deducted from the COLA Accumulation to equal the maximum allowable increase of 3.0%.
 - APRIL 1, 1981 TO MARCH 31, 1982: 0.7% DECREASE
As the LACERA COLA award was 2.0%, 0.7% was deducted from the COLA Accumulation to equal the maximum allowable increase of 2.7%.
 - APRIL 1, 1982 TO MARCH 31, 2017: NO CHANGE
The COLA Accumulation has a zero balance: there was no balance to draw from.
- **PLANS B, C, & D AND PEPRA PLANS C & G MEMBERS AND ELIGIBLE BENEFICIARIES (ATTACHMENTS 1 & 2)**
 - ALL DATES: NO CHANGE
The COLA award is equal to maximum COLA amount: results in no change in COLA Accumulation balance.
 - **PLAN E MEMBERS AND ELIGIBLE BENEFICIARIES (ATTACHMENT 3)**
 - JUNE 4, 2002 TO MARCH 31, 2017: NO CHANGE
The COLA award is equal to maximum COLA amount: results in no change in COLA Accumulation balance.

The COLA Accumulation percentages as of April 1, 2017 are shown in the Attachments and reflect the above adjustments.

THEREFORE, IT IS RECOMMENDED THAT THE BOARD OF RETIREMENT:

For the year ended December 2016, determine the Consumer Price Index changed by 1.97% (or when rounded to the nearest one-half of 1% as the COLA benefit rules require, 2.0%: the LACERA 2017 COLA Award), 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, 2017 in accordance with applicable California Government Code Sections.

RH:BSA:TG
COLA BOR Memo 2017.doc

Attachments

REVIEWED AND APPROVED:



Robert R. Hill
Assistant Executive Officer

1/31/17
Date

Cost-of-Living Accumulation Chart
 Percentages as of April 1, 2017

Retirement Date	PEPRA Plans G and C			
	COLA % Accumulation 1-Apr-16	STAR Benefit Adjustment in 2017	COL Adjustment 1-Apr-17	COLA % Accumulation 1-Apr-17
1/1/2013 - 3/31/2013	0.0	0.0	0.0	0.0
4/1/2013 - 3/31/2014	0.0	0.0	0.0	0.0
4/1/2014 - 3/31/2015	0.0	0.0	0.0	0.0
4/1/2015 - 3/31/2016	0.0	0.0	0.0	0.0
4/1/2016 - 3/31/2017	0.0	0.0	0.0	0.0

Note: PEPRA Plans G and C were effective January 1, 2013.

Cost-of-Living Accumulation Chart
 Percentages as of April 1, 2017

Retirement Date	Plan E		
	COLA % Accumulation 01-Apr-16	COL Adjustment 01-Apr-17	COLA % Accumulation 01-Apr-17
6/4/2002 - 3/31/2003	5.1	0.0	5.1
4/1/2003 - 3/31/2004	3.4	0.0	3.4
4/1/2004 - 3/31/2005	3.4	0.0	3.4
4/1/2005 - 3/31/2006	1.0	0.0	1.0
4/1/2006 - 3/31/2007	0.0	0.0	0.0
4/1/2007 - 3/31/2008	0.0	0.0	0.0
4/1/2008 - 3/31/2009	0.0	0.0	0.0
4/1/2009 - 3/31/2010	0.0	0.0	0.0
4/1/2010 - 3/31/2011	0.0	0.0	0.0
4/1/2011 - 3/31/2012	0.0	0.0	0.0
4/1/2012 - 3/31/2013	0.0	0.0	0.0
4/1/2013 - 3/31/2014	0.0	0.0	0.0
4/1/2014 - 3/31/2015	0.0	0.0	0.0
4/1/2015 - 3/31/2016	0.0	0.0	0.0
4/1/2016 - 3/31/2017	0.0	0.0	0.0

Notes: Plan E is ineligible for STAR COLA benefits.
 Plan E COLA benefit is effective for members who retire on and after June 4, 2002.



January 30, 2017

TO: Each Member
Board of Retirement

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: February 9, 2017 Board of Retirement Meeting

SUBJECT: **LACERA ELECTION FOR SECOND MEMBER, EIGHTH MEMBER, AND
ALTERNATE RETIRED MEMBER: STATEMENT OF POWERS AND
DUTIES OF RETIREMENT BOARD MEMBERS**

Recommendation

Approve the ballot insert entitled "Powers and Duties of Retirement Board Members" to be included with the ballot materials for the election of the Second Member, Eighth Member, and Alternate Retired Member of the Board of Retirement.

Legal Authority

The information in the Power and Duties is based on the responsibilities of Board of Retirement members under the California Constitution (Cal. Const., art XVI, § 17), the County Employees Retirement Law of 1937 (CERL) (Cal. Gov't Code §§ 31540 et seq.), the California Public Employees' Retirement Law of 2013 (PEPRA) (Cal. Gov't Code §§ 7522 et seq.), and LACERA's policies and procedures. Approval of this document is consistent with the exercise of the Board's plenary authority over administration of the system under the California Constitution. Cal. Const., art. XVI, § 17.

Background

Each year, the Board of Supervisors adopts a resolution to govern that year's LACERA election. The election this year for the Board of Retirement will include the positions of Second Member (currently held by Yves Chery), Eighth Member (currently held by William de la Garza), and Alternate Retired Member (currently held by David Muir) for three-year terms commencing January 1, 2018.

At LACERA's request, the Board of Supervisors will include with Board election materials a ballot insert entitled "Powers and Duties of Retirement Board Members" provided by your Board to assist voters in evaluating candidates. In addition, the Powers and Duties serve as a reference for Board candidates to understand the

responsibilities of Board members. Finally, the Powers and Duties are posted on lacera.com, and they are available to stakeholders and the public to communicate the responsibilities of Board members.

LACERA has for many years used the same template for the Power and Duties. A copy of this template, as adopted in 2016 for last year's election is attached as Attachment B. This year, staff decided to restate the Power and Duties to make it more complete, accurate, and organized. The proposed restated Powers and Duties is attached to this memo as Attachment A.

Discussion

The proposed restated Powers and Duties complies with best practices to fully and clearly describe the responsibilities and duties of Board members. The restated Powers and Duties includes all of the information in the document approved by the Board last year (Attachment B), as well as additional information. The restated Power and Duties is generally based on a template recommended in a report issued by The Stanford Institutional Investors' Forum Committee on Fund Governance. *The Clapman Report 2.0 Model Governance Provisions to Support Pension Fund Best Practice Principles*, at p. 10, Attachment 2 to the Report (Clapman Report).

The proposed restated Powers and Duties includes the following information:

Introduction. This section states the general responsibilities of Board of Retirement members. The section states that, under the law, LACERA duties are included as part of an elected Board member's County or public employment and shall normally take precedence over any other duties. This section also addresses the time commitment required of Board members. In the past, the Board included hourly estimates for the length of Board and Committee meetings and the time to prepare, but the Board did not include an estimated hourly grand total for all of the time required of Board members each month on Board responsibilities. Instead, the form used in the past stated that Board members would spend the "great majority" of their working time. The Clapman Report recommends that a specific estimate of hours be provided, which will provide clear communication of the required time commitment. In the proposed restated Powers and Duties, there is a blank for the total number of hours. Staff requests Board direction as to the number of hours.

Board Member Responsibilities. This section provides a detailed description of the main responsibilities of Board members, including paragraphs on:

1. Board and Committee Meetings;
2. General Management;
3. Payment of Retirement Pension Benefits;
4. Disability Retirement Applications;
5. Retiree Healthcare Benefits;
6. Claims and Litigation;
7. Retention of Vendors, Consultants, and Experts;
8. Delegation;
9. Legal Compliance; and
10. Education.

Fiduciary Duties. The restated Powers and Duties includes a separate section on fiduciary duties, with separate subsections on the Duty of Loyalty and the Duty of Care.

Conflicts of Interest. The restated Powers and Duties concludes with a section on basic conflict principles.

Conclusion

The proposed restated Powers and Duties provides additional information that will be helpful to voters, candidates, and the public in understanding the responsibilities of members of the Board of Retirement. The information is presented in a format which is organized and user-friendly, including the use of bolded headings and subsections which will enable readers, even at glance, to appreciate the responsibilities of Board members.

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Board of Retirement

Re: Statement of Powers and Duties of Retirement Board Members

January 30, 2017

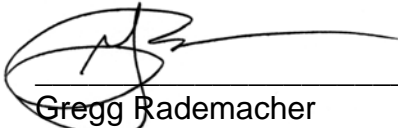
Page 4

THEREFORE, IT IS RECOMMENDED YOUR BOARD:

Approve the ballot insert entitled "Powers and Duties of Retirement Board Members" to be included with the ballot materials for the election of the Second Member, Eighth Member, and Alternate Retired Member of the Board of Retirement.

Attachments

Reviewed and Approved



Gregg Rademacher
Chief Executive Officer

c: Gregg Rademacher
Robert Hill
John Popowich

ATTACHMENT A

Proposed Restated Powers & Duties

POWERS AND DUTIES OF RETIREMENT BOARD MEMBERS

The Board of Retirement provides this summary to enable voters to evaluate candidates for the Board. The Board urges voters to review this summary prior to voting.

INTRODUCTION

The overall responsibility of the Board of Retirement is to oversee the administration of the retirement pension system and the retiree health care program to ensure that members are provided with the promised benefits upon completion of their public service with Los Angeles County and other participating public employers. In total, members of the Board of Retirement can expect to commit approximately ___ hours of their time each month to discharging their duties to the retirement system.

As to those elected Board members who are employed by the County or a participating district, the law provides that these LACERA duties are included as part of their County or other public employment and shall normally take precedence over any other duties. Given the time commitment necessary to fulfill the responsibilities of Board membership, elected Board members will be required to spend a great majority of their working time each month in carrying out their important LACERA duties and responsibilities.

The responsibilities and duties of Board members are explained in detail below.

BOARD MEMBER RESPONSIBILITIES

A Board member's duties include:

1. **Board and Committee Meetings.** The Board meets twice each month unless otherwise specified, usually on the first Wednesday and second Thursday, with each meeting generally lasting from 6 to 8 hours. In addition, the Board has established committees to assist in carrying out its responsibilities. The Board also shares additional committees jointly with the system's Board of Investments, including the Audit Committee. Some committees meet monthly; others meet less frequently but up to several times per year. Committee meetings may be held both before and after regular Board meetings, and at other times, and generally last 1 to 2 hours. In addition to the time required to attend meetings, considerable time is required to prepare for meetings and review relevant materials developed by staff and management.
2. **General Management.** The general management of LACERA is under the Board of Retirement's oversight. To exercise this responsibility, the Board establishes policies, procedures, and governance processes, and

receives, discusses, and questions reports on operational activities. A few management functions are shared with the Board of Investments. The Boards of Retirement and Investments, acting jointly, adopt the annual budget covering LACERA's operations. The two Boards also act jointly in certain employee relations matters, including approval of Memoranda of Understanding (MOU's) negotiated with SEIU Local 721, the union bargaining for represented employees of LACERA, and approval of compensation to be provided to LACERA's nonrepresented employees. The Board of Retirement is not responsible for investments or for the adoption of funding policies and the setting of contribution rates. The Legislature assigned those responsibilities to the Board of Investments.

3. ***Payment of Retirement Pension Benefits.*** The Board of Retirement administers a statutory retirement plan; it does not establish retirement benefits. This means that retirement benefits can only be provided if they have been authorized by the State Legislature in the County Employees Retirement Law of 1937, found in the California Government Code beginning at Section 31450, and the California Public Employees' Pension Reform Act of 2013, found in the California Government Code beginning at Section 7522. Retirement benefits not authorized by the retirement laws cannot be implemented by the Board of Retirement; rather, a bill must be processed through the Legislature to amend the retirement laws. With only a few exceptions, the Legislature has required the County Board of Supervisors to adopt a resolution approving benefit enhancements before they can take effect.
4. ***Disability Retirement Applications.*** One of the most important – and by far the most time consuming – duties of a Board member is to review disability retirement applications and to participate in the Board's decision to grant or deny disability retirements according to applicable legal standards. It is anticipated the Board of Retirement will process approximately 30 to 50 disability retirement cases per month. Board members carefully review each application and the medical evidence supporting the application. A Board member will then participate in the Board's deliberations and vote on each application.
5. ***Retiree Healthcare Benefits.*** The Board oversees the administration of retiree healthcare benefits under contract with the County and other participating employers.
6. ***Claims and Litigation.*** The Board decides claims made by members concerning their benefits and related issues. The Board also oversees litigation, other than securities litigation.
7. ***Retention and Oversight of Vendors, Consultants, and Experts.*** The Board approves and oversees the retention and performance of vendors,

consultants, and experts to assist in the administration of the system and to aid the Board when appropriate.

8. **Delegation.** The day-to-day operations of the retirement system are delegated to staff and outside service providers. Board members consider what responsibilities will be delegated and to whom delegation is made. Board members ensure that delegated responsibilities are properly performed through monitoring, questioning, and accountability.
9. **Legal Compliance.** The Board ensures that the retirement system maintains compliance with the plan documents and all applicable laws governing the system. Board members comply with this responsibility by conducting a periodic review of plan documents and monitoring changing legal requirements.
10. **Education.** Board members are legally required to educate themselves on appropriate topics, which may include benefits administration, disability evaluation, fair hearings, pension fund governance, new board member orientation, ethics, and fiduciary responsibilities, among other topics. Such education must consist of a minimum of 24 hours within two years of assuming office and 24 hours every subsequent two-year period the member continues on the Board. Board members may participate in state and national pension and retirement related organizations, including serving as an executive or committee member in these organizations.

FIDUCIARY DUTIES

Board members have the following fiduciary duties:

1. **Duty of Loyalty.** The California Constitution provides that Board of Retirement members are fiduciaries and are required to, “discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.” All Board members, whether elected or appointed, have the same fiduciary duty. The Board members’ duty of loyalty at all times is to the participants and beneficiaries as a whole. Board members do not serve as the agent or representative of the agency or group responsible for their election or appointment. Where different groups of participants have different interests on an issue, Board members have a duty to be impartial as between conflicting participant interests and act to serve the overall best interests of all of the participants of the system.
2. **Duty of Care.** The California Constitution provides that assets of the retirement system are trust funds to be used only for the purpose of

providing benefits and paying the costs of administering the system. Under the Constitution, members of the Board of Retirement “shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.”

The duty of care means that Board members must exercise reasonable effort and diligence in administering and exercising oversight over the system, including: implementing, and periodically reviewing and updating, policies, procedures, and processes; requesting necessary reports and information; analyzing the information, advice, and recommendations received; asking questions; seeking expert advice when required from staff and outside expert consultants; deliberating carefully before making decisions; and understanding the reason for actions before taking them. Board members must monitor the administration of the system, follow the plan documents and applicable law, and take corrective action when required to ensure the sound administration of the system so that benefits and related services are timely and correctly delivered to participants and their beneficiaries and the other matters under the responsibility of the Board of Retirement are properly performed.

CONFLICTS OF INTEREST

Board members must be free of conflicts of interest in compliance with applicable legal requirements and LACERA’s Code of Ethical Conduct. Board members cannot participate in decisions that will impact, positively or negatively, their own financial interests or the interests of certain of their related persons and entities. Board members are public officials under California conflict of interest laws, and they must be familiar with and follow those laws. Board members are in positions that are subject to disclosure of economic interests and annual reporting requirements under the Political Reform Act and Fair Political Practices Commission regulations. Conflict of interest laws and regulations are complex, and Board members should seek legal advice when appropriate.

APPROVED BY THE BOARD OF RETIREMENT ON _____.

ATTACHMENT B
2016 Powers & Duties

POWERS AND DUTIES OF RETIREMENT BOARD MEMBERS

The Board of Retirement provides this summary to enable voters to evaluate candidates for the Board of Retirement. The Board urges voters to review this summary prior to voting.

The overall responsibility of the Board of Retirement is to oversee the administration of the retirement system and the retiree health care program. This requires the Board to meet twice each month unless otherwise specified, generally on the first Wednesday and second Thursday, with meetings generally lasting from 6 to 8 hours. In addition, the Board has established several committees to assist in carrying out its responsibilities. Some committees meet monthly; others meet every other month. Committee meetings may be held both before and after regular Board meetings, and at other times, and generally last 1 to 2 hours. In addition to the time required to attend meetings, considerable time is required to review applicable materials developed by staff and management.

Board members may also participate in state and national pension and retirement related organizations, including serving as an executive or committee member in these organizations. In addition to attending meetings, Government Code section 31522.8 requires Board members to complete 24 hours of education within two years of assuming office and 24 hours of education every two years the member continues to hold membership on the Board.

The general management of LACERA is under the Board of Retirement's direction. A few functions, however, are shared with the Board of Investments. The Boards of Retirement and Investments, acting jointly, adopt the annual budget covering LACERA's operations. The two Boards must also act jointly in employee relations matters, including the approval of class specifications for LACERA's employees, the approval of Memoranda of Understanding (MOU's) negotiated with SEIU Local 721, the union bargaining for represented employees of LACERA, and the approval of compensation to be provided to LACERA's nonrepresented employees.

Additionally, one of the most important - and by far the most time consuming - duties of a Board member is to review disability retirement applications and to participate in the Board's decision to grant or deny disability retirements. It is anticipated the Board of Retirement will process approximately 30 to 50 disability

retirement cases per month. A Board member is obligated by law to carefully review each application and the medical evidence supporting the application. The Board member must then participate in the Board's deliberations and vote on the application.

Under Government Code Section 31522, as to those elected Board members who are also employed by the County or a participating district, these LACERA duties are included as part of their County or district employment. A Board member will be required to spend a great majority of their working time each month in carrying out all of their important LACERA duties and responsibilities.

The Board of Retirement administers a statutory retirement plan. This means that retirement benefits can only be provided if they have been authorized by the State Legislature in the County Employees Retirement Law of 1937, found in the California Government Code beginning at Section 31450. Retirement benefits not already authorized by the Retirement Law cannot be implemented by the Board of Retirement; rather, a bill must be processed through the Legislature to amend the Retirement Law. With only a few exceptions, the Legislature has required the County Board of Supervisors to adopt a resolution approving benefit enhancements before they can take effect.

Pursuant to Article XVI, section 17 of the California Constitution, Board of Retirement members are fiduciaries and are required to, "... discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty."

The Board of Retirement has regular meetings on the first Wednesday and on the Thursday following the second Wednesday of each month. Meeting dates may be changed by formal action of the Board.

Board members are public officials under the Fair Political Practices Act, and are in positions that are subject to FPPC economic disclosure and annual reporting requirements. The Board of Retirement is not responsible for the investments of the Retirement Fund or for the adoption of funding policies and the setting of contribution rates. The Legislature has assigned those responsibilities to the Board of Investments.

APPROVED BY THE BOARD OF RETIREMENT ON FEBRUARY 11, 2016.

**FOR INFORMATION ONLY**

January 31, 2017

TO: Each Member,
Board of InvestmentsFROM: Beulah S. Auten *JS For*
Chief Financial Officer

FOR: February 8, 2017 – Board of Investments Meeting

SUBJECT: **Semi-Annual Interest Crediting for Reserves as of December 31, 2016**

Pursuant to the County Employees Retirement Law Section 31591, regular interest shall be credited semi-annually on June 30 and December 31 to all contributions in the retirement fund, which have been on deposit six months immediately prior to such date at an interest rate of 2.5% per annum, until otherwise determined by your Board.

You may recall that in October 2011, your Board approved to reduce the assumed actuarial earnings rate over a three-year period from 7.75% to 7.50%. The new rate of 7.50% was implemented with your Board's adoption of the June 30, 2013 actuarial valuation. To provide ample time for both the plan sponsor and LACERA to prepare for the rate change implementation, the new 7.50% rate became effective July 1, 2014, which was also when the corresponding employee contribution rates as recommended in the June 30, 2013 valuation report, took effect. Going forward, this annual rate of 7.50% will remain in effect unless your Board adopts a different rate.

The Retirement Benefit Funding Policy stipulates that interest credits for Reserve accounts are allocated in the same priority order as the allocation of actuarial assets. Such interest credits are granted based on Realized Earnings for the period. The allocation of Realized Earnings is performed twice each year on June 30 and December 31.

As of December 31, 2016, there were sufficient Realized Earnings to meet the required interest credit rate of 3.75%, applied to the Member Reserves. Inasmuch as there was no Advanced Employer Contributions Reserve balance at July 1, 2016, the remaining Realized Earnings, at less than the required interest credit rate, were applied to Employer Reserves. The table below depicts the actual interest credit allocations for the six-month period ended December 31, 2016.

Priority Order	Reserve Account	Interest Credit Rate Applied
1	Member	3.75%
2	Advanced Employer Contributions	N/A
3	Employer	2.62%

REVIEWED AND APPROVED:



GREGG RADEMACHER
Chief Executive Officer

Interest Credit Rate Dec 2016 (unaudited)_final.doc
GR:BSA:tg

c: Board of Retirement, LACERA
Sachi A. Hamai, CEO, Los Angeles County



Documents not attached are exempt from disclosure under the California Public Records Act and other legal authority.

**For further information, contact:
LACERA
Attention: Public Records Act Requests
300 N. Lake Ave., Suite 620
Pasadena, CA 91101**



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