

AGENDA

A SPECIAL MEETING OF THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., FRIDAY, MARCH 3, 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 February 1, 2017
 - B. Approval of the Minutes of the Regular Meeting of February 9, 2017
- IV. REPORT ON CLOSED SESSION ITEMS
- V. OTHER COMMUNICATIONS
 - A. For Information
 - 1. January 2017 All Stars
 - 2. Chief Executive Officer's Report
(Memo dated February 22, 2017)
- VI. PUBLIC COMMENT
- VII. CONSENT AGENDA
 - A. Ratification of Service Retirement and Survivor Benefit Application Approvals.

VII. CONSENT AGENDA (Continued)

- B. Requests for an administrative hearing before a referee.
(Memo dated February 16, 2017)
- C. Recommendation as submitted by Marvin Adams, Chair, Travel Policy Committee: That the Board adopt the proposed revised Education and Travel Policy. (Memo dated February 17, 2017)
- D. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the Pension Bridge Annual Conference on April 18-19, 2017 in San Francisco, California 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 Ms. Gray) (Memo dated January 27, 2017)

VIII. NON-CONSENT AGENDA

- A. Recommendation as submitted by Vivian H. Gray, Chair, Disability Procedures and Services Committee: That the Board approve the expansion of the Priority-One Case Processing Criteria to classify cases with applicants in a Class 4 Arduous position, who have met specific age, service, medical history and legal review requirements as a Priority One.
(Memo dated February 16, 2017)
- B. Recommendation as submitted by Fern M. Billingsy, Senior Staff Counsel: That the Board 1) Adopt the Resolutions specifying pay items as "compensation earnable" and "pensionable compensation;" and 2) Instruct staff to coordinate with the County of Los Angeles to establish necessary reporting mechanism and procedures to permit LACERA to include the qualifying items in the calculation of final compensation.
(Memo dated February 14, 2017)
- C. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board 1) Approve amending the current Management Appraisal and Performance Plan Tier I Salary Structure Table – LR Schedule to include salary ranges LR26 through LR28; 2) Direct staff to submit to the Board of Supervisors the necessary salary ordinance language to implement the revised Salary Structure Table and the Chief Investment Officer salary range at LR28; and 3) Delegate authority to the Chief Executive Officer to set the Chief Investment Officer initial salary in the fourth quartile of the salary range LR28. (Memo dated February 23, 2017)

VIII. NON-CONSENT AGENDA (Continued)

- D. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board receive and file the SACRS Nominating Committee's recommended officer slate notice and consider providing direction to SACRS on additional officer nominations.
(Memo dated February 23, 2017)

IX. FOR INFORMATION ONLY

- A. For information only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services, regarding the Application Processing Time Snapshot Reports. (Memo dated February 13, 2017)

X. REPORT ON STAFF ACTION ITEMS

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

XII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

XIII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

- A. Applications for Disability
- B. Staff Recommendations

- 1. Recommendation as submitted by Jason E. Waller, Senior Staff Counsel, Disability Litigation: That the Board find **Larry L. Waldie** permanently incapacitated due to service-connected injuries and grant a service-connected disability retirement in accordance with Government Code Section 31720. (Letter dated February 14, 2017)

XIV. 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 Eugenia Ditu
 - 2. One Unnamed Potential Case

March 3, 2017

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XV. 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., WEDNESDAY, FEBRUARY 1, 2017

PRESENT: Shawn R. Kehoe, Chair

Marvin Adams

Anthony Bravo

Alan Bernstein

Yves Chery

Joseph Kelly

David L. Muir (Alternate Retired) (Arrived at 9:07 a.m.)

Ronald A. Okum

William Pryor (Alternate Member)

ABSENT: Vivian H. Gray, Vice Chair

William de la Garza, Secretary

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

John Popowich, Assistant Executive Officer

Steven P. Rice, Chief Counsel

Dr. Vito Campese, Medical Advisor

STAFF ADVISORS AND PARTICIPANTS (Continued)

Ricki Contreras, Division Manager
Disability Retirement Services

Tamara Caldwell, Specialist Supervisor
Disability Retirement Services

Francis J. Boyd, Senior Staff Counsel
Legal Division

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. Kelly 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 January 4, 2017

Mr. Chery made a motion, Mr. Adams seconded, to approve the minutes of the regular meeting of January 4, 2017. The motion passed unanimously.

IV. REPORT ON CLOSED SESSION ITEMS

No items were reported.

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. CONSENT AGENDA

Mr. Pryor made a motion, Mr. Chery seconded, to approve the following agenda items. The motion passed unanimously.

- A. Ratification of Service Retirement and Survivor Benefit Application Approvals.
- B. Requests for an administrative hearing before a referee.
(Memo dated January 19, 2017)
- C. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board dismiss with prejudice the appeal for an earlier effective date in the case of **Monica R. Molinar**.
(Memo dated January 10, 2017)

VII. FOR INFORMATION ONLY

The following items were received and filed.

- A. For information only as submitted by Gregg Rademacher, Chief Executive Officer, regarding the SACRS Board of Director Elections.
(Memo dated January 23, 2017)
- B. For information only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services, regarding the Application Processing Time Snapshot Reports. (Memo dated January 19, 2017)

VIII. REPORT ON STAFF ACTION ITEMS

There was nothing to report on for staff action items.

IX. GOOD OF THE ORDER

(For information purposes only) (Mr. Muir arrived at 9:07 a.m.)

Mr. Chery thanked the Disability Retirement team for their efforts in processing disability retirement applications in a timely manner.

Mr. Bernstein shared his experience in attending the NCPERS Legislative

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

Conference. Furthermore, Chair Kehoe recommended having a lobbyist at the federal level in addition to having a state lobbyist.

Mr. Adams recognized and thanked staff for their hardwork in putting together the Board Offsite.

Furthermore, Mr. Rademacher recognized and congratulated LACERA staff member, Amy Tao on her recent retirement.

Lastly, Mr. Boyd introduced Legal Analyst, Joseph Massa, who will be assisting in reviewing disability retirement cases.

X. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Law Enforcement
Service-Connected Disability Applications

On a motion by Chair Kehoe, seconded by Mr. Chery, the Board of Retirement approved a service-connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met the burden of proof:

<u>APPLICATION NO.</u>	<u>NAME</u>
585C	WILLIAM B. O'LOUGHLIN
586C	LESLIE A. LARSON
587C	DIANA L. DOBBINS
588C	DONNIE R. JOHNSON, JR.

X. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Law Enforcement (Continued)
Service-Connected Disability Applications

<u>APPLICATION NO.</u>	<u>NAME</u>
589C	CARLOS HERRERA
590C	SAVERIO A. BELLOMO
591C	ESTEBAN M. RAMOS
592C	DANIEL G. MCINNES
593C	DANIEL J. CASTANEDA
594C*	GREGORY A. DOOLEY
595C**	MICHAEL J. ROTHANS
596C	LARRY B. YOUNG
597C	MARTIN E. RIOS
598C	ADRIANA F. REYES
599C**	ANTHONY L. CAMPBELL
600C***	KIMBERLY A. PRESTON-BYROM

* Granted SCD – Employer Cannot Accommodate

** Granted SCD – Retroactive

*** Granted SCD – Salary Supplement

X. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety-Fire, Lifeguard
Service-Connected Disability Applications

On a motion by Mr. Pryor, seconded by Mr. Bernstein, the Board of Retirement approved a service-connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met the burden of proof:

<u>APPLICATION NO.</u>	<u>NAME</u>
1820A	MICHAEL L. LINCH
1821A	EDWARD M. MORALES
1822A*	DERYL L. FORT
1823A	RICKY D. RAPIER
1824A	LARRY M. SAENZ
1825A*	BRIAN J. NOVAK
1826A	LANCE W. NIELSEN
1827A*	EDWARD J. MARTIN
1828A	ROBERT SEALS
1829A	MICHAEL J. KRUSE
1830A	DON C. JACKSON
1831A	MICHAEL T. CHUCK

* Granted SCD – Retroactive

X. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety-Fire, Lifeguard (Continued)
Service-Connected Disability Applications

<u>APPLICATION NO.</u>	<u>NAME</u>
1832A	MERVYN M. MORELOCK
1833A**	MARK J. BENNETT

General Members
Service-Connected Disability Applications

On a motion by Mr. Chery, seconded by Mr. Bravo, the Board of Retirement approved a service-connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met the burden of proof:

<u>APPLICATION NO.</u>	<u>NAME</u>
2689B*	MANIELITA C. ROSETE
2690B**	RUBEN L. ALMANZA
2691B	KRISTINA KOLL
2692B***	EMMA L. WALKER
2693B***	CLAUDIA J. DAVIS
2694B*	CARMEN RUIZ

* Granted SCD – Retroactive Since Employer Cannot Accommodate

** Granted SCD – Employer Cannot Accommodate

*** Granted SCD – Retroactive

X. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

General Members

Non-Service Connected Disability Applications

On a motion by Mr. Okum, seconded by Mr. Bernstein, the Board of Retirement approved a non-service connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met the burden of proof:

APPLICATION NO.

NAME

4356

HORACIO ORTEGA

XI. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability

APPLICATION NO. & NAME

BOARD ACTION

6933A – FREDDIE B. CARDENAS

Mr. Chery made a motion, Mr. Okum seconded, to deny a service connected disability retirement without prejudice. The motion passed unanimously.

6924A – DEBORAH A. HOLGUIN

Mr. Pryor made a motion, Mr. Muir seconded, to deny a service connected disability retirement since the employer can accommodate. The motion passed unanimously.

6887A – DAVID P. GEOPFORTH

Mr. Chery made a motion, Chair Kehoe seconded, to grant a service connected disability retirement pursuant to Government Code Section 31720. The motion passed unanimously.

XI. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

B. Referee Reports

APPLICATION NO. & NAME

BOARD ACTION

DARRYL W. BROWN – Thomas J. Wicke for the applicant
Jason E. Waller for the respondent

Mr. Chery made a motion, Chair Kehoe seconded, to grant a service connected disability retirement. The motion passed unanimously.

C. Staff Recommendations

1. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board adopt the Proposed Findings of Fact and Conclusions of Law granting **Gina L. McDowell** a non-service connected disability retirement with the option for an earlier effective date pursuant to Government Code Section 31720 and 31724. (Memo dated January 12, 2017)

Mr. Adams made a motion, Mr. Pryor seconded, to approve the recommendation. The motion passed with Mr. Bernstein abstaining.

2. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board reject the application of **Esteban C. Esposito** for processing. (Memo dated January 19, 2017)

Mr. Kelly made a motion, Mr. Okum seconded, to approve the recommendation. The motion passed unanimously.

XI. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

C. Staff Recommendations (Continued)

3. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board reject the application of **Belinda F. Gibson** for processing.
(Memo dated January 19, 2017)

Mr. Kelly made a motion, Mr. Muir seconded, to approve the recommendation. The motion passed unanimously.

4. Recommendation as submitted by Eugenia W. Der, Senior Staff Counsel, Disability Litigation: That the Board find **Lynn Davis** permanently incapacitated for service-connected causes and grant her a service-connected disability retirement.
(Letter dated January 10, 2017)

Mr. Adams made a motion, Mr. Okum seconded, to approve the recommendation. The motion passed unanimously.

5. Recommendation as submitted by Jason E. Waller, Senior Staff Counsel, Disability Litigation: That the Board find **Kimberly Chung** permanently incapacitated due to service-connected injuries and grant her a service-connected disability retirement in accordance with Government Code Section 31720. (Letter dated January 19, 2017)

Mr. Pryor made a motion, Mr. Okum seconded, to approve the recommendation.

Mr. Bernstein made a substitute motion, Chair Kehoe seconded, and accepted by Mr. Pryor, to approve staff's recommendation with a two year review. The motion passed unanimously.

XI. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

C. Staff Recommendations (Continued)

6. For Information Only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services, regarding the 2016 Quarterly Reports of Paid Invoices for 4th Quarter – October 1, 2016 to December 31, 2016. (Memo dated January 12, 2017)

This item was received and filed.

XII. EXECUTIVE SESSION

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

1. Kenneth Siers v. Board of Retirement

The Board met in Executive Session pursuant to Government Code Section 54956.9(d)(1). There is nothing to report.

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

1. Retirement Board Listing dated February 1, 2017

XIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 9:26 a.m.

WILLIAM DE LA GARZA, SECRETARY

SHAWN R. KEHOE, CHAIR

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, FEBRUARY 9, 2017

PRESENT: Shawn R. Kehoe, Chair
Vivian H. Gray, Vice Chair
Marvin Adams
Alan Bernstein
Anthony Bravo
Yves Chery
Keith Knox (Chief Deputy to Joseph Kelly)
David L. Muir (Alternate Retired)
Ronald A. Okum
William Pryor (Alternate Member)

ABSENT: William de la Garza, Secretary
Joseph Kelly

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer
Robert Hill, Assistant Executive Officer
Steven P. Rice, Chief Counsel
Michael Herrera, Senior Staff Counsel

STAFF ADVISORS AND PARTICIPANTS (Continued)

Jill P. Rawal, Staff 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. Adams 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 January 12, 2017

Mr. Chery made a motion, Chair Kehoe seconded, to approve the minutes of the regular meetings of January 12, 2017. The motion passed unanimously.

IV. REPORT ON CLOSED SESSION ITEMS

No items were reported.

V. OTHER COMMUNICATIONS

A. For Information

1. December 2016 All Stars

Mr. Hill announced the eight winners for the month of December: Sevan Simonian, Jay Lee, John Gaffney, Elizabeth Escoto, Trina Sanders, Ervin Wu, Joie Dang, and Karina Lopez for the Employee Recognition Program and Sandy Pang for the Webwatcher Program. Felisa Valdepenas, Mary Ann Valenzuela, Imelda Saldivar, and Kyona Dunbar were the winners of LACERA's RideShare Program.

V. OTHER COMMUNICATIONS

A. For Information (Continued)

2. Chief Executive Officer's Report (Memo dated January 31, 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.)

Lastly, Mr. Rademacher announced that Board Secretary, Bonnie Nolley, will be on medical leave starting in June. Interviews will be conducted for internal candidates interested in a temporary opportunity to fill Mrs. Nolley's position from June 2017 to January 2018.

VI. PUBLIC COMMENT

There were no requests from the public to speak.

VII. CONSENT AGENDA

Mr. Bernstein made a motion, Mr. Muir seconded, to approve the following agenda items. The motion passed unanimously.

- 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)

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

Mr. Okum made a motion, Mr. Bernstein seconded, to approve the recommendation. The motion passed unanimously.

- 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)

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

VIII. NON-CONSENT AGENDA (Continued)

Mr. Chery made a motion, Mr. Okum seconded, to approve the recommendation. The motion passed unanimously.

- 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)

Mr. Rice was present and answered questions from the Board.

Mr. Okum made a motion, Mr. Muir seconded, to approve the recommendation with the revision to page 1 adding 120-140 hours under Introduction as the number of hours per month that Board members can expect to spend in discharging their duties to the retirement system. The motion passed unanimously.

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)

This item was received and filed.

X. REPORT ON STAFF ACTION ITEMS

There was nothing to report on for staff action items.

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

Mr. Rademacher reminded the Board that the SACRS 2017 Spring Conference will be taking place on Tuesday, May 16 through Friday, May 19.

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

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, on a motion by Mr. Okum, seconded by Mr. Muir, to grant the appeal in the case of Lorraine Munoz and the Board voted unanimously, on a motion by Mr. Muir, seconded by Mr. Adams, to deny the appeal of Selena Safari.

B. Conference with Legal Counsel - Anticipated Litigation Initiation of Litigation (Pursuant to Paragraph (4) of Subdivision (d) of California Government Code Section 54956.9)

1. Number of Cases: 1

Before the Executive Session, Mr. Rice announced that the correct statutory basis for this item is Paragraph (4) of Subdivision (d) of Government Code Section 54956.9.

The Board then met in Executive Session. There was nothing to report.

XIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 9:57 a.m.

WILLIAM DE LA GARZA, SECRETARY

SHAWN R. KEHOE, CHAIR



February 22, 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).

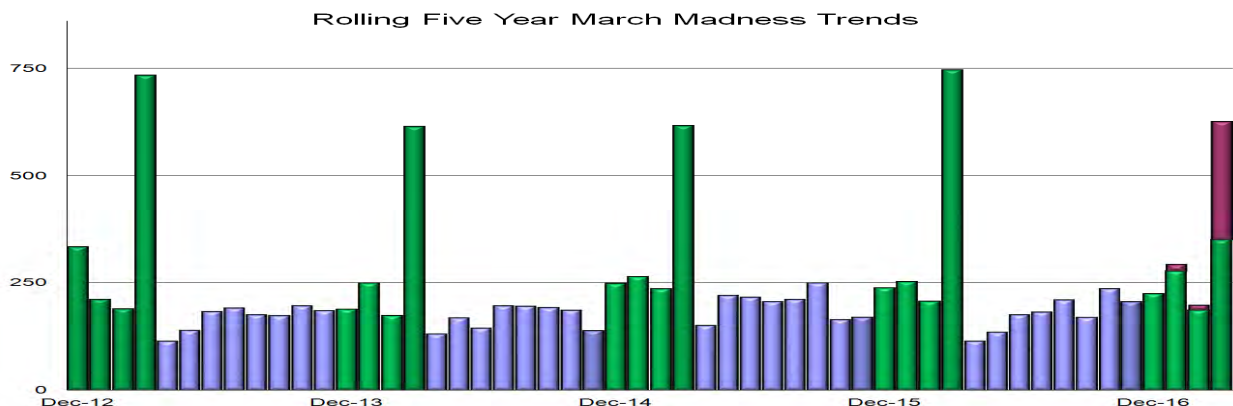
Retirement Month	Retirement Elections
December 2016	0
January 2017	15
February 2017	12
March 2017	277
Pending Disability Cases	114
Total Pending	418

The 27 retirement elections not completed for December - February are pending for the following reasons: receipt/review of dissolution documents (10), receipt/review of reciprocal confirmations (7), last minute retirement submissions (6), and additional research or information required (4).

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 114 cases pending, 31 are completed after the payroll was run, 83 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.

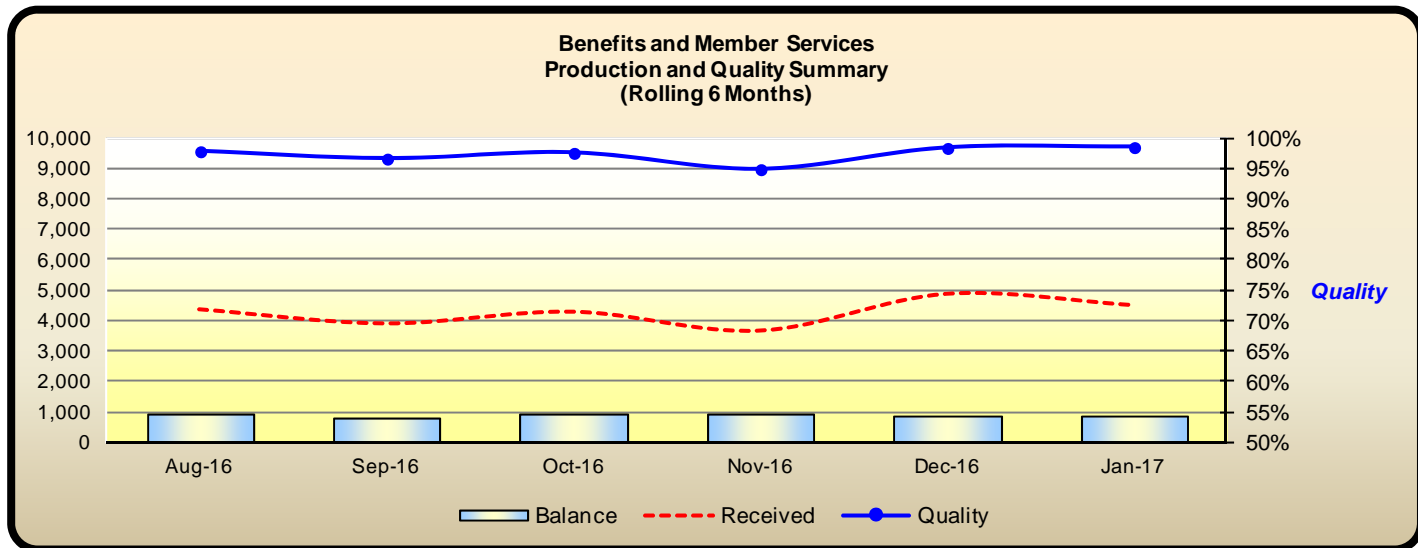
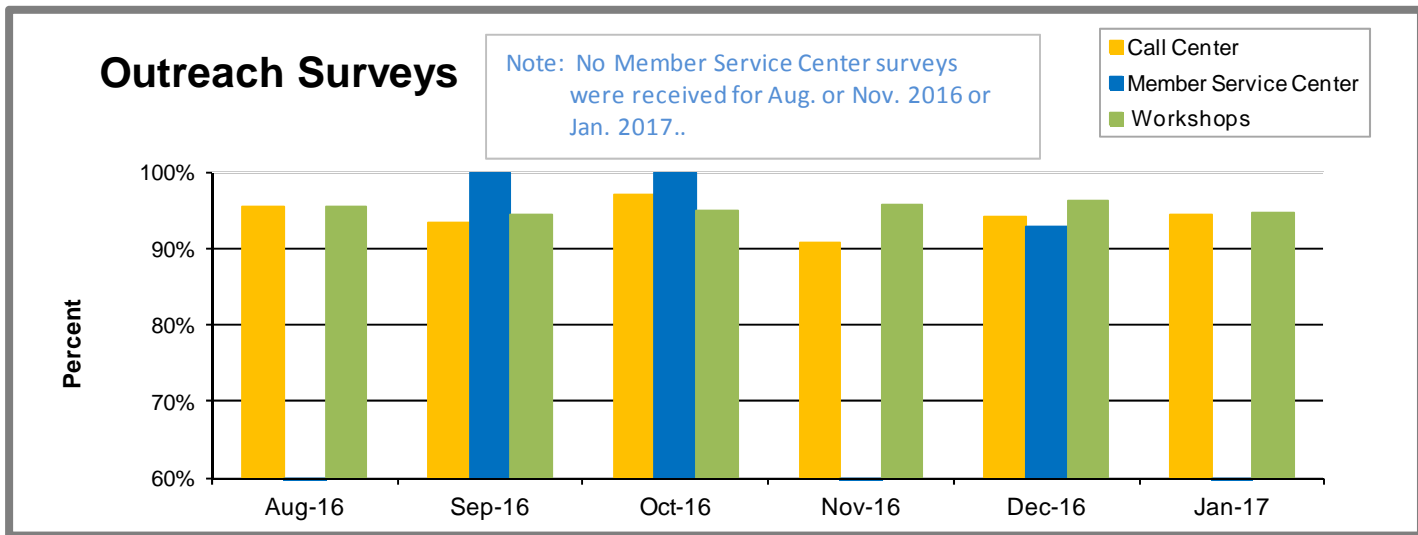
The green bars in the following chart reflect those members who have been approved to retire (i.e., their retirement elections have been approved and completed). The red bars reflect those cases that have not been processed as of the date of this report. As of February 17, 2017, we have processed 1,032 out of 1,336 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 (223 vs. avg. of 245), over the five year average for January (291 vs. avg. of 250), and on par for the five year average for February (197 vs. avg. of 197). 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	4	104	174	3,989
Mid Career	1	18	68	631
New Member	10	101	269	2,216
Pre-Retirement	7	54	116	1,193
General Information	0	5	0	381
Retiree Events	0	11	0	617
Member Service Center	Daily	Daily	2,063	9,478
TOTALS	22	293	2,690	18,505



Member Services Contact Center			RHC Call Center	Top Calls
Overall Key Performance Indicator (KPI)	92.17%			
Category	Goal	Rating		
Call Center Monitoring Score	95%	95.20%	99%	Member Services
Grade of Service (80% in 60 seconds)	80%	51%	10%	1) Workshop Info/ Appts. Inquiry
Call Center Survey Score	90%	94.42%	xxxxx	2) Ins. Benefits-Call Transferred Direct
Agent Utilization Rate	65%	73.00%	85%	3) Ins. Benefits-General Info
Number of Calls	13,080		8,935	Retiree Health Care
Calls Answered	11,880		6,105	1) Mailing-Special Mailing (RHC)
Calls Abandoned	1,200		2,837	2) Turning Age 65/Part B Prem Reimb.
Calls-Average Speed of Answer	0:02:26		15:27	3) Medical-New Enroll/Change/Cancel
Number of Emails	481		1996	
Emails-Average Response Time	05:14:47		1	Adjusted for weekends

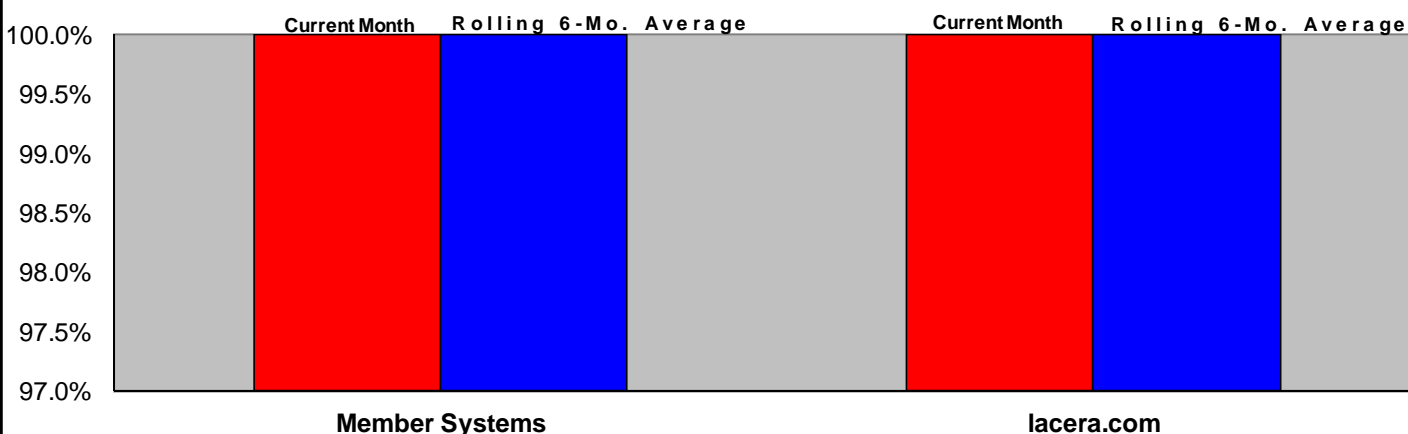
LACERA's KEY BUSINESS METRICS

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	524	xxxxxxx		On Hand	133	xxxxxxx
Received	47	316		Received	3	22
Re-opened	0	1		Administratively Closed/Rule 32	2	17
To Board – Initial	40	246		Referee Recommendation	1	5
Closed	12	38		Revised/Reconsidered for Granting	3	9
In Process	519	519		In Process	130	130

SYSTEMS AVAILABILITY - JANUARY 2017



Active Members as of 2/21/17		Retired Members/Survivors as of 2/21/17			Retired Members	
		Retirees	Survivors	Total		
General-Plan A	210	18,855	4,666	23,521	Monthly Payroll	252.97 Million
General-Plan B	77	686	65	751	Payroll YTD	1.8 Billion
General-Plan C	75	427	60	487	Monthly Added	312
General-Plan D	46,001	12,281	1,163	13,444	Seamless %	100.00
General-Plan E	20,163	11,385	956	12,341	YTD Added	1,889
General-Plan G	17,512	5	0	5	Seamless YTD %	99.79
Total General	84,038	43,639	6,910	50,549	Direct Deposit	95.00%
Safety-Plan A	10	5,741	1,573	7,314		
Safety-Plan B	11,084	4,512	242	4,754		
Safety-Plan C	1,700	1	0	1		
Total Safety	12,794	10,254	1,815	12,069		
TOTAL ACTIVE	96,832	TOTAL RETIRED	53,893	8,725	62,618	

Health Care Program (YTD Totals)

	Employer Amount	Member Amount
Medical	262,486,787	22,800,927
Dental	23,633,125	2,499,214
Med Part B	30,651,472	xxxxxxxxxx
Total Amount	\$316,771,384	\$25,300,141

Health Care Program Enrollments

Medical	47,989
Dental	49,061
Med Part B	31,674
Long Term Care (LTC)	734

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
April, 2017	
3-5	InfoSecWorld 2017 Conference & Expo Championsgate, FL
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
16-19	SACRS Napa, CA
21-24	NCPERS (National Conference on Public Employee Retirement Systems) Annual Conference Hollywood, FL
21-24	Government Finance Officers Association (GFOA) Annual Conference Denver, CO
22-23	IFEBP (International Foundation of Employment Benefit Plans) Legislative Update Washington D.C.



February 16, 2017

TO: Each Member
Board of Retirement

FROM: Ricki Contreras, Division Manager
Disability Retirement Services

SUBJECT: **APPEALS FOR THE BOARD OF RETIREMENT'S MEETING
OF MARCH 3, 2017**

IT IS RECOMMENDED that your Board grant the appeal and request for administrative hearing received from the following applicant, and direct the Disability Retirement Services Manager to refer the case to a referee:

6931A Sheila L. Smith

In Pro Per

Deny SCD

February 17, 2017

TO: Each Member
Board of Retirement

Each Member
Board of Investments

FROM: Travel Policy Committee
Marvin Adams, Chair
Alan Bernstein, Vice Chair
Anthony Bravo
Vivian Gray
David Green
Shawn Kehoe
Diane Sandoval
Herman Santos

FOR: March 3, 2017 Board of Retirement Meeting
March 6, 2017 Board of Investments Meeting

SUBJECT: **REVISED EDUCATION AND TRAVEL POLICY**

Recommendation

That the Board of Retirement and Board of Investments adopt the proposed revised Education and Travel Policy.

Discussion

At its February 9, 2017 meeting, the Travel Policy Committee¹ considered revisions to the Education and Travel Policy. Attached as Attachment A is a redlined copy of the Policy marked to show changes recommended by the Committee to the Board of Retirement and Board of Investments.

The proposed changes are:

1. Pursuant to Finding 1 and Recommendation 1 of the recent Education and Travel Policy Compliance Audit (a copy of which is attached as Attachment B, at 6-7), revisions are made to support the requirement of written substantiation for travel reimbursement requests. The Audit Report found two instances where travel expenses were not adequately documented. The Audit Report recommended that the Financial and Accounting Services Division (FASD) ensure “proper and completed

¹ Committee members Adams, Bernstein, Bravo, Gray, and Kehoe were present.

written information, as required by the Policy, is submitted.” The Audit Report was received and filed, without change, at the December 14, 2016 Audit Committee meeting.

To assist FASD in complying with the recommendation and to reinforce documentation requirements to travelers and other users of the Policy, the Policy is revised at pages 3 (Sections 705.02 and 705.04), 8 (Section 705.18), 9, and 11 (Attachment A). These changes reinforce and clarify existing documentation requirements in the Policy.

2. Pursuant to Finding 2 and Recommendation 2 of the Education and Travel Policy Compliance Audit (Attachment B, at 7-8), revisions are made to the Policy at page 13 (Attachment A) to provide that if reimbursement is sought under either the Per Diem Method or Actual Receipt Method for a meal pre-paid by LACERA, written justification will be provided.

The Policy currently provides that, if a meal is pre-paid by LACERA, reimbursement for a separate meal at the same time will not be paid except where the traveler has special dietary or medical concerns or where it was reasonably necessary for the traveler to conduct LACERA business while the pre-paid meal was being served (Policy, at 12). The Audit Report found four instances where travelers requested a full day per diem for meals even though meals were provided at the conferences they attended. The Audit Report recommended the Policy be revised to require travelers to submit written justification for meal reimbursement when meals are pre-paid by LACERA. In Management’s Response to this audit finding, management agreed to recommend to this Committee that the Policy be revised to address the issue.

3. A revision is made to the Policy at page 5 (Attachment A) to provide that the maximum number of International Conferences that may be attended by Board members per fiscal year is increased to three for individuals who are members of both Boards. The existing limit of two International Conferences per fiscal year will continue to apply to individuals who are members of one Board. This revision is based on the broader scope of educational subject matters and opportunities, including International Conferences, for individuals who are members of both Boards in order to educate themselves and stay current on relevant issues.

The Policy at page 5 is also revised to clarify that the limits on the number of International Conferences that Board members may attend and the number of members that may attend an International Conference do not apply to conferences in Canada and Mexico, given their proximity to the United States.

4. Revisions are made to the Policy at page 10 (Attachment A) to the circumstances under which travelers may travel in business class or its equivalent. Currently, the Policy provides that business class or equivalent may only be used for non-stop flights of six hours or more and for red-eye flights. The proposed revisions state that business class or equivalent may be used if non-stop flight time or total connecting travel time from original departing airport to the final destination airport is five hours or more. The proposed revisions also state that business class or equivalent may be used for international flights.

With respect to non-stop flights, these revisions are reasonable because some flights (such as travel to the East Coast) are just under six hours and yet have the same fatigue factor as a flight of six hours or more.

With respect to connecting flights, the current policy does not address this type of travel. Such travel is often less expensive than non-stop flights, and yet it involves layovers and other wait time between flights that can bring the total travel time to five hours or more and therefore are as fatiguing, or even more so, than non-stop flights.

With respect to all international flights, they often involve early or other special check-in requirements and other circumstances that justify business travel in all such cases, regardless of length.

These changes will encourage trustees and staff to take advantage of less expensive forms of domestic travel having layovers and will also minimize the tiring aspects of travel so that the educational or business purpose of the travel will not be impaired by fatigue.

5. The Policy is revised at page 15 (Attachment A) to provide that, as part of Other Travel Expenses, travelers may be reimbursed for gym access through a traveler's hotel or local gym or health facility. This change is reasonable to help travelers maintain health on the road.

Other changes are made to this same section of the Policy to clarify that reasonable business and personal telephone will be reimbursed so that travelers may stay in touch while traveling; the current Policy wording is interpreted in this way and the proposed change will therefore simply document existing practice. All such telephone expenses must be reasonable and must be substantiated with bills or other documentation. Another related change is also made, stating that travelers may contact the Systems Division to discuss their technology needs while traveling. Systems can often provide cost-effective solutions, including use of LACERA devices, international rate plans, and other services.

Finally, another change is made to the same section of the Policy to provide that LACERA will reimburse the cost of membership in TSA Pre, Global Entry, NEXUS, SENTRI, or other expedited security and border processing programs in order to minimize the security processing time and inconvenience associated with both domestic and international travel.

6. The Policy is revised at page 11 (Attachment A) to clarify that reimbursable room rates for lodging include mandatory taxes and hotel fees.
7. Minor, nonsubstantive typographical errors are corrected throughout the Policy.

The Internal Audit Division reviewed the proposed changes.

Conclusion

For the reasons stated above, **IT IS RECOMMENDED** by the Travel Policy Committee that the Board of Retirement and Board of Investments adopt the proposed revised Education and Travel Policy.

Attachments

c: Gregg Rademacher
Robert Hill
John Popowich
Beulah Auten
Ted Granger
Christina Logan

ATTACHMENT A

PROPOSED REVISED

EDUCATION AND TRAVEL POLICY



Education and Travel Policy

Approved: Board of Investments, ~~April 13, 2016~~ _____, 2017
Board of Retirement, ~~April 6, 2016~~ _____, 2017

EDUCATION AND TRAVEL POLICY

Statement of Purpose

The Board of Retirement, the Board of Investments, and designated staff have a fiduciary duty:

- To obtain education on matters of public pension administration and investments,
- To monitor the administration and investments of the Trust,
- To monitor the work of those to whom the Board has delegated authority to administer and manage Trust assets, and
- To advocate positions that protect and further the interests of the Trust.

It is the desire and intention of the Board of Retirement and the Board of Investments to ensure that the Boards and staff may perform their fiduciary duties, by implementing an education and travel policy by which:

- Board Members and staff receive current benefit, financial and policy information pertinent to the administration of public pension plans, the administration and management of the retiree health care program, and the investment of public pension funds,
- Board Members and staff may travel to advocate positions that protect and further the interests of the Trust, and
- Board Members may complete their required 24 hours of “board member education” every two years as mandated by Government Code §31522.8.

The Boards desire to avoid even the appearance of impropriety in connection with education and travel. The Boards acknowledge that acceptance of gifts of travel, such as transportation, meals, and lodging by a public agency, though permitted under certain circumstances by applicable law, can create the appearance that LACERA encourages “pay to play” and may, unwittingly, create opportunities for undue influence on Board Members and staff. LACERA’s education and travel policy therefore does not permit LACERA as an entity to accept gifts of travel.

The Boards further acknowledge that international travel, though expensive, is increasingly necessary in light of today’s global economy and LACERA’s ongoing prudent investment of a substantial portion of its assets outside the United States.

EDUCATION AND TRAVEL POLICY

This policy is to be implemented in compliance with the relevant provisions of the California Government Code and federal law, and in harmony with existing philosophy, objectives, policies and guidelines previously approved by the Boards of Retirement and Investments.

This policy shall be reviewed by the Travel Committee of the Board of Retirement and Board of Investments annually or as needed and may be amended by both Boards at any time.

705.00 – EDUCATIONAL CONTENT REQUIREMENT

Except as provided in Section 705.01.A.1, conferences and seminars must contain an average of five hours of substantive content per day, excluding travel days.

705.01 – EDUCATION AUTHORIZATION

A. Board Members

1. Local educational conferences and seminars not requiring common carrier travel and lodging and where the registration fee is \$500 or less are approved for attendance. Such conferences and seminars must contain substantive content but are not subject to the five-hour per day content requirement of Section 705.00.
2. Educational conferences, seminars and meetings listed on Attachment C are preapproved for attendance and expense reimbursement provided all other policy requirements are met.
3. Educational conferences, seminars, and meetings not listed on Attachment C and not covered by Section 705.01.A.1 require prior approval by the Board. Memoranda submitted to the Board seeking approval to attend conferences, seminars and meetings shall include the registration fee and hotel rate.
4. Attending a conference, seminar and meeting held outside of the United States requires prior Board approval whether or not such conference, seminar or meeting is listed on Attachment C.
5. The Board may ratify attendance at otherwise unapproved conferences, seminars and meetings for good cause explained in a written communication to the Board.

EDUCATION AND TRAVEL POLICY

6. Requests for conference attendance and travel arrangements must be made in writing and directed to the appropriate Board staff secretary.

B. Staff Members The Chief Executive Officer, or designee, shall approve staff education and travel.

705.02 - AUTHORIZED EXPENSES

Authorized educational and related travel expenses for Board Members and staff shall be determined by the Boards as set forth in Attachment A. LACERA Board Members and staff shall be reimbursed for reasonable and necessary expenses incurred, [and documented](#), in connection with LACERA business.

705.03 - COSTS OF ADMINISTRATION

Education and travel expenses for Board Members and staff shall be administrative costs and may not be paid through third party contracts. It is LACERA's policy that LACERA, as an agency, will not accept gifts of travel.

705.04 - CLAIMS FOR REIMBURSEMENT

An education and travel expense reimbursement shall be claimed by completing an expense voucher form available on the LACERA intranet website and submitting it to the appropriate authorizing person. Board Members may submit their expense reimbursements to their respective Board staff secretaries and staff to their Division Manager. [All expense reimbursement requests shall be accompanied by receipts and/or other reasonable documentation.](#) The deadline for submitting an education and travel reimbursement claim is 90 days after completing the education, or 30 days after the fiscal year-end, whichever comes first. Extensions to this deadline may be granted upon showing good cause.

705.05 – BOARD PRIORITY WHERE ATTENDANCE IS LIMITED

Should an education provider limit Board Member attendance, it is the Boards' intent to provide attendance priority to the specified Board as designated in Attachment C. The basis for this designation is for the Board of Retirement Members to have attendance priority for benefit, healthcare, plan administration, and general policy conferences and for the Board of Investments Members to have priority for investment and actuarial conferences. In this context, the term "conference" is meant to include conference, meeting, roundtable, symposium, or any other term used to describe an educational opportunity. Should a conference not listed in Attachment C be approved by both

EDUCATION AND TRAVEL POLICY

Boards, such conference will be prioritized by the CEO in the manner used to set Board Priority in Attachment C.

705.06 - SELECTION OF ATTENDEES WHERE ATTENDANCE IS LIMITED

In the event attendance at a conference or seminar where the number of LACERA representatives that may attend is limited, a Board staff secretary shall canvass the Board with conference priority, per Attachment C or so designated, to identify those Board Members interested in attending. In the event more Board Members from the Priority Board desire to attend than the conference provider will accommodate or this policy allows, such attendance will be determined by the appropriate priority listing as described in Attachment B. After fulfilling attendance needs for the Board with attendance priority, remaining attendance opportunity will shift to the other Board.

705.07 – CONFERENCE ATTENDANCE LIMITATIONS

A. Number of Conferences Subject to Reimbursement per Fiscal Year

1. Every Board Member is authorized to attend up to 8 approved conferences per fiscal year, and up to 12 if the Board Member is serving simultaneously on both Boards.
2. It is the policy's intent for Board members to have the ability to maximize attending local educational conferences. As such, conferences that do not require common carrier travel and lodging is under \$1,500, are not subject to the 8 (or 12, as applicable) conference attendance limit.

B. Failing to Attend or Canceling a Conference Timely

Travel expenses incurred by a Board Member for the first 8 (or 12, as applicable) approved conferences the Board Member attends per fiscal year are subject to reimbursement by LACERA in accordance with this Education and Travel Policy. If a Board Member is enrolled for a conference but fails to attend or timely cancel and LACERA incurs an expense as a result (e.g., conference registration, travel and lodging cancelation fees), that conference counts toward the limit until the Board Member reimburses LACERA for all expenses incurred, unless the failure to cancel is excused under [sSection 705.12\(c\)](#).

C. Exceeding the Number of Conferences Subject to Reimbursement per Fiscal Year

EDUCATION AND TRAVEL POLICY

LACERA will not reimburse a Board Member for expenses associated with conference attendance by a Board Member during the remainder of the fiscal year once the sum of approved conferences a Board Member attends plus those for which LACERA has incurred unreimbursed, unexcused cancelation expenses reaches 8 (or 12). The Board Member shall be responsible for all such expenses, including without limitation the registration fee, lodging, transportation and meal expenses. A Board member may place on the agenda of the member's respective Board a request to approve exceeding the conference limit specified in this [Section](#).

D. Seminars and Conferences Outside the United States

In addition to the limitations described in 705.06, the following limitations shall apply to attending conferences and seminars outside the United States (International Conferences). [For purposes of Section 705.07.D.1 and 2, conferences and seminars in Canada and Mexico shall not be considered International Conferences:](#)

1. An individual Board member shall not be authorized to attend more than two International Conferences in any fiscal year [if the member serves on one Board, or more than three International Conferences in any fiscal year if the member serves on two Boards](#),
2. Not more than three Board members shall be authorized to attend the same International Conference,
3. Prior to attending an International Benefit Conference, a Board Member is required to attend an American Health Insurance Plans (AHIP) National Policy Forum or World Health Care Congress, and
4. Prior to attending an International Investment Conference a Board Member is required to successfully complete the State Association of County Retirement Systems (SACRS) Public Pension Investment Management Program or the University of Pennsylvania Wharton School of Business Portfolio Concepts and Management course.

705.08 - CASH ADVANCES

Cash advances will not be allowed unless specifically approved for Board Members by the appropriate Board and staff by the CEO.

705.09 - EXPENSES FOR TRAVELING COMPANIONS

EDUCATION AND TRAVEL POLICY

Education and travel expenses for family members and/or traveling companions are not reimbursable by LACERA.

705.10 – ADDITIONAL TRAVEL DAYS TO MINIMIZE OVERALL TRAVEL COST

Travel the day prior to and/or the day after a conference will be reimbursed if reasonably necessary because of time constraints. More than one additional day prior to and/or after international travel will be reimbursed as reasonably necessary based on the location of the conference. In addition, lodging and per diem for extra days prior to or after a conference will be reimbursed if such extension results in lower overall trip costs. For staff, cost comparisons for trip extensions shall include the costs of salary for any work days lost by the extension. Written justification for travel expenses incurred prior to or after a conference shall be submitted with the claim for reimbursement.

705.11 - GROUND TRANSPORTATION

Individuals will be expected to use group shuttle service to and from metropolitan destinations unless such use is precluded by time constraints or it is safer, more efficient, or more economical to hire a taxi or rent a car, pay for parking, fuel, etc. Reimbursement of an alternative mode of transportation will be limited to the cost of the group shuttle service unless otherwise justified. When renting a vehicle, purchase of optional insurance is not necessary as LACERA's insurance will cover the same risks.

705.12 – CANCELING EDUCATION AND TRAVEL ARRANGEMENTS

A. Responsibility for Timely Cancellation

Individuals are responsible for timely canceling education and travel arrangements made on his/her behalf which will not be used so that no costs will be incurred by LACERA.

B. Responsibility for Untimely Cancellation Costs

Individuals are responsible for all costs LACERA incurs as a result of the individual's failure to cancel education and travel arrangements before cancellation charges accrue, unless the failure to cancel was due to facts or circumstances beyond the traveler's control. The traveler must reimburse LACERA within 30 days after notification of the amount due. If reimbursement is not made within such 30-day

EDUCATION AND TRAVEL POLICY

period, and payment is still due, the amount shall be deducted from any payment due the traveler from LACERA.

C. Responsibility for Untimely Cancellation Costs with Good Cause

If the individual believes the failure to cancel was due to facts or circumstances beyond their control, they must submit a written excuse to the Board Chair, or to the CEO if the individual is staff, within 30 days after receiving notification of the cancellation expenses due. For Board Members, the Board Chair will approve or disapprove the excuse in writing to the individual, with a copy to the Board's staff secretary. If the individual is a Board Chair, then the written excuse must be submitted to that Board's Vice Chair who will then approve or disapprove the excuse. If the individual is a Vice Chair simultaneously serving as the acting Chair, then the Vice Chair's written excuse must be submitted to that Board's Secretary who will then approve or disapprove the excuse. Should a Board Member disagree with the Board Officer's determination, the Board Member may request the Board's staff secretary to agendize the matter for the Board's consideration.

705.13 – INTERNATIONAL TRAVEL INSURANCE

LACERA will purchase travel insurance covering Board Members and staff while traveling internationally on LACERA business. The insurance will include accident, medical, security assistance and evacuation, travel assistance, trip cancellation, interruption or delay, and baggage loss or delay coverage.

705.14 - TRAVEL REPORTS

The Chief Executive Officer shall submit a monthly Travel Report to both Boards listing the current fiscal year's completed, anticipated, and canceled education attendance for Board Members. Such report will include staff's educational travel.

A quarterly Travel Report listing Board Member education and travel expenses paid/reimbursed by LACERA shall be provided to both Boards. Such report shall identify the purpose, location, and cost. Such report will include staff's education and administrative travel.

705.15 - REPORT FOLLOWING ATTENDANCE AT CONFERENCE AND SEMINARS

Board Members who attend a conference, seminar or meeting, are encouraged to report at a Board meeting the information and knowledge gained, an evaluation of the conference, seminar or meeting, and recommendation concerning future participation.

EDUCATION AND TRAVEL POLICY

705.16 - TRAVEL BY NEWLY APPOINTED AND ELECTED BOARD MEMBERS

A person duly appointed or elected to the Board of Retirement or Board of Investments shall, for purposes of this policy, be deemed to have assumed the office of Board Member as of the date the person's appointment is approved or election is certified by the Board of Supervisors. It is the intent of this Section that incoming Board Members attend seminars and conferences as part of their orientation and preparation to assume the duties of a LACERA Board Member.

For purposes of Section 705.07, seminars and conferences related to the topics listed in Government Code §31522.8 that are attended during the six months prior to the date an individual's term of office commences shall be counted towards the number of seminars and conferences that may be attended during the first fiscal year of the individual's term in office.

A copy of this policy, related policy procedures, and list of all pre-approved, approved, or likely to be approved conferences scheduled to occur during the first six months of the newly elected or appointed member's term are to be provided to each new Board Member at the beginning of his/her term.

705.17 - BROWN ACT COMPLIANCE

No more than four members of either Board are authorized to meet together to discuss LACERA business unless there is appropriate public notice of the meeting pursuant to the Ralph M. Brown Act. All meetings subject to the Brown Act must be held within the County of Los Angeles, unless otherwise permitted by the Brown Act. A person holding membership on both the Board of Retirement and Board of Investments counts as one of the members in attendance for each of the Boards. Attendance at conferences, seminars, meetings and social activities by more than four members of a Board is not a violation of this provision.

705.18 – WAIVER OF POLICY PROVISIONS

For good cause [presented in writing](#), and in the exercise of its sound discretion, the Board of Retirement or the Board of Investments may waive compliance with specific requirements of this Policy when in the best interest of LACERA.

EDUCATION AND TRAVEL POLICY

Reimbursement Schedule

Attachment A

When determining reimbursement limits for lodging and meals, LACERA considers how much control it has over those travel costs. Conference/seminar sponsors select the city and hotel for their conferences and LACERA has little or no input in the decision. Similarly, conference sponsors often provide meals, and LACERA again has little or no input as to the place or menu. Where LACERA's input regarding lodging and meals is limited — and thus its ability to control the cost of such items is limited – it is appropriate to reimburse the actual travel costs incurred [subject to the requirements set forth below in this Attachment A with respect to individual expense categories](#), unless to do so would jeopardize LACERA's tax-exempt status.

The same rationale applies to meetings of limited partners, members, shareholders, advisory committees, etc. of entities to which LACERA has invested trust funds (“investor meetings”). LACERA has little or no input as to the location of investor meetings, or with respect to the meals provided during such meetings. Therefore investor meetings should be treated as “conferences/seminars” and not administrative travel for purposes of determining appropriate lodging and meal reimbursements.

A policy that reimburses actual lodging and meal costs where LACERA has little or no control over those costs provides benefits to LACERA. First, its Boards and staff will be better able to travel to educational conferences and investor meetings in fulfillment of their fiduciary duties if they do not have to bear the cost of such travel personally. Second, LACERA benefits from having its personnel enjoy the convenient educational access, increased networking opportunities, and safety afforded when staying at the designated conference or investor meeting hotel.

Travelers are encouraged to schedule travel in a way that minimizes LACERA's travel expenses. For example, a traveler may have a conference to attend and a due diligence visit to make in the same geographic area at or about the same time. The traveler should either (i) make two trips (i.e., return home after the first event) or (ii) make one trip (i.e., remain in the region in the interim between the events, and receive transportation, lodging and meal reimbursement during the interim as otherwise permitted by the Travel Policy), depending upon which results in lower overall cost to LACERA.

Amounts which can be reimbursed for transportation, lodging, meals and other items are indicated as follows:

EDUCATION AND TRAVEL POLICY

Reimbursement Schedule

Attachment A

TRANSPORTATION:

A. Airline Travel

1. Board Members and staff will travel in coach/economy class except that they may travel in business class or its equivalent for:
 - a. Flights having a scheduled non-stop flight time or total connecting flight travel time from original departing airport to the final destination airport of ~~six~~five hours or more and
 - b. Red-eye flights. "Red-eye flights" are defined as flights in which a majority of the flight time occurs between 10:00 PM and 6:00 AM.
 - ~~b.c.~~ Flights arriving or departing at an international location.
2. LACERA will reimburse the additional cost of coach/economy class seats advertised as having additional leg room regardless of flight time.
3. Recognizing air carriers have begun charging for incidental items historically included in the ticket price (for example, checking luggage, providing pillows, blankets, and non-alcoholic beverages during flights, etc.), LACERA also will reimburse carrier charges for such incidental items.
4. Substantiation of airline travel shall include a copy of the ticket or E-mail confirmation showing the cost of the air travel.
5. Board Members and staff traveling by air to conduct LACERA business may use only regularly-scheduled airline services operating by an air carrier certified by the Federal Aviation Administration or comparable foreign authority. Board Members and staff are prohibited from traveling on LACERA business via private aircraft, including but not limited to aircraft owned, leased, or rented by the individual Board Member or staff. Persons traveling on LACERA business via private aircraft will be deemed to be acting outside the scope of their responsibilities and employment. They will not be covered by LACERA's liability insurance.

B. Other Common Carrier Travel

EDUCATION AND TRAVEL POLICY

Reimbursement Schedule

Attachment A

1. Travel permitted under this Travel Policy should be accomplished in the most cost-effective and efficient manner practicable, considering the costs of the mode of transportation, travel time, accommodations, and per diem.
 2. Generally air travel is the most cost-effective and efficient means for long distance travel, with "long distance travel" defined as a travel to a site more than 600 miles from LACERA's headquarters.
 3. Where a traveler has special travel needs or concerns such that travel by air for long distance travel is not practicable, then the traveler may use an alternate common carrier (e.g., train or bus) and incur such reasonable expenses associated with that mode of travel (e.g., sleeper car, additional days of per diem).
- ~~3.4.~~ [Substantiation of other common carrier travel shall include a copy of the ticket or E-mail confirmation showing the cost of the travel.](#)

LODGING:

A. Room Cost

Reimbursement is limited to a standard class single room rate, [including mandatory taxes and hotel fees](#). Actual expenses for lodging will be reimbursed upon submittal of receipts.

B. Government Rates

Board Members and staff traveling on LACERA business should always request government rates when making reservations and/or checking in. LACERA recognizes that the governmental rate offered for local governmental entities like LACERA may be higher than the federal government rate, or may not be available at all, especially in connection with international travel or conference attendance.

C. Attendance at Conferences and Investor Meetings

LACERA acknowledges that the cost of a standard room at a conference hotel may exceed the standard lodging reimbursement rate. Nevertheless, Board Members and staff attending conferences are expected to stay at the designated conference

EDUCATION AND TRAVEL POLICY

Reimbursement Schedule

Attachment A

meeting hotel to promote convenient educational access, networking, and safety. Reimbursement for lodging at a conference meeting is limited to the standard room rate charged by the conference meeting hotel. When lodging at the conference hotel is unavailable, reimbursement is limited to the best available rate for a standard room at a nearby hotel of comparable quality. The traveler will be responsible for any excess cost. This applies for staff attendance at investor meetings.

D. Travel Not Connected With Conferences or Investor Meetings

The maximum lodging amounts are intended to cover the cost of lodging at adequate, suitable and moderately-priced facilities located near the destination city's airport or the specific area in the destination city where LACERA's business will be conducted. Reimbursement for lodging connected with all non-conference travel is limited to:

1. Domestic: Not more than three times the regular per diem rate for the location as established from time to time by the Internal Revenue Service, found at www.gsa.gov (click on "per diem rates").
2. International: Not more than three times the rate for the location as established from time to time by the United States Department of State, found at: www.state.gov/m/a/als/prdm.

MEALS:

It is the Policy's intent for the traveler to be reimbursed for meals not pre-paid for by LACERA. As such, LACERA will not reimburse the traveler for a meal which has been pre-paid for by LACERA (e.g., when conference registration includes meals), whether or not the traveler consumed the meal, except where the traveler could not consume the pre-paid meal because:

1. The traveler has special dietary or medical concerns, or
2. It was reasonably necessary for the traveler to conduct LACERA business (e.g., meet with an investment advisor) while the pre-paid meal was being served.

EDUCATION AND TRAVEL POLICY

Reimbursement Schedule

Attachment A

If reimbursement is requested under with the Per Diem Method or the Actual Receipt Method for a meal pre-paid by LACERA, written justification as to which of the above two exceptions applies will be provided with the reimbursement request.

Likewise, LACERA will not reimburse the traveler for a meal paid for by a third party.

Meal Reimbursement

Reimbursement for meals shall, at the traveler's option, be based either on "The Per Diem Method" or "The Actual Receipt Method." The traveler may use both the Per Diem Method and the Actual Receipt Method of reimbursement on a single trip, so long as only one method is used per calendar day.

A. The Per Diem Method

1. Under the Per Diem Method the traveler agrees to accept a flat rate for meal expense for actual meals eaten and is not required to submit receipts.
2. The per diem allowance will be computed using the Meals & Incidental Expenses rate (the "M&IE Rate") published by the Internal Revenue Service and in effect on the date of travel for the locality of travel.
3. The per diem allowance shall be claimed in accordance with the Meals & Incidental Expenses Breakdown (M&IE Breakdown) per the IRS, based on the M&IE Rate. The portion of the per diem the traveler receives depends upon when the travel occurs. For example, if the travel occurs during normal breakfast and lunch times, the traveler receives the per diem for breakfast and lunch; if the travel occurs during normal lunch and dinner times, the traveler receives the per diem for lunch and dinner, etc.

B. The Actual Receipt Method

1. Under the Actual Receipt Method, reimbursement shall be requested only for the actual cost paid for a meal.
2. Actual cost reimbursed will not to exceed \$100 per day.
3. Receipts shall include the following information:

EDUCATION AND TRAVEL POLICY

Reimbursement Schedule

Attachment A

- a. Meal cost amount, and
 - b. Date and location.
4. Credit card receipts are sufficient provided they include the required information.
 5. Annotating the meal receipt with the business purpose for the meal will assist staff with processing reimbursements, and if the receipt is for more than the individual, the names of persons whose meals are covered by the receipt.
 6. If a host provides a meal, and actual expenses are not incurred, then that meal should be excluded from reimbursement

PORTERAGE:

1. Maximum reimbursement for Porterage is \$10 per day of travel (that is, days involving transportation from home to a travel location, from one travel location to another, and from the final destination to home).
2. Porterage shall be based on the actual amount expended and documented on the claim form.
3. Porterage may not be claimed if reimbursement for meals is claimed using the Per Diem Method, as the Per Diem Method's IRS tables already factor in porterage reimbursement.

PARKING:

Parking, including airport parking, will be reimbursed at actual rate (receipt required).

MILEAGE:

Use of a personal vehicle will be reimbursed on a per mile basis at the rate approved by the Internal Revenue Service as of the date of travel.

OTHER BUSINESS

EDUCATION AND TRAVEL POLICY

Reimbursement Schedule

Attachment A

EXPENSES:

Other business expenses reasonably incurred in connection with LACERA business, such as [business and personal](#) telephone, fax, internet access, [gym access \(including the standard gym fee charged by the traveler's hotel or, if hotel gym access is not available, the reasonable cost of daily access to a local gym or health facility\)](#), dry cleaning, and similar business expenses, shall be reimbursed upon submittal of receipts. [The cost of membership in TSA Pre, Global Entry, NEXUS, SENTRI, or other expedited security and border processing programs shall be reimbursed upon submittal of receipts. Technology needs, for both international and domestic travel, may be discussed with the Systems Division in advance to develop appropriate solutions for the traveler's needs and to manage cost.](#)

EDUCATION AND TRAVEL POLICY
Board Member Priority
Attachment B

**PROCEDURE FOR SELECTION OF ATTENDEES
AT CONFERENCES, SEMINARS AND MEETINGS WHERE
ATTENDANCE IS LIMITED**

The following procedures apply to authorize attendance at conferences, seminars, and meetings where attendance is limited.

A. Board Member Education Priority Listings

1. Each Board shall keep separate Board Member Education Priority Listings.

2. Each Board shall keep two listings:

a. Domestic Education Priority List

Conferences, seminars and meetings held in the United States shall be considered domestic events for purposes of this policy.

b. International Education Priority List

Conferences, seminars and meetings held outside of the United States shall be considered international events for purposes of this policy.

3. Board Member Education Priority Listings will be maintained by the Board staff secretary.

B. Creating Education Priority Listings

1. Each Board member will be assigned an Initial Priority Date.

2. The Initial Priority Date will be the later of:

a. Board of Supervisor's Appointment date (includes Treasurer Tax Collector), or

b. Board of Supervisor's Election Certification date, or

c. Date the Board Member last attended a Domestic/International Conference, as appropriate for list being created.

EDUCATION AND TRAVEL POLICY

Board Member Priority

Attachment B

3. In the event the Board Member is serving concurrent elected or appointed terms, the Appointment/Election date will be earliest date in the current concurrent term of service. Board service will be bridged if the break in Board service is less than 18 months. Bridging Board service provides equity between the regularly appointed members and regularly elected members.
4. The Board staff secretary will sort the Board Members by Initial Priority Date. The Board Member with the oldest date will have the highest priority and the Board Member with the newest date will have the lowest priority.
5. In the event more than one Board Member has the same Initial Priority Date, the priority will be determined for such members by last name alphabetically.

C. Updating an Education Priority List

1. Board Members who attend a Domestic/International Conference will be placed at the bottom of the respective list.
2. Board Members who have a break in Board service for a period more than 18 months will have their names placed at the bottom of the respective lists upon return to Board service.
3. Using the Initial Priority Date method, new Board Members joining their respective Boards will be placed at the bottom of the respective lists.

D. Selection of Board Members Authorized to Attend

When the number of Board Members interested in attending a conference, seminar or meeting exceeds the number of attendees permitted by the sponsor, the Board staff secretary will document members indicating an interest in attending ("Interested Members"). Interested Members shall be authorized to attend in accordance with their priority on the applicable Education Priority List. Upon being authorized to attend, the Board Member shall be placed at the bottom of the Education Priority List.

In the event a Board Member authorized to attend in accordance with the above paragraph later decides not to attend, such Board Member's position on the

EDUCATION AND TRAVEL POLICY
Board Member Priority
Attachment B

Education Priority List shall be restored to its former position, and the next Interested Member on the Education Priority List shall be authorized to attend.

In selecting Board Members to attend conferences and seminars, a Board Member shall not be considered as an Interested Member if such Board Member is disqualified from attending pursuant to the limitations imposed by [Section 705.07](#).

EDUCATION AND TRAVEL POLICY
Pre-Approved Conferences and Board Priority
Attachment C

Board Priority Listing
for Pre-Approved Conferences, Seminars and Meetings

Conference/Seminar/Meeting	Priority	
	Board of Retirement	Board of Investments
America's Health Insurance Plans (AHIP) conferences, seminars, and meetings	✓	
America's Health Insurance Plans (AHIP): Annual Institute; Annual Medicare Conference; Annual National Policy Forum	✓	
California Association of Public Employee Retirement Systems (CALAPRS) Principles of Pension Management Course at Stanford Law School	✓	
CALAPRS meetings, conferences, seminars and periodic roundtables	✓	
California Retired County Employees Association (CRCEA) semi-annual conferences	✓	
Council of Institutional Investors (CII) conferences and meetings		✓
Federal and state legislative hearings on pension and retirement health care issues	✓	
Goldman Sachs conferences and educational meetings		✓
Government Finance Officers Association (GFOA) conferences, seminars and meetings	✓	
Harvard Kennedy School, Trustee Leadership Forum for Retirement Security, Initiative for Responsible Investment		✓

EDUCATION AND TRAVEL POLICY
Pre-Approved Conferences and Board Priority
Attachment C

Board Priority Listing
for Pre-Approved Conferences, Seminars and Meetings

Conference/Seminar/Meeting	Priority	
	Board of Retirement	Board of Investments
Harvard Law School Labor and Work Life Conference and Capital Matters Conference		✓
International Foundation of Employee Benefit Plans (IFEBP) Annual Employee Benefits Conference	✓	
International Foundation of Employee Benefit Plans (IFEBP) Annual Benefits Conference for Public Employees	✓	
International Foundation of Employee Benefit Plans (IFEBP) Annual Health Care Cost Management Conference	✓	
International Foundation of Employee Benefit Plans (IFEBP) Annual Investments Institute		✓
International Foundation of Employee Benefit Plans (IFEBP) Annual Washington Legislative Update Conference	✓	
Information Management Network (IMN) Beneficial Owners' International Securities Lending Summit Annual Conference		✓
Institutional Limited Partners Association (ILPA) conferences and meetings		✓
International Corporate Governance Network (ICGN) domestic conferences and meeting		✓
Milken Institute domestic conferences and meetings		✓

EDUCATION AND TRAVEL POLICY
Pre-Approved Conferences and Board Priority
Attachment C

Board Priority Listing
for Pre-Approved Conferences, Seminars and Meetings

Conference/Seminar/Meeting	Priority	
	Board of Retirement	Board of Investments
National Association of Securities Professionals Annual Pension and Financial Services Conference		✓
National Conference on Public Employees Retirement Systems (NCPERS) meetings, conferences and workshops	✓	
National Institute on Retirement Security (NIRS) conferences, seminars, and meetings	✓	
Pacific Pension Institute (PPI) domestic conferences, seminars, and meetings		✓
Pension Real Estate Association (PREA) annual spring and fall conferences and institute		✓
Public Retirement Journal conferences and seminars	✓	
State Association of County Retirement Systems (SACRS) meetings, educational conferences, seminars and symposiums	✓	
United Nations Principals of Responsible Investing (UNPRI) events		✓
University of Pennsylvania Wharton School's Pension Fund and Investment Management and the Portfolio Concepts and Management courses.		✓
World Healthcare Congress conferences, seminars and meetings	✓	

EDUCATION AND TRAVEL POLICY
Pre-Approved Conferences and Board Priority
Attachment C

Board Priority Listing
for Pre-Approved Conferences, Seminars and Meetings

Conference/Seminar/Meeting	Priority	
	Board of Retirement	Board of Investments
World Pension Forum domestic conferences		✓

ATTACHMENT B
EDUCATION AND TRAVEL POLICY AUDIT



LACERA INTERNAL AUDIT DIVISION

Education and Travel Policy Compliance Audit

September 20, 2016

AUDIT PERFORMED BY:

Christina Logan, CPA
Senior Internal Auditor

EXECUTIVE SUMMARY

As part of our Fiscal Year 2015-2016 Audit Plan, Internal Audit completed an audit of LACERA's compliance with the Education and Travel Policy (Policy). The Policy provides guidance and procedures for reimbursement of allowable expenses, and applies to the Board of Investments and Board of Retirement (Boards) and designated staff members. Education and travel expenses include, but are not limited to, attendance at industry conferences and various educational seminars, attendance at legislative meetings/hearings, and on-site due diligence visits to existing and potential service providers. For the fiscal year ended June 30, 2016, staff's education and travel expenses were \$995,017 while the Boards' expenses were \$279,337.

Board and staff may incur education and travel expenditures by using either a LACERA issued corporate card or paying the expenses directly and submitting an expense voucher for reimbursement. Both methods require the individual to submit receipts for charges to the Financial Accounting Services Division ("FASD") which administers LACERA's payment process. FASD reviews the receipts for accuracy and completeness, and compliance with the Policy. FASD also, prepares monthly and quarterly Travel Reports to ensure the Boards and management are aware of the travel anticipated, completed, and cancelled during the fiscal year.

Adherence to the Education and Travel Policy, as well as strong internal controls is essential to reduce the risk of paying unauthorized or inappropriate travel and education expenses. If Board Members, staff, management, or FASD do not comply with established policies and procedures, LACERA's funds could be imprudently spent or improperly recorded.

The objectives of this audit were to assess if:

1. LACERA's Education and Travel Policy, procedures, and process design are adequate,
2. LACERA's reimbursement process is efficient and effective,
3. Board and staff travel are in compliance with LACERA's Education and Travel Policy,
4. Board and staff travel expenses are valid and supported by the required documentation.

Our audit concluded the Education and Travel Policy and related processes are generally effective. However, we identified the following areas where management could further strengthen controls:

1. Ensure travel expenses are adequately documented and reviewed before accepted for payment,
2. Update the Education and Travel Policy to require written justification of meal reimbursement when pre-paid meals are provided, and
3. Provide regular reinforcement of the guidance and procedures contained in the Education and Travel Policy.

Internal Audit would like to thank FASD management and staff, and the Legal and Executive offices for their cooperation and assistance in facilitating this audit.

EDUCATION AND TRAVEL COMPLIANCE AUDIT

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BACKGROUND

The Board of Retirement and the Board of Investments (Boards), and designated staff have a fiduciary duty to obtain education about public pension administration and investments, to monitor the administration and investments of the Trust, and to advocate positions that protect and further the interests of the Trust. To facilitate the Boards and staff in executing this fiduciary duty, and to ensure LACERA's funds are used in a manner consistent with LACERA's overall mission, an Education and Travel Policy ("Policy") was created. The Policy provides guidance and procedures for reimbursement of allowable expenses. Education and travel expenses include, but are not limited to, attendance at industry conferences and various educational and training seminars, attendance at legislative meetings/hearings, and on-site due diligence visits to existing and potential service providers.

The Travel Committee consists of four members from each Board, with LACERA's Chief Counsel as the responsible staff member for the Committee. The Committee meets twice a year to review the most recent Quarterly Travel Reports, to discuss issues that may have arisen, and propose updates to the Policy. The Board of Retirement and Board of Investments approved the most current version of the Policy on April 6, 2016 and April 13, 2016, respectively. The Boards approved the prior version in June 2015.

An individual can pay education and travel costs directly, and then request reimbursement by submitting a Reimbursement Expense Voucher ("Expense Voucher"). Individuals are required to submit an expense voucher within 90 days of completing the education and travel, or 30 days after the fiscal year-end, whichever comes first. Division managers review and approve their staff's expense vouchers, while Board Secretaries review and the Chief Executive Officer ("CEO") approves Board Member's expense vouchers.

Individuals can also pay for education and travel expense with a LACERA issued corporate credit card ("corporate card"). Each division manager receives a corporate card to pay for business related expenses for their division. Board Secretaries are also issued corporate cards so they can coordinate and pay Board Members' travel and education expenses. FASD requires corporate cardholders to provide receipts for purchases, and managers to approve card purchases, on a monthly basis and follows-up on any discrepancies or missing documentation.

FASD is responsible for reviewing the monthly corporate card receipts and expense vouchers relating to education and travel to ensure the expenditures are consistent with the Policy. FASD reviews the receipts provided to ensure date, times, and amounts are consistent with the corresponding conference agenda. Staff also reviews the mathematical accuracy of the mileage calculation, ensures the per diem is calculated based on the correct General Services Administration ("GSA") rate and Meal & Incidental Breakdown, and allocates expenses that are shared between individuals (e.g., a shared meal, shared taxi ride) to the appropriate divisions. If FASD has questions about an expense, they will contact either the Board Secretaries or staff for additional information.

FASD prepares a monthly Travel Report for Board and staff travel. The cumulative Monthly Travel Report lists the attendee, travel purpose/location, event dates and travel status (i.e., completed, anticipated, or canceled travel). FASD also, prepares a Quarterly Travel Report for Board and staff travel. The cumulative Quarterly Travel Report details similar information as the monthly report except it includes the costs for each completed and/or cancelled travel. Board Members and management receive Monthly and Quarterly Reports to keep them informed of LACERA's education and travel expenditures. Additionally, the Board Secretaries maintain a "Board Member Education Priority" list to ensure all Board Members have equitable access to conferences, seminars, and meetings where attendance is limited.

AUDIT OBJECTIVE(S)

The objectives of this audit were to assess if:

1. LACERA's Education and Travel Policy, procedures, and process design are adequate,
2. LACERA's reimbursement process for education and travel is efficient and effective,
3. Board and staff travel are in compliance with LACERA's Education and Travel Policy,
4. Board and staff travel expenses are valid and supported by the required documentation.

AUDIT SCOPE

The scope of this audit included Board and staff education and travel expenditures from July 2015 – March 2016. Internal Audit selected events during this period, and tested the related expense voucher and corporate card payments for compliance with the Education and Travel Policy.

AUDIT METHODOLOGY

Audit work included, but was not limited to:

1. Reviewing the current and previous Education and Travel Policies.
2. Interviewing staff on the Travel Committee, FASD, and Board Secretaries.
3. Testing a selected sample of Board and staff's education and/or travel expenses from July 2015 – March 2016, to verify that travel was properly approved, expenditures were consistent with the Policy, and management and FASD thoroughly reviewed expense reimbursements and corporate card expenses.
 - a) **Board's Education and Travel:** During the period reviewed, LACERA recorded Board expenditures of \$190,950.57 for 77 business trips. Internal Audit tested approximately 10% of the 77 business trips. The sum of the seven business trips selected was \$52,150, 27% of the total expenditures.
 - b) **Staff's Education and Travel:** During the period reviewed, LACERA recorded staff expenditures of \$504,921.95 for 245 business trips for staff. Internal Audit tested

approximately 10% of staffs' business trips. The sum of the 24 business trips was \$112,666, 22% of the total expenditures.

4. Reviewing all cancelled business travel for both Board and staff, from July 2015 – March 2016, to verify the individuals, Board Secretaries, and FASD handled the cancellations consistent with the Policy. This test work also included verifying if the individual notified LACERA about the cancellation as soon as possible and the cancellation was for a valid business reason.

AUDIT RESULTS

Internal Audit found the controls related to the Education and Travel Policy are generally effective, provide reasonable assurance risks are being managed, and objectives are being met.

Internal Audit noted the following best practices in use:

- The Travel Committee reviews the Education and Travel Policy annually or as needed, and the Policy is maintained on the LACERA intranet, allowing staff easy access to the Policy and any updates.
- FASD staff verifies receipts support travel and education expenses.
- FASD staff verifies that per diem amounts requested correspond with the appropriate GSA geographical rates and Meal & Incidental breakdown, and the travel agenda.
- FASD staff reconciles the monthly corporate card statements for each cardholder against actual receipts provided.
- Cancelled business trips were documented in the Travel Reports. Individuals who needed to cancel business travel appeared to provide as much notice as they could, and provided valid reasons.

We identified opportunities to strengthen the existing Education and Travel Policy, procedure, and/or process in the following areas:

1. Ensure travel expenses are adequately documented and reviewed before being accepted for payment

As part of our audit work, we tested a sample of 31-expense voucher packages.

We noted two instances where travel expenses were not adequately documented or reviewed in accordance with the Policy:

- According to the Education and Travel Policy "Travel the day prior to and/or the day after a conference will be reimbursed if reasonably necessary because of time constraints...Written justification for travel expenses incurred prior to or after a conference shall be submitted with the claim for reimbursement." Based on audit work, we identified one expense voucher package where a traveler's post-conference costs were inadequately documented. Although prior verbal approval

was obtained for an additional lodging night due to the distance between the airport and the hotel location, the traveler did not document the approval in the expense voucher as the Policy requires. Although FASD documented its inquiry about the additional lodging costs, the resolution was not documented in the expense voucher package. Due to the lack of clarity and documentation of the approval, two subsequent nights of hotel fees were charged to the corporate card instead of the one additional night that had been approved. Subsequent to the audit, the traveler reimbursed LACERA for the second additional night of hotel fees.

- According to the Education and Travel Policy, “Reimbursement is limited to a standard class single room rate.” Our audit work disclosed that in November 2015, a traveler incurred fees for an upgraded hotel room, which did not comply with the Policy. We noted the traveler did not provide an explanation for the exception in the submitted expense voucher package. Although FASD staff may have inquired about the additional costs, the inquiry and resolution was not documented in the expense voucher package. Subsequent to the audit, management reviewed the incident with the traveler, who voluntarily agreed to reimburse LACERA for the cost associated with the room upgrade.

RECOMMENDATION 1:

FASD should review documentation submitted with travel expense vouchers to ensure the proper and completed written documentation, as required by the Policy, is submitted. FASD should reject travel expenses that are not in compliance with the Policy, unless documented approval and justification is provided from an appropriate level of management.

Management Response:

Agree. Within 30 days, FASD management will re-emphasize to FASD staff the importance of ensuring all travel expense voucher packages are reviewed, including confirming required documentation is properly submitted and the documentation has the supporting details and justification, as necessary. Staff will also emphasize to all travelers that it is each individual’s responsibility to comply with the Education and Travel Policy. If an exception to the Policy is permitted, FASD will ensure that written explanations and approvals are included in the expense voucher package. In addition, FASD discussed with the affected individual to challenge the hotel directly about discrepancies between the confirmed hotel room rate versus the actual room rate charged.

2. Update the Education and Travel Policy to require written justification of meal reimbursement if a pre-paid meal was available

Based on our audit work, we observed inconsistencies between the Policy and actual practice for meal reimbursements. The Policy states, “LACERA will not reimburse the traveler for a meal which has been pre-paid for by LACERA, whether or not the traveler

consumed the meal, except where the traveler could not consume the pre-paid meal because: 1) The traveler has special dietary or medical concerns, or 2) It was reasonably necessary for the traveler to conduct LACERA business while the pre-paid meal was being served.” Based on the Policy, meal reimbursements, when meals are provided at conferences, should be the exception, not the standard. However, of the 31-expense voucher packages included in our audit work, we noted four incidents where travelers requested a full day per diem for meals although conference brochures clearly indicated that the meals were provided.

For these instances, the travelers did not document on their expense voucher the reason that they could not consume the conference provided meals. Since there was no documentation of the justification for the exception, neither FASD nor Internal Audit could determine if the requests for reimbursement complied with the Policy. To ensure that meal expenses comply with the Policy, LACERA should require travelers to provide an explanation for meal reimbursement when a pre-paid meal is provided during the conference or travel. Additionally, during training and/or discussions, this topic should be reviewed and discussed to ensure Board Members and staff understand the Policy.

RECOMMENDATION 2:

The Travel Committee should consider updating the Policy to require travelers to document justification for meal reimbursements when meals are provided during conferences or travel.

Management Response:

Agree. At the next Travel Policy Committee meeting (estimated to be in the Fourth Quarter 2016), staff will request the Committee to consider the following additional clarifying language be added immediately after the Policy verbiage stated above: "If reimbursement is requested under either the Per Diem Method or the Actual Receipt Method for a meal pre-paid by LACERA, written justification under the above two exceptions will be provided with the reimbursement request." Thereafter, FASD will ensure that proper written documentation for meal reimbursement requests is included in the expense voucher. Staff will also emphasize to all travelers that it is each individual's responsibility to comply with the Education and Travel Policy.

3. Provide regular reinforcement about the Education and Travel Policy

Based on our audit work, we noted FASD regularly provides training to Administrative Assistants on the process for submitting corporate card receipts and expense reimbursements within the Policy framework. Also, as exceptions to the Policy are noted, FASD reinforces the Policy requirements to travelers or the Administrative Assistant on a one-on-one basis. However, Board and staff, who regularly travel on LACERA business, do not receive training on the Education and Travel Policy. By providing training and/or discussions, LACERA will ensure travelers are aware of the Education and Travel Policy, its restrictions, required processes, and updates on the Policy and current issues. Additionally

the training and/or discussions will give FASD and management an opportunity to remind frequent travelers they are responsible for complying with the Education and Travel policy. A significant factor in the effectiveness and adherence to any policy is that adequate training and reinforcement is provided to effected individuals. It may also, create a forum for individuals to express their concerns or suggestions to improve the Policy or its processes.

RECOMMENDATION 3:

FASD and managers should provide regular reinforcement of the Education and Travel Policy and its processes, to Board Members and staff who regularly travel on behalf of LACERA.

Management Response:

Agree. FASD already provides training on the Education and Travel Policy and its processes at the Annual Secretaries' Meeting. In addition, commencing in 2017, the Policy will be discussed annually by FASD and the Legal Division at a MAC meeting and in the Supervisors Fellowship to reinforce policies and procedures with managers and supervisors and to discuss additional staff training that could be provided. Management believes that in person training for Board Members is unnecessary in that: (a) the Boards approve the Education and Travel Policy and are aware of its terms; (b) the Travel Policy Committee meets approximately twice a year to discuss the Policy and related issues; and (c) the Board Secretaries (who are well-versed in the Policy) assist Board members in submitting reimbursement requests. However, within 60 days, Chief Counsel will provide a reminder memo to Board Members as to the importance of reviewing and following the Policy and highlighting key provisions of the Policy.

AUDIT REVIEW

NOTED AND APPROVED



Richard Bendall
Chief Audit Executive

Date: September 20, 2016

REPORT DISTRIBUTION

2016 Audit Committee
Rick Wentzel
Internal Audit Staff


Gregg Rademacher
Robert Hill
JJ Popowich

Steve Rice
Beulah Auten
Ted Granger



January 27, 2017

TO: Each Member
Board of Retirement
Board of Investments

FROM: Gregg Rademacher 
Chief Executive Officer

FOR: Board of Retirement Meeting of March 3, 2017
Board of Investments Meeting of March 6, 2017

SUBJECT: Pension Bridge Annual Conference
April 18-19, 2017 in San Francisco, California

The Pension Bridge Annual Conference provides will be held at The Four Seasons Hotel on April 18-19, 2017 in San Francisco, California.

The main conference highlights include the following:

- Best Practices in Pension Fund Management: The Canadian Model
- Macroeconomic View – State of the Markets
- Risk Management and Adopting a Risk Culture
- Risk Parity and Emerging Markets
- Distressed Investing – Opportunistic and Special Situations
- Unconstrained Fixed Income Strategies

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 Four Seasons Hotel is \$305 per night plus applicable taxes and the registration fee is complimentary for all Board members.

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.

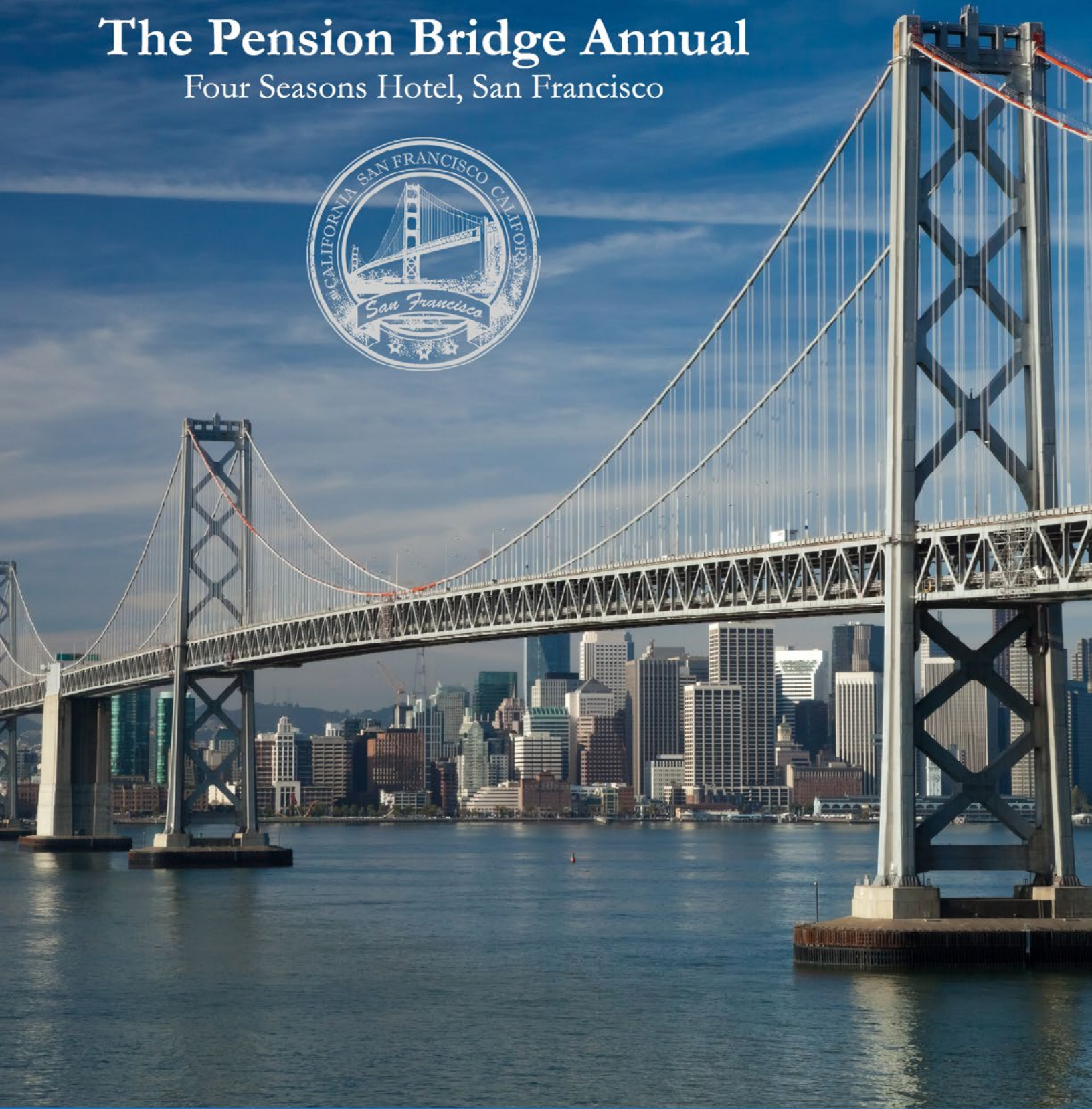
IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Approve attendance of Board members at the Pension Bridge Annual Conference on April 18-19, 2017 in San Francisco, California and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

GR/bn
Attachment


The Pension Bridge Annual

Four Seasons Hotel, San Francisco



April 18th & 19th, 2017

www.pensionbridge.com



The Pension Bridge Annual Conference provides the highest level of education and networking to the institutional investment community. A mix of Public Funds, Corporate Funds, Foundations, Endowments, Union Funds, Taft-Hartleys, Family Offices, Sovereign Wealth Funds, Consultants and Investment Managers will come together for this exclusive event.

The Pension Bridge Annual provides the industry's only controlled attendance structured event. This helps The Pension Bridge to maintain the best conference ratio in the industry. **There will be over 200 Pension Fund Representatives and Non-Discretionary Consultants in attendance. We have allowed for only 100 Manager Firms.** This better than 2:1 ratio, combined with participation from the most influential industry figures, creates a more enjoyable environment for all.

Learn from the experts about the most important issues, challenges, trends, opportunities and strategies that will shape our industry for today and the future:

- The Canadian Model – What U.S. Structural Changes are Necessary for Long-Term Fiscal Sustainability?
- Macroeconomic View of the Economy
- How to Increase Returns in a Low Return Environment
- Understanding Risk Parity and LDI Asset Allocation Models – which one will be Most Effective?
- Best Practices for Constructing a Liability Hedging Portfolio
- What should Boards Consider when Adopting a Risk Culture?
- What are the Top Pension Risks to be Most Wary of?
- Key Considerations for a Risk Allocation Framework Approach
- Executive Director's/CEO's View on the Current and Future State of the Industry
- Smart Beta Strategies – Proceed with Caution
- The Benefits and Criticisms of Multi-Asset Strategies
- The Changing Landscape of Fixed Income and the Shift into Next Generation Strategies
- In-Depth Analysis of Emerging Markets
- As a Plan Sponsor, Should You Consider Implementing a Currency Hedging Program?
- Recent Developments and Approaches to ESG
- Most Attractive Sectors, Strategies and Geographies within Opportunistic/Special Situations
- A Close-Up Look at the Hedge Fund Industry – Current and Future Trends
- How should a Credit Portfolio Should be Structured?
- Best Approach to Commodities with the Current Deflationary Cycle
- Best Opportunities in Energy and Infrastructure
- Is a Real Estate Correction on the Horizon? Strategies with the Biggest Risk/Reward
- How to Protect your Private Equity Portfolio and Avoid Getting Involved in Expensive Deals
- Perspectives from Influential Pension Plan CIOs
- Finding the Best Non-Correlated Investments to Prevent Portfolio Drawdowns
- A Glimpse of what our Industry will look like in the Future
- Strategies that will Outperform in the Next Few Years



We remain in a low growth, low return environment with unfavorable demographics. The Pension Bridge Annual will uncover various structural transformations and investment ideas that will be beneficial for long-term fiscal sustainability.

In addition to the listed themes above, we will be covering many more challenging issues that are crucial to the investment decision making process during these uncertain economic times. We will learn from the best about how to adapt in our industry which is always evolving and transforming.

The Pension Bridge Annual has two goals in mind. First is to provide the **highest level of education** with the top speaker faculty. This highly regarded group will bring forth influential insights and concepts. The second goal is to help **build relationships** between the pension plans, consultants and investment managers. We have provided the best possible environment for this event which is designed to be conducive for networking. We will cap off the event with a fun and enjoyable networking outing necessary for maintaining relationships and connecting with your peers and prospective business contacts.

We look forward to a strong event and a very productive one from both an educational and relationship perspective. We have structured this conference in a manner that will be most productive and beneficial for you. We hope that you will join us to be amongst your industry peers to learn about the most up-to-date insights, investment strategies and trends.

Tuesday, April 18th

7:00 AM – Breakfast

Sponsored By:



8:05 AM – Opening Remarks

8:15 AM – Keynote Speaker - Best Practices in Pension Fund Management: The Canadian Model

The industry is dealing with a low return environment along with rising longevity and unfavorable demographics. With many asset classes fully priced in this low growth environment, investors have entered into a world of complacency. Adaptation and structural transformation are required for pension fiscal sustainability and the long-term fund management process.

- Statistical Success of the Canadian Model with Assets Managed Internally
- Key Components – Keep Fees to a Minimum, Hunt for Cash Flow, Innovative Private and Co-Investment Deals, Reluctance to Overpay
- Difficulty for U.S. Plans Shifting to Canadian Model – Independence Requirement and the Restrictions from Political Appointees and ERISA
- Budget and Resources as a Concern – Salary Structure, Investing in Talent Pool
- Are there Ways to Overcome the Skepticism that the Canadian Model can be Imported to the U.S? Which of the Barricades need to Come Down for Implementation?
- Which Program or Asset Class might be Best to Start with for the Transition to In-House Investment Management? Which Allocations are Best Served by an Outsourced Specialist Fund Manager?
- Understanding the Necessary Industry Changes Required for Fiscal Sustainability, regardless of model – Compensation Linked to Performance, Transparency and a Long-Term Strategic Vision

Speaker:

Jim Keohane, CFA, President & Chief Executive Officer, **Healthcare of Ontario Pension Plan, (HOOPP)**

8:45 AM – Macroeconomic View – State of the Markets

- Current Macro Environment
- Recent Public Equity and Fixed Income Returns
- Bull Market Length and Returns
- High Valuations
- Reasons for Remaining in a Long-Term Low Return Environment
- Global Working Age Population and Challenging Demographics
- China Credit Explosion as a Concern
- Taking Risk More Efficiently
- Asset Class Risk and Returns – Areas of Caution?
- Investment Ideas on how to Increase Returns
- How to Better Protect Capital in a Down Market

Speaker:

William J. Coaker Jr., CFA, MBA, Chief Investment Officer, **San Francisco Employees' Retirement System**



9:15 AM – Executive Director/CEO Roundtable

(A) Pension Health/Governance

- How are Demographics Affecting Retirement Systems?
- How do you approach Increases in Longevity and Costs for Healthcare Drugs for Retirees? Any possible Solutions?
- What does the Future hold for Raising the Retirement Age, Reducing Benefits and Increasing Employee Contributions?
- What can a Fund do to adequately Protect for Liquidity and Cash Flow Requirements?
- Does your Funded Status alter your Long Term Decisions with regards to Liquid or Illiquid Investments?
- Best Governance Practices to Keep Plans Optimally Invested, Managed, Funded, and in Regulatory Compliance
- Do you believe Plans in general will be able to Meet or Beat the Assumed Rate of Return over the next 10 Years?
- Should we be Spending Political Capital to Lower Assumed Rate of Return Targets?
- Dealing with Legislature – what is your Biggest Concern? Is Trust a Factor?
- Do you see the Benefits of Adopting a Hybrid DB/DC Plan? What are the Drawbacks?
- Explain the Argument as to why States should not offer a 401(k) DC Plan as a Solution
- Truth or Myth: Defined Benefit Plans are Expensive and Defined Contribution Plans are Cheap
- Thoughts on Outsourcing the CIO Function?
- How do you ensure your Board Members receive Continual Education of their Fiduciary Roles/Duties and keep them Updated on Risk Factors?
- Have you Educated Internally on the Risks or Steps for Cybersecurity Protection? Do you have Cybersecurity Questions or Guidelines in your Due Diligence of your Managers?
- What is your Biggest Threat to your DB Plan? What keeps you up at night?

(B) Long-Term Structural Changes for Fiscal Sustainability

- Do you see a Shift towards the Canadian Model with more Assets being Managed Internally to Lower Investment Costs? If so, which Mandates should be Outsourced to External Managers?
- Have we made Strides to Solve the Talent and Compensation Struggle? Will we see more Compensation-Based Pay to Attract and Retain Talent to be Competitive with the Private Sector?
- To Cut Costs, will we Shift towards Investing in Passive, Low-Cost Vehicles, Index Funds and ETFs over Actively Managed Funds?
- Will we see a Shift to Hunt for Long-Term Cash Flow Investments through Partnerships and Co-Investment Structures? Greater Competition to Follow?
- Requirement for Better Transparency
- Do you believe we'll see a Consolidation of Public Pension Plans Under One Entity, (such as INPRS or IMCO in Canada)? What are the Benefits?
- Making Governance more Effective – Identifying Key Board Member Roles with Expertise in Particular Areas with an Independent Board

Moderator:

Andrew Junkin, CFA, CAIA, President, **Wilshire Consulting**

Speakers:

Steve Yoakum, Executive Director, **Public School and Education Employee Retirement Systems of Missouri, (PSRS/PEERS)**

David B. Wescoe, Chief Executive Officer, **San Diego County Employees Retirement Association, (SDCERA)**

Brian Guthrie, Executive Director, **Teacher Retirement System of Texas**

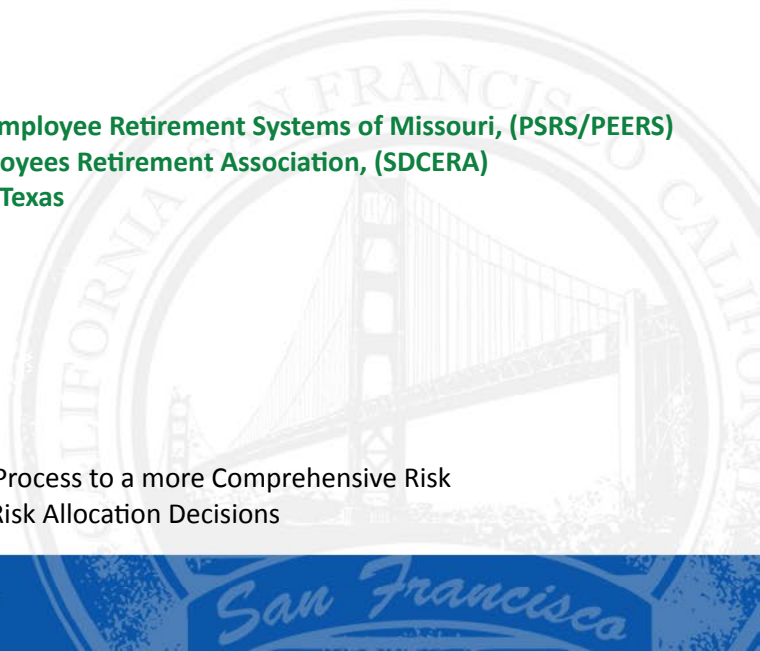
Ruth Ryerson, Executive Director, **Wyoming Retirement System**

10:10 AM – Refreshment Break

10:40 AM – Risk Management and Adopting a Risk Culture

(A) Key Considerations for Managing Risks

- Overview of the Shift from an Asset Allocation-Centered Process to a more Comprehensive Risk
- Allocation-Based Process. Explain the Transformation to Risk Allocation Decisions



- What's the Biggest Challenge that has Prevented Wide-Spread Adoption of a Risk Allocation Framework? What are the Characteristics a Plan would need in order to Implement this type of Approach? What's the most Important Change to make?
- What are the Key Challenges as it relates to Measuring Risk?
- How can considering Diversification and Risk Independently help Investors Build more Efficient Portfolios?
- What Developments have we seen for Combining Several Risk Premiums as a part of Portfolio Diversification?
- How has taking a Risk Allocation Approach changed the Structure of your Plan's Fixed Income Investments? Understanding Return Seeking Fixed Income and Traditional Risk Reducing Fixed Income
- What Irregularities have we seen in Portfolios as Asset Classes are Redrawn and Renamed via Risk Allocation? Are we still too heavy with the Equities Allocation?

(B) Top Pension Risks we should be Most Wary of

- Understanding Asset Class Correlation and Behavior Risk – Tendency of Interest Rate and Inflation Shocks Driving Both Equities and Bonds in the Same Direction, (Correlations Change)
- Drawdown Risk
- Transparency and Liquidity Risk – Basing it on a Cost/Benefit Evaluation
- What's the best Approach to Liquidity Risk as it applies to Meeting Future Cash Flow Obligations?
- Leverage Risk – what are the Best Approaches to keep these Risks within Acceptable Parameters?
- Monitoring Counterparty Risk being taken by Managers – any New Measures?
- Equity, Credit, Duration, Inflation/Deflation, Currency, Geopolitical Risk Considerations
- How does Stress Testing or Scenario Analysis factor into your Process?

(C) Communication

- How do you Communicate your Risk Tolerances with your Board, Managers and Media?
- How has the Role of Fiduciary Responsibility Changed in this new Era of Risk?
- What should Boards/Organizations Consider when Building a Risk Culture?
- How can Fiduciaries Adapt and Safeguard against today's Challenges?
- Have you Developed a Process for Monitoring Risk being taken by your Money Managers?
- How do you go about Educating a Board on Risk?
- What Metrics Aid in the Decision Making Process?
- How does a Plan's Size affect the Approach to Pension Risk Management?

Speakers:

Eugene L. Podkaminer, CFA, Senior Vice President, Capital Markets Research, **Callan Associates, Inc.**

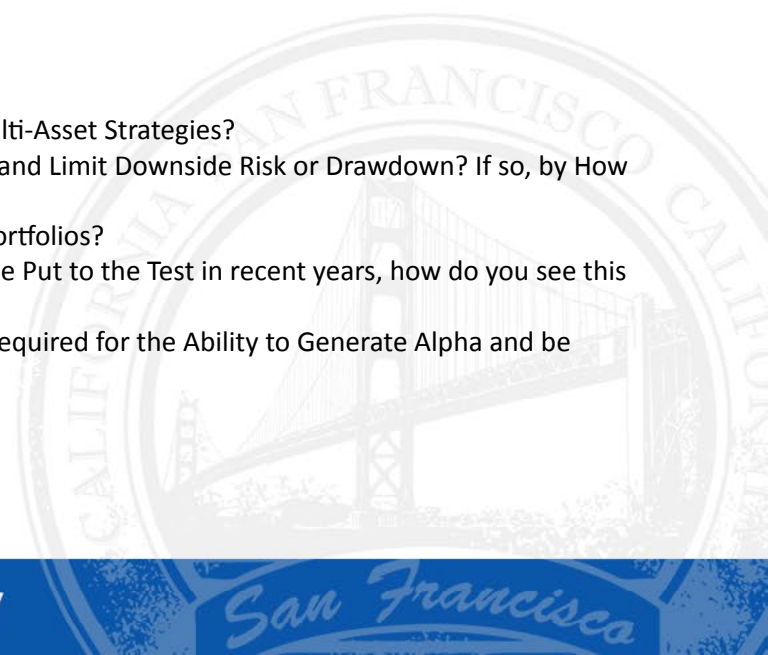
Freeman Wood, Partner, North American Head, **Mercer**

Bruce H. Cundick, CFA, CPA, Chief Investment Officer, **Utah Retirement Systems**

11:30 PM – Keynote Speaker - Multi-Asset Strategies

(A) Construction and Skills

- Why is Multi-Asset Investing Attractive to Investors?
- What are the Common Sub-Asset Classes Included in Multi-Asset Strategies?
- Do these Strategies Reduce Correlation, Lower Volatility and Limit Downside Risk or Drawdown? If so, by How Much?
- How do Investors utilize Multi-Asset Strategies in their Portfolios?
- With Dynamic and Tactical Asset Allocation Skills yet to be Put to the Test in recent years, how do you see this Space Evolving in a more Treacherous/Volatile Market?
- Aside from Asset Allocation Skills, what other Skills are Required for the Ability to Generate Alpha and be Successful?
- Constructing the Portfolio – Risk Factor Approach
- How do you Measure Performance?



(B) Criticism

- Trailing Returns – Underperformance of Multi-Asset Strategies to the Traditional 60/40 Mix. Is it possible Central Bank Policy has Limited the Ability of Multi-Asset Managers?
- Do these Strategies Rely Too Heavily on Market Timing?
- Do you Agree or Disagree with the Willis Towers Watson Report saying Multi-Asset Managers have actually Harmed Performance via Tactical Asset Allocation Decisions?
- The Skill of Moving Opportunistically Between Markets, a Function of Asset Allocation Alpha is an All-to-Rare Commodity – any Truth to this?
- Do you believe that many Multi-Asset Funds have Not Sufficiently Incorporated Risk Controls into the Design of their Products as the Willis Towers Watson Report Noted?
- Reliance on Stable Correlation Relationships although there is No Certainty those Relationships will Persist
- Is Excessive Leverage a Concern?
- High Fees
- Is Transparency often Obscure or Hazy?

Speaker:

Myron Scholes, Ph.D., Chief Investment Strategist, **Janus Capital Group**

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Group

12:00 Noon – Tail Risk Hedging

- Understanding Tail Risk Frequency, Severity and Impact – why are the Markets Vulnerable to a Substantial Decline Today?
- Understanding the Risk of Correlated Global Markets for Developed Countries
- Why is this a Good Time to Mitigate Equity Tail Risk?
- If Tail Risk Hedging is a Good Idea, why isn't Everyone Doing It?
- What are the Expected Costs of a Tail Risk Hedge vs. the Expected Benefits?
- Is Raising Cash a Proper Tail-Risk Strategy?
- Limits of Diversification and Beta Hedging
- Importance of Understanding where in the Market your Existential Tail Risks come from and how Big they Could Be – Analysis of your Liquidity and Leverage. What Liquidity Considerations should Investors pay attention to?
- Implicit vs Explicit Hedging – what are the Advantages and Disadvantages of each?
- What Types of Strategies and Approaches are used to Hedge?
- Using Information from the Derivatives Markets to assess Stress Points – where we are seeing Tail Risks building?
- Option Overlay Strategy – Cash Flow Generation in Down Markets but can you Maintain Upside Exposure in Rising Markets?
- Does the Growth in the VIX Universe pose a Risk?
- Active Management
- Pension Plans developing a Contingency Plan – What are the Best Practices to Navigate through Stressful Periods?
- Why is there often Difficulty Implementing a Tail Risk Program within the context of a Committee and how can we overcome this? Any other Implementation Challenges?
- Any Real World Experiences you can share among your Clients with Tail Risk Hedging?

Moderator:

Tim Barron, CAIA, Senior Vice President and Chief Investment Officer, **Segal Marco Advisors**

12:30 PM – Lunch

1:40 PM – Liability Driven Investment, (LDI)

- What is LDI and how is it Interpreted in the Market?
- What have Plans done to address the Hurdles of Low Pension Funded Status and Low Interest Rates over the past few years?
- Does LDI Make Sense Now Considering Current and Future Market Conditions? What is the Risk/Return?
- Reducing Funding Ratio Volatility
- Are Plan Liabilities the only appropriate Benchmark?
- Understanding the Components of Performance Measurement and Evaluation – Risk Budgeting, Scenario Analysis, Liquidity Analysis and Performance Reporting
- What are some Industry Trends that Clients should be aware of in the LDI Market?
- Beyond the Ability to Earn Excess Returns, what should Investors look for in Selecting LDI Managers?
- Understanding Implementation Approaches, Strategies and Issues. Are some Approaches More Appropriate in a Less Liquid Fixed Income World?
- Understanding that a Partial LDI Strategy only Partially Reduces the Pension Risk
- How to Implement LDI in a Public Fund Context – are the LDI Methods Applicable?
- Pension Risk Transfer – Lump Sum Payments, Buy-Outs, Buy-Ins. What Trends are we seeing?
- Will we see a Strategy More Common in Europe with Plan Sponsors Combining an LDI Strategy with the Purchase of Longevity Insurance to Further Reduce Risk?

Moderator:

Timothy F. McCusker, FSA, CFA, CAIA, Chief Investment Officer, Partner, **NEPC, LLC**

Speakers:

Brian McDonnell, Managing Director, Head of Global Pension Practice, **Cambridge Associates**

Kevin Zhu, Managing Director, Head of Portfolio Construction, **OPTrust, OPSEU Pension Trust**

2:15 PM – Risk Parity

- Risk Parity Explained
- Does Risk Parity Make Sense Now Considering Current and Future Market Conditions?
- Performance in the Past Decade and Longer – How does Risk Parity look over time Compared to Other Asset Mix Models?
- Scenario Analysis for Risk Parity Performance – (a) Gradual Rise in Interest Rates, (b) Sharp Decline in Equity Markets, (c) Global Commodity Deflation Continues, (d) Sharply Rising Inflation
- Is it possible that Bonds will become Less Likely to Protect against Volatility in Equities?
- Should we be Worried about Leverage or Leveraging the Inappropriate Assets? Is there an Over-Reliance on Bonds with Current Valuations?
- Do you Consider it a Drawback that there's Only a Positive Weight to an Asset with No Ability to go Short?
- Leverage and Illiquidity Do Not Mix – any Approaches to Avoid this Combination?
- Do you View it as a Flaw that Portfolio Construction Approaches only consider Volatility Risk, Not Tail Risk or Drawdown Risk?
- Can Tail Risk Parity be the newest Trend? Thoughts on the Concept of Measuring Expected Tail Loss rather than Volatility – Cheaper Hedges for Protection, Reducing Tail Risks while Retaining More Upside than Risk Parity?
- Aside from the Money Concentrated in the Top “Founding Firms,” how should we Approach Managers with Short Track Records?

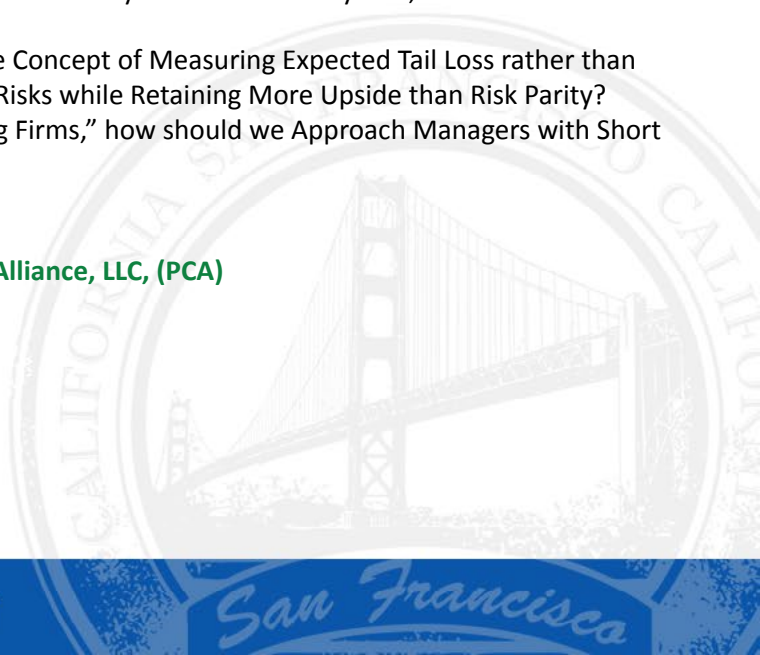
Moderator:

John Linder, CFA, CPA, Consultant, Principal, **Pension Consulting Alliance, LLC, (PCA)**

Speaker:

Steven J. Foresti, Chief Investment Officer, **Wilshire Consulting**

2:50 PM – Refreshment Break



3:20 PM – Unconstrained Fixed Income Strategies

- Assessing the Current Environment – Fed and Global Central Bank Policy, Interest Rates, Spreads, U.S. Dollar, Foreign Investment in US Treasuries, Global Fixed Income Landscape and Default Rate Expectations
- What are your Best Ideas for ways to Simplify the Sub-Allocations within the Fixed Income Space? Any preferred Allocation Breakdowns or Weightings?
- With the Proliferation of Products which are Diverse, what is the Return Objective?
- Portfolio Construction – Need for Increased Disaggregation of Alpha Sources
- Understanding Return Sources/Attribution and Correlation that Unconstrained Funds have had with other Fixed Income Sectors and Equity Markets
- Impact of the Non-Linearity of Risk Correlations and Volatility Not Being Stable through time. Is that something you look to Measure in case of Market Dislocations?
- How are you Taking Advantage of Current Market Dislocations?
- What are the Implications of Reduced Liquidity?
- From a Risk Factor Approach, what Asset Class replaces Duration as a Deflation Hedge in a Portfolio?
- Modern Risk Management – what Progress have we seen for Developing a Risk Premium Approach?
- Do you see a Supply/Demand Imbalance in Long-Duration Fixed Income?
- Using Structured Products, Swaps and Derivatives to Create Alpha and Hedge Volatility
- Opportunities in Global and Emerging Market Debt – why is it appealing?
- Emerging Markets Local Fixed Income – what are the Currency Risk Factors?
- What are your Expectations and Outlook for Corporate Debt?
- Bank Loans – Attractive or Not a Good Hedge in Rising Rate Environment?
- Are Taxable Municipals a good Alternative to Corporate Bonds?
- Landscape for MBS Market with GSE Reform Considerations
- Risk/Reward for TIPS, Interest Rate and Inflation Swaps, Inflation Bonds and Overlays
- Where do you see the Greatest Risks in the Debt Markets and what might be the Trigger Points that enhance that potential?
- Understanding how to Select Alternative Managers – Multi-Sector, Multi-Region and Multi-Currency Skill Set

Moderator:

Keith M. Berlin, Director of Global Fixed Income and Credit, **Fund Evaluation Group**

Speaker:

Leighton A. Shantz, CFA, Director of Fixed Income, **Employees Retirement System of Texas**

4:05 PM – Smart Beta – Proceed with Caution

Smart Beta maven Rob Arnott, one of the founders of this strategy, has voiced concern about a “reasonable probability of a smart-beta crash” and that many smart beta strategies are poised to go “horribly wrong.” Bill Sharpe, Nobel Laureate and the “inventor” of beta, stated that “smart beta makes me sick.” Rick Ferri, an index-investing pioneer, has referred to smart beta as “silly talk.” We’ll examine why the growing popularity of smart beta can result in possible unexpected returns.

- Smart Beta Flashy Name Misconception
- Misleading Marketing
- Limits of Diversification – Smart Beta often Promoted as a Good Diversifier but has exhibited a High Correlation with the S&P 500
- Lower Volatility Aspect – does it Reduce Risk if it still shows a High Correlation to S&P?
- The Likelihood of Selecting the Wrong Smart Beta Variation
- Excess Returns mean Extra Risk
- Factor Exposures often Create Undesirable Tilts
- Extended Periods of Underperformance with Hypothetical Back-Testing Prior to the Launch of Smart Beta
- High Fees
- Are High Valuation Levels Reducing the Potential for Future Performance?
- Should Liquidity be a Consideration with Some Products?
- What is your Best Advice when Allocating to Smart Beta?

4:20 PM – Environmental, Social and Governance, (ESG)

- What are the Recent Market Developments in ESG for the U.S. and Abroad?
- How do you Approach ESG from a Fiduciary Standpoint and for the Development of your Plan's Investment Beliefs?
- How should ESG be best Incorporated into the Investment and Due Diligence Process?
- Climate Change and Investment – what's the Relationship and how do you Integrate Climate Risks into your Process? What are the Alternatives to Divestment?
- What should Pension Funds be asking their Existing Active Managers in terms of whether they are looking at Climate Risk or Opportunity?
- What are the Perceived Obstacles to applying an ESG Framework to the Stock Selection Process?
- Considerations for Investing in a Passive ESG Index – thoughts on Low Carbon Index? Combining ESG with Smart Beta?
- Understanding UNPRI Principals. Will there come a time when Plan Sponsors Only Invest with UNPRI Investment Manager Signatory Firms?
- Do we have Proof that ESG Integration Adds Value?
- ESG Fund Performance vs. Traditional Funds
- What Progress have we seen with Portfolio Decarbonization?
- Will Supply Chain Management be the new Normal? – Looking past the Portfolio Company with a View on its Relationship with Large Enterprise Customers
- What are some ESG Misconceptions?
- Factors Needed to make ESG Mainstream and Integrated into Every Investment Process – Agreement on Weightings, Scoring and Definitions
- Relevant Benchmarks for ESG Risk Measurement and Assessing ESG Factors
- What type of ESG Research or Data is most helpful?

Moderator:

Alex Bernhardt, Principal, Head of Responsible Investment, U.S., **Mercer**

Speaker:

Travis Antoniono, Investment Officer, Corporate Governance, **California State Teachers' Retirement System, (CalSTRS)**

5:00 PM – Cocktail Reception



Wednesday, April 19th

7:00 AM – Breakfast

8:00 AM – Emerging Markets

- Macro Environment and Recent Developments
- Knowing the Historical Correlation of Commodity Prices and Emerging Markets, should we be Hesitant to Increase Allocations? Is there More Remaining in the Deflationary Cycle?
- What Factors do we need to see for us to Believe that Emerging Market Assets have Bottomed?
- How have EM Headwinds Impacted your Deployment?
- How have Emerging Market Economies fared under Global Central Bank Monetary Policy? Inflows?
- What would be the Effects on Emerging Markets if we see Weak or Negative Growth in the U.S or Instability in Eurozone, (including Brexit)?
- Given the Current Environment, will Emerging Markets Outperform Developed Markets?
- What are Realistic Return Expectations? How might that Differ based on Region?
- What is an Appropriate Long-Term Allocation to Emerging Markets?
- What Impact have we seen as a Result of the Strong U.S. Dollar?
- What can be done to Mitigate Currency Risks?
- How do Valuations look Relative to Risk?
- Outlook for China – are you Concerned about their Credit and Real Estate Bubbles?
- India to Benefit from its Fast Rate of Urbanization? Still in Need of Substantial Reform?
- Are you Investing in Higher Growth Markets such as Southeast Asia, Africa or Latin America? Which particular Countries? Do you see Higher Risk, Returns and Diversification Factors here?
- Which Markets in Frontier Countries can you Profit from Strong Growth and Access a Lower Correlation?
- The Case for Emerging Markets Corporate Debt
- What Metrics are you using to Determine Relative Value in Sovereign Bonds?
- Public vs. Private Emerging Markets – Benefits and Drawbacks of each
- Choosing an Emerging Markets Fund or Manager – should you be Investing by Region, Country or Sector?
- Active vs. Passive Debate

Moderator:

Bryan P. Shipley, CFA, CAIA, Co-Chief Investment Officer, Head of Traditional and Real Asset Investments, Principal, **Arnerich Massena, Inc.**

Speaker:

Kamal Suppal, CFA, Senior Research Consultant, **Hedge Funds, NEPC, LLC**

8:40 AM – Currency and Currency Alpha

(A) Currency Market Overview

- Central Bank Intervention and other Factors Driving Currencies. More or Less Volatility and Liquidity?
- What is the Relationship Between Volatility and Currency Returns?
- Can Currencies be Forecasted via Fundamentals, Cycles and Trends? If so, how can this Information be Incorporated into a Currency Hedging Program or into Active Currency Management?
- Benefits of Active Management
- Widely Confused Difference Between Currency Hedging and Currency as an Asset Class – how do they Differ in terms of Implementation Approaches?
- Different Skills Required for Currency Hedging vs. Currency Alpha – should a Different Manager be used for Each Approach or is it Possible to be Skilled in Both?

(B) Currency Overlay Hedging

- Given Plan Sponsors Non-U.S. Exposure, how do you know if you should Consider Implementing a Currency Hedging Program? What Factors should be considered in this Determination?

- How much of a Reduction in Portfolio Volatility and Risk should be Expected?
- Can it be More Beneficial to be Unhedged?
- Hedging Costs – how should this factor into your Decision?
- When Hedging against a Further Dollar Rise, what are the Risks if the Dollar has a Significant Decline?
- Various Implementation Approaches – Passive vs. Dynamic?

(C) Currency Alpha

- Goals of a Currency Program
- Benefits of Non-Correlated Returns to Equities, Fixed Income and Alternative Investments
- How does Investing in Currency Diversify and Reduce Risk? Natural Diversifier for the Duration Risk in Bonds?
- How do you Manage Risk Factors?
- What are the Return Expectations?
- When considering Investing in an Active Currency Strategy, what should you look for in a Manager?

Moderator:

Aoifinn Devitt, Chief Investment Officer, **Policemen's Annuity and Benefit Fund of Chicago**

Speaker:

Ian Toner, CFA, Managing Director, **Verus**

9:15 AM – Distressed Investing – Opportunistic and Special Situations

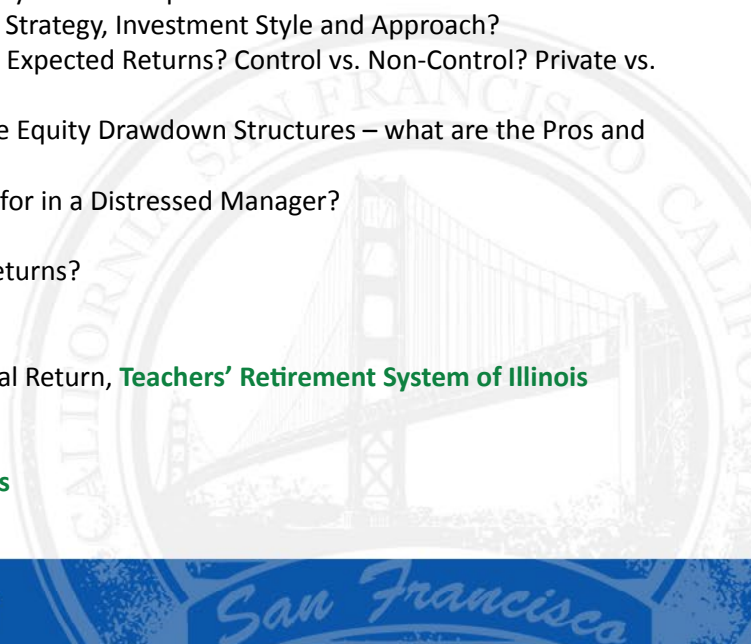
- Where are we in the Distressed Cycle? When will the Vast Sums of Undeployed Capital come in off the Sidelines?
- How does the Current Economic and Interest Rate Environment affect the Attractiveness of Distressed Strategies?
- What are your Expectations for Default Rates going forward? Has the Fed and Easy Credit Masked Fundamentals?
- Prevalent Covenant-Lite Deals – are we seeing Bubble Conditions setting us up for Problems during the Next Cycle?
- What are your thoughts on the Recent Leverage Trends?
- Has the Regulatory Environment Changed the Opportunity Set? Any Adverse Effects or Liquidity Issues it may cause?
- Scope of the Distressed Market and Segments – Corporate Credit, Structured Credit, Commercial Real Estate, Hard Assets, Liquidations, Segmentation by Deal Size, etc.
- Which Sectors, Strategies and Geographies will create the Best Opportunities? Any Areas that should be Avoided?
- What Distressed Opportunities are we seeing the Energy Sector?
- What's the Potential Impact of the Debt Piled up by Corporations for their Share Buybacks?
- Do you find Europe Attractive? What are the Opportunities and Risks? Any Countries, Sectors or Types of Deals that Stand Out?
- Marketable Distressed Strategies – how Correlated are they to Public Equities?
- How do Investors go about Choosing the Right Distressed Strategy, Investment Style and Approach?
- How will the Different Implementation Approaches affect Expected Returns? Control vs. Non-Control? Private vs. Public?
- Distressed Debt Vehicles in Hedge Fund Format vs. Private Equity Drawdown Structures – what are the Pros and Cons of Each?
- What Skill Sets/Characteristics should Pension Plans look for in a Distressed Manager?
- What are the Return and Risk Expectations?
- What are the Biggest Challenges you face to Delivering Returns?

Moderator:

Scottie D. Bevil, Senior Investment Officer - Global Bonds and Real Return, **Teachers' Retirement System of Illinois**

Speaker:

Mike Krems, CFA, Managing Director, **TorreyCove Capital Partners**



9:50 AM – Refreshment Break

10:20 AM – Credit Strategies

- Current State of the Credit Market
- Where are we in the Credit Cycle and how does it Differ from the Past?
- With Global Central Bank Monetary Policy Heavily Influencing Rates and Credit Markets, how do you see this Developing as far as Risk and Opportunities Across Credit going forward?
- What will be the Catalyst that will cause Credit Spreads to Widen and Defaults to Rise?
- How much should Plan Sponsors be Allocating to Credit? What is the Optimal Structure to a Credit Portfolio?
- What Subsectors of Credit are Most Attractive? What are your Best Ideas for Finding Value? Any Areas you are Avoiding?
- High Yield Market – is it possible to see a High Yield Meltdown with a Lack of Liquidity? Understanding the Risk Factors and the Strong Correlation to Equities
- Bank Loans Overview – High Risk in Covenant-Lite Loans?
- State of Securitized Markets – how Cheap is Securitized Risk vs. Unsecuritized Risk and how do you measure that? Long-Term Prognosis for Spreads?
- Outlook and Considerations for Structured – CDO, CDS, CLO, CMBS, RMBS, ABL, ABS
- Outlook for Emerging Market Debt
- Liquidity and its Implications for Multi-Strat. What might be some of the Pitfalls?
- Do you see Investors being more willing to Trade Liquidity for Yield and should that be of Concern?
- Regulatory Changes and Leverage – what will be the Market Consequences?
- European Market – are there Opportunities Now or More Downside Risk?
- Considerations for Selecting a Manager and Strategy
- How will the Sector you Invest in Perform when Rates Rise? Is that a Concern and how do you Manage that?
- What are the Trade-offs between Mid-Market and Large Market Credit Investing?
- Credit Investment Mandates – are they Too Narrow? Which Bucket or Asset Class does it fit into and should it be Defined as Opportunistic Credit?

Moderator:

Zeke L. Loretto, Director, Head of Global Investments, **eBay**

Speaker:

Pete Keliuotis, CFA, Senior Managing Director, **Cliffwater LLC**

11:00 AM – Hedge Funds

(A) Current and Future State of the Hedge Fund Industry

- Why have Hedge Funds Underperformed?
- Will we see More Hedge Funds Shutting Down?
- Is the 2 and 20 Model Broken? Is it Dead for Larger Pension Funds? What Trends have you seen as far as Pressure on Fees?
- How do you assess the Tradeoff between Lower Fees and Longer Lock-ups?
- Inverse Correlation Between Assets Size and Performance on both an Industry Basis and Manager Level – do you Agree or Disagree this could be mean it's More Difficult for Managers to Generate Strong Returns?
- Do you Believe Smaller Hedge Funds will Continue to Outperform?
- What Pension Inflow Trends have you seen?
- What is Driving the Increase in Demand for Strategies Uncorrelated with the Capital Markets? Which Low Correlated Strategies do you think will Continue to see Increased Interest?
- How do you see Succession Planning playing out? What Tends to Work and what Does Not?

(B) Implementation Options

- What is the Future of the Fund of Funds Space? How is it Changing? Where will Fees be? What will it take to Stay Competitive?

- Considerations for Selecting the right Hedge Fund or Fund of Funds – Due Diligence and Manager Selection. What are the Key Traits you should be looking for?
- Deciding Between Fund of Funds vs. Direct – what are the Key Considerations?
- Long-Short Equity Hedge Funds – what Differentiates Managers that have been able to Outperform?
- Which Strategies offer more Transparency and Liquidity?
- Do you find Opportunities within the Global Macro Space Attractive and if so, why?
- Liquid Hedge Fund Products such as UCITS, 40 Act and Hedge Fund Replication – are they a Viable Alternative and Under which Circumstances? How has their Performance and the Lower Fees Fared to Hedge Funds?
- If the S&P loses 30%, what Downside Protection, Drawdown or Return Range do you expect we'll see from each of the Different Hedge Fund Strategies?
- If there was a Hedge Fund Strategy you would Invest in over the next Few Years, which one would it be and why?

(C) Portfolio Construction and Risk Management

- Importance of Operations Due Diligence. Any recent Developments? How often should Operations be Reviewed?
- Transparency and Risk Aggregation Data – are they Accurate?
- How many Hedge Fund Strategies do you need? Should you focus on a few better Strategies or is the Size of your Portfolio a Factor?
- Can Hedge Fund Strategies be Tactically Managed?
- How should we View a Long/Short Manager's Performance when a Portion of the Return Comes from Market Beta?
- What Trends do you see Developing in Regards to the way we Evaluate Liquidity Provisions for Hedge Funds? Blurring of the Lines Between Hedge Funds and Private Equity?
- Should you ask for a Separate Account?
- Is the Trend towards Managed Accounts the Future? Understanding the Benefits of Increased Transparency and Control, more Liberal Liquidity Terms for Redemption/Termination, Outsourcing Operational Oversight/Support

Moderator:

Jim Vos, Chief Executive Officer, **Aksia LLC**

Speaker:

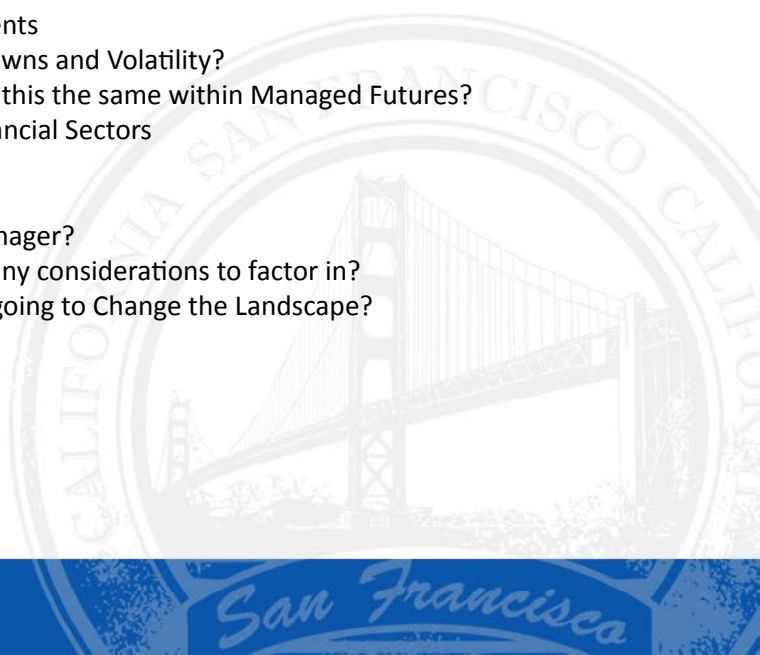
Neil Messing, Head of Hedge Funds, New York City Office of the Comptroller, **Bureau of Asset Management**

David E. Francl, Managing Director, Absolute Return, **San Francisco Employees' Retirement System, (SFERS)**

11:50 AM – Managed Futures

- Global Macro's place in the Hedge Fund Industry – what are the key Differences from other Hedge Fund Strategies?
- Attributes – Diversification, Uncorrelated, Liquid, Transparent and Regulated
- Historical Performance of Managed Futures
- Performance during Periods of Market Stress or Crisis Events
- How much can it Decrease the Depth of Portfolio Drawdowns and Volatility?
- Volatility is usually Perceived as Risk within Portfolios – is this the same within Managed Futures?
- Increasing your Exposure to Global Markets and Non-Financial Sectors
- How to Implement an Allocation to Managed Futures
- How do you Manage Risk and Volatility?
- What Questions should an Investor ask a Prospective Manager?
- Size of the CTA in terms of Assets Under Management – any considerations to factor in?
- Is the Proliferation of Managed Futures as a Risk Premia going to Change the Landscape?

12:05 PM – Lunch



Real Asset Strategies

1:10 PM – Commodities

- Current Market Environment
- Deflationary Pressures – how should this affect our Allocation and Approach?
- What Factors do we need to see for us to Believe that Commodities have Bottomed? Any Long Term Cycles or Patterns to go by?
- Based on Previous Down Equity Markets, what Performance can we Expect from Commodities if we have Market Turbulence? How Strong is the Correlation?
- What are your Views on particular Sub-Sectors and Where are the Pockets of Value?
- How are Renewables Affecting Specific Commodities?
- What Currency or Weather Related Impacts are you seeing on Specific Commodities?
- Understanding the Different Approaches to Investing in Commodities – Equities, MLPs, Indexes, Futures, Physical Commodities, Private Equity Real Assets
- Investing in Commodities through Private Equity vs. Stocks or Indexes – Benefits and Drawbacks of Each
- True or False – Natural Resource Stocks are Not an Efficient Way to get Commodities Exposure
- Are MLPs more Highly Correlated to Commodity Prices than We Thought?
- Roll Effects and its Impact on Returns
- Investing in Long/Short vs. Long Only
- Active vs. Passive
- Any Recent Developments in Commodities Risk Premia? Smart Beta as applied to Commodities?
- What are the Key Criteria that would lead to Manager Outperformance?
- Risk Factors

Moderator:

John Shearman, Partner, Portfolio Analyst, **Albourne America**

1:40 PM – Energy

- How will we know when Oil Prices have Bottomed?
- Dry Powder – what will be the Trigger for Capital to be Deployed? Are you hoping for a Second Washout to Deploy more Capital and Profit in the Long Run?
- How Important are the Credit Markets in the Deployment of Private Capital?
- How do you think about the Risk and Approach to this Space in a Climate Changed Focused World?
- Where are the Best Opportunities to Deploy Capital in this Environment?
- How has the Current Commodity Market Distress Impacted the Balance Sheets of Oil and Gas Companies?
- What are the Advantages of Investing in Private Energy?
- Upstream, Midstream and Downstream Overview
- How has the Oilfield Service Industry Impacted Upstream Oil and Gas Operators?
- Thoughts on Midstream MLPs with their Business of Oil Storage Services and its Cashflow?
- What Type of Investments are there with Returns Independent of Oil and Gas Prices?
- What does the Future Hold for Shale?
- Portfolio Decarbonization – how do you Deal with LP Concerns on this Issue? Has it Impacted your Fund Commitments?
- Access – Public (Stocks and MLPs), Indexes, Futures, Private, (Direct, Funds, Fund of Funds). Which one is most likely to Benefit?
- Big vs. Small Funds, Deal Size

Moderator:

John Nicolini, CFA, Managing Director, **Verus**

Speakers:

Avik Dey, Managing Director, Head of Natural Resources, **Canada Pension Plan Investment Board, (CPPIB)**

2:10 PM – Infrastructure Market Outlook

- Why should Investors consider Committing Capital to the Infrastructure Space?
- State of Development of the Infrastructure Asset Class – Where are we now in terms of Appetite/Penetration amongst Investors' Allocations? How much Room to Run is there for the Asset Class to Continue to Develop?
- Is there Too Much Money Chasing Too Few Opportunities? What will Cause High Valuations to Ease and Dry Powder to be Deployed?
- What Effects have we seen from Monetary Easing? Brexit? Terror Attacks?
- How has Performance been and what are the Recent Return Expectations?
- How will Returns be Impacted by Low Oil Prices for an Extended Period?
- Which Geographies and Sectors are Most Appealing?
- How have Risk/Return Expectations Changed with Global Sovereign Debt Trading at Zero or at Negative Rates? Have these Views Changed Investment Approaches for Developed vs. Emerging, U.S. vs. Non-U.S., Listed vs. Unlisted or Greenfield vs. Brownfield?
- Infrastructure Debt as a Growing Area – will it deliver for Investors Searching for Yield?
- What are the Biggest Challenges/Risks associated with Infrastructure Investing?
- Any Advantages or Limitations of Particular Implementation Approaches?
- What are the Advantages of Open-Ended Funds over Closed-Ended Funds? Will we see a Surge in Open-Ended Funds in the Coming Years?
- Is the Rise in Public-Private Partnerships Inevitable due to Lack of Gov't Funding and High Debt? What Opportunities will this Create?
- Debt Heavy/Equity Shortage Deals – how and when will Pension Investors Overcome this Highly Leveraged Roadblock?

Speaker:

Todd Lapenna, Partner, Infrastructure & Real Assets, **StepStone**

2:25 PM – Real Estate

- Current State of the Real Estate Market
- Is a Correction on the Horizon and How Significant? If so, what is the Single Biggest Risk Factor?
- What would be the Impact of Rising Rates on your Real Estate Portfolio? What are the Short-Term and Long-Term Implications?
- With Recent FIRPTA Changes, how has Foreign Investment Influenced U.S. Real Estate Investment? Effects on Valuations?
- Is U.S. Core Too Expensive? What are your Return Expectations for the Sector?
- Do you see Capital Moving Out of Core and Into Higher Risk Segments?
- Within Non-Core, which Value-Added and Opportunistic Strategies are Most Appealing?
- Do you believe Commercial is Fully Priced and Not Pricing in Risk or Disruption?
- Is the Bridge Financing Opportunity Attractive from Maturing CMBS?
- Multifamily Conditions – might it become Less Desirable compared to the past few years?
- Which Property Types are At Risk Today?
- Is there still Opportunity in Niche Property Types such as Senior Housing, Student Housing, Storage or Datacenters?
- What's happening with Leverage?
- Analysis of Cap Rates and Vacancy/Occupancy Rates – any Conclusions you can draw?
- Asia and European Real Estate Outlook – Opportunities, Investment Trends and Capital Flows
- Has the Popularity of Closed Ended Funds Declined?
- Will Co-Investments become more Common?
- Current State of the Real Estate Secondary Market
- Programmatic Joint Ventures – why are these Joint Ventures being done? Will more Pension Plans Team up with Commercial REITs?
- Larger vs. Smaller Fund Size – which ones will Outperform going forward?
- Entry Issues with Open-Ended Funds and Concentration into Fewer Funds?
- What Strategies do you see as the Biggest Risks and the Biggest Rewards/Relative Value for the Future?

Moderator:

Jennifer Young Stevens, Principal, **The Townsend Group**

Speaker:

Peter H. Collins, Vice Chair, Investment Advisory Council, **State Board of Administration of Florida**

3:10 PM – Refreshment Break

3:35 PM – Private Equity

- Are High Levels of Dry Powder Here to Stay? Will it take a Sustained Market Correction or Crisis to Bring Undeployed Capital off the Sidelines?
- Considering the Current High Valuations, Low Interest Rates, Ample Leverage and a Strong Fundraising Environment, what Similarities and Differences do you see Compared to 2006-2007?
- Protecting your Current Portfolio – are you making Investment Decisions or Managing your Portfolios Differently in this Environment? How do you Avoid Possible Pitfalls or Getting Involved in Expensive Deals?
- If we have an Economic Slowdown or a Recession, how would you Approach New Investments?
- What are your Views on GP Restructurings and are you More Accepting of them?
- For Buyouts, what Sectors or Geographies do you Favor? What Sectors do you tend to Avoid in this Environment and why?
- Do you Prefer Buyouts or Growth Equity over the next few years and why?
- Are we Currently in a Venture Capital Bubble?
- What are your thoughts on Co-Investments? Do you Worry about the Outcome if this Cycle Turns?
- Secondaries Deal Volume, Pricing, Pressures and Futures Expectations
- Have you taken steps to Diversify your PE Portfolio and find Investments with a Non-Correlation to the PE Space in General? Which of these Non-Correlation Strategies have you Allocated to or favor?
- As an LP, are you willing to Pay Higher Fees for Managers with the Best/Proven Track Records?
- Do you believe Charging Fees on Invested Capital rather than Committed Capital can Hurt Returns?
- Outlook/Issues for European PE Post-Brexit?
- After a Long and Extended SEC Crackdown and a Trend towards Increased Transparency, what Impacts are you expecting on the industry going forward?

Moderator:

Robert L. Greene, Chairman, **Virginia Retirement System**

Speaker:

Rodney June, Chief Investment Officer, **Los Angeles City Employees' Retirement System, (LACERS)**

4:20 PM – CIO Roundtable

(A) Risks, Allocations and Macro-Based Decisions

- In this Low Growth, Low Return and Fully-Valued Environment, how has it Impacted your Investment Program and your Asset Allocation?
- What's your Opinion on the Sustainability of the Fed-Induced Stock Market Rally? Thoughts on the Fed and Global Central Banks' Monetary Policy?
- Are there any Strategies you like that provide a Low or Non-Correlation to Traditional Investments that can Provide Outsized Returns during Periods of Market Stress?
- With the Collapse of Commodities, Oil, the Slowdown in China, the Troubles of the European Union and more, are you Hedging Against the Risk of Further Deflation?
- What Strategies does your Fund utilize that will Protect against Interest Rate Risk and Duration Risk?
- What sort of De-Risking Strategies or Risk Management Approaches has your Fund Integrated into the Investment Decision Process?
- Does LDI or Risk Parity Make Sense Now Considering Current and Future Market Conditions?
- Do you Incorporate Multi-Asset Investing and do you believe it can Limit Downside Risk?

- Do you believe your Hedge Fund Strategies will provide a Cushion for the next Market Downturn? How do you use them to Reduce Risk?
- Have you Allocated Funds to take Advantage of the Dislocation in Energy/Oil? Which Sectors or Strategies do you favor?
- What do you feel is the proper Emerging Markets Allocation and are there any Regional or Frontier Strategies that interest you?
- Have you made Long-Term Cash Flow Investments through Partnerships and Co-Investment Structures?
- Do you Believe the Impact of Regulation has Created a Reduction in Market Liquidity? Has it Impacted your Fund or Decisions? Will there be Sufficient Liquidity in the System to Cope with Conditions of Market Stress?

(B) Alignment of Interests

- What Changes or Trends have you noticed in Fee Structures/Terms and your Bargaining Power?
- What Tactics work best for you when attempting to Negotiate Private Placement Agreements?
- Given the Low Return Environment, shouldn't there be an Industry-Wide Threshold (perhaps 3% - 4%), before Carried Interest Kicks In? How can we go about Making Progress with this Issue?
- Have you Trended Towards a Passive Equity Allocation with a Lower Cost?
- What Support would help you to do a better job of Addressing and Solving Investment Problems? What Discretion and Authority do you have with those Problems?
- Any Progress in granting you and your Investment Departments more Latitude in Tactically Managing your Portfolios in response to Extreme Economic Conditions?
- Any important Lessons Learned that you can share from your Individual Plan Experiences?

Moderator:

Kristen Doyle, CFA, Partner, Head of Public Pension Funds, **Aon Hewitt Investment Consulting**

Speakers:

Christopher J. Ailman, Chief Investment Officer, **California State Teachers' Retirement System, (CalSTRS)**

Tom Tull, CFA, Chief Investment Officer, **Employees Retirement System of Texas**

John D. Skjervem, CFA, Chief Investment Officer, **Oregon State Treasury; Oregon Investment Council**

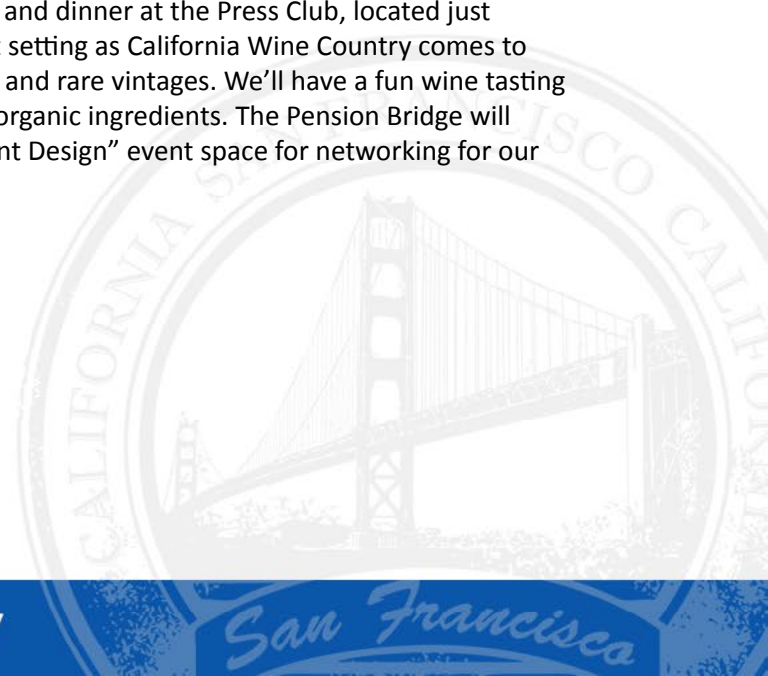
Craig Hustung, CFA, Chief Investment Officer, **Public School and Education Employee Retirement Systems of Missouri, (PSRS/PEERS)**

5:20 PM – Conference Concludes

5:20 PM – Tickets for Networking Event handed out in Conference Room - attendees must be present to attend event

6:00 PM – Wine Tasting Networking Event & Dinner

Hosted by The Pension Bridge – Join our group for a wine tasting and dinner at the Press Club, located just next door to the Four Seasons. Meet your industry peers in great setting as California Wine Country comes to the heart of the city. Experience the finest winemakers with new and rare vintages. We'll have a fun wine tasting reception, followed by a tasteful dinner with the highest quality organic ingredients. The Pension Bridge will utilize the 9000 square feet of the award winning "Best Restaurant Design" event space for networking for our high quality conference group.



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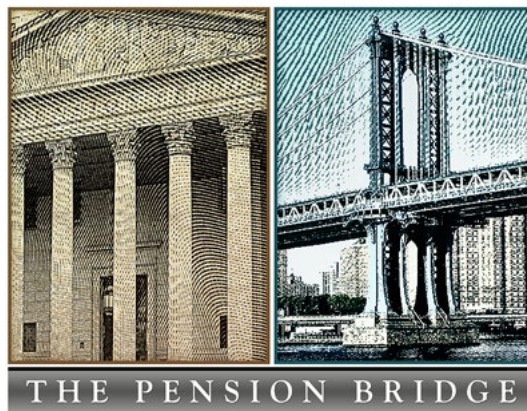
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February 16, 2017

TO: Each Member
Board of Retirement

FROM: Disability Procedures and Services Committee
Vivian H. Gray, Chair
Marvin Adams, Vice Chair
Alan Bernstein
Ronald Okum
David Muir, Alternate

FOR: March 3, 2017 Board of Retirement Meeting

SUBJECT: Proposed Expansion of Priority-One Case Processing Criteria

RECOMMENDATION

Staff recommends your board approve the expansion of the Priority-One Case Processing Criteria to classify cases with applicants in a Class 4 Arduous position, who have met specific age, service, medical history and legal review requirements as a Priority One.

EXECUTIVE SUMMARY

At the January 24, 2012, Board Offsite, staff outlined the challenges facing the Disability Retirement Division, including the challenge of a workload that had continued to increase in volume and complexity, with a resultant delay in the processing of applications and a growing backlog. To address this challenge, staff analyzed policies and procedures to determine what changes could be made to streamline the processing of applications and to reduce the now historic backlog.

On April 4, 2012, staff presented proposed solutions to your Committee, including intelligent triaging, which established a priority system upon receipt of the disability application at Intake. This solution was adopted at the July 12, 2012 Board of Retirement Meeting and implemented by staff beginning August 1, 2012. Now when an application comes in, the Intake Investigator reviews the available documentation and categorizes the application in one of three ways: Priority One; Priority Two; and Priority Three. Since the implementation of the priority system, Staff has identified

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approximately 150 cases for priority processing; an estimated 65 cases were Priority-One cases. The average processing time for Priority-One cases is 6 months.

The initial criteria used to identify Priority-One cases are active deaths, terminal illness and catastrophic career-ending injuries. Examples provided included a deputy killed in the line of duty, or a patrol deputy whose gun hand is amputated, or an applicant with a terminal illness. Priority-One cases are based on a Medical Record Review only (medical records include the applicants' treatment charts from their treating physicians, hospitalization records, and forensic reports from medical-legal evaluators). No physical exam of the applicant is conducted unless the panel physician determines that physical exam is necessary. If an exam is necessary the case is re-classified as a Priority-Two case. The investigator also interviews the applicant and/or witnesses as necessary.

The Priority-One Case policy includes strict protocols to ensure there is sufficient oversight and due diligence to maintain the integrity of the disability review process. Each potential Priority-One Case is reviewed by the Disability Retirement Services Division Manager and the Legal Office to determine eligibility for classification as a Priority-One Case. Physicians at the review stage can request to examine the applicant, or can make recommendations that would result in the case being re-classified as a Priority-Two case for more extensive review. If the recommendation is to deny, the panel physician must perform a physical exam. Additionally, your Board retains the right to return the case to staff for further processing should you feel the medical evidence is insufficient to make a determination with which you are comfortable.

DISCUSSION

Staff continuously analyzes and evaluates the effectiveness of our existing policies, procedures, and practices and has observed that the priority system has made Disability Retirement Services more efficient since the inception of intelligent triaging. Due to the effectiveness of the system, Staff is recommending an expansion of our Priority-One Criteria to allow for increased utilization of the expedited processing and therefore, increased efficiency.

In an effort to provide your committee with information on how the expanded system may work, DRS Management, with the approval of legal counsel, identified thirteen pending cases for Priority-One processing as a sample. Criteria utilized for initial identification purposes were: Job type/Physical class - Class 4 Arduous, Age - 50 years or older, 20 or more years of service, objective medical evidence demonstrating surgery on a weight-bearing joint such as a hip, knee, or ankle, or

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surgery on spine – cervical, thoracic, or lumbar, and no return to full duty after surgery.

As part of our review process for this recommendation, thirteen cases were identified in November 2016 for immediate action by an investigator. Records were organized, the applicant was interviewed, and the LACERA panel physician was asked to perform a medical record review. As is the protocol with all Priority-One Cases, the LACERA panel physician was advised they could request a physical exam if they were unable to make a determination with the medical evidence available.

As of the date of this memo, no panel physician has requested a physical exam and of the thirteen cases identified for Priority One processing in November, six cases were on the February 1, 2017 Board of Retirement agenda for adjudication. Five additional cases are on the March 2017 agenda with recommendations to grant service connected disability retirement, and two cases were excluded from the sampling due to late filing and at the request of the applicant.

The final step in the due diligence process for review of this expansion of the Priority-One Case criteria was to provide examples to the Board of Retirement to ensure the Board is comfortable with the new criteria. Cases were provided for the Board's review as part of the February Board of Retirement Disability meeting. The Boards' observations and feedback were included in our discussion of the proposed expansion at February's Disability Procedures and Services Committee meeting. This memo reflects minor changes to the proposal such as tightening the age and years of service criteria for the expansion of the Priority One Case (Age 50 or older with 20 or more years of service) and requiring a physical exam if the panel physician is recommending a denial.

All eleven cases reviewed by a panel physician for Priority One processing based on the proposed expanded criteria were recommendations to grant a service connected disability retirement.

SUMMARY

In summary, the Mission of the Disability Retirement Services Division is to administer the LACERA disability retirement program in an equitable, timely, accurate, and courteous manner consistent with applicable laws, policies, and

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procedures. Staff recommends the expansion of the priority system as it is in alignment with our mission. Not only does increased utilization of the priority system allow for timely and efficient processing of a disability application, establishing specific criteria ensures each application is reviewed fairly and the process remains equitable. Additionally, applicants are not required to undergo unnecessary exams when substantial medical evidence exists to meet their burden of proof. And most importantly, our process, policies and procedures remain consistent with applicable laws as we strive to produce, protect, and provide the promised benefit in the most efficient manner.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD

Approve the expansion of the Priority-One Case Processing Criteria to classify cases with applicants in a Class 4 Arduous position, who have met specific age, service, medical history and legal review requirements as a Priority One.

VG:RC:mb



February 14, 2017

TO: Each Member
Board of Retirement

FROM: Fern M. Billingsy 
Senior Staff Counsel

DATE: Meeting of March 3, 2017

SUBJECT: **PENSIONABLE COMPENSATION AND COMPENSATION
EARNABLE**

INTRODUCTION

Over the last few years, the Legal Office has submitted recommendations defining pensionable compensation and compensation earnable. A new request was recently received from the County of Los Angeles to determine pensionability of some additional items. This memorandum will address those items.

PENSIONABLE COMPENSATION

As you know, on January 1, 2013, with the enactment of the California Public Employees' Pension Reform Act of 2013 (PEPRA), new members are subject to the definition of "pensionable compensation." Section 7522.34(a) states:

““Pensionable compensation” of a new member of any public retirement system means the normal monthly rate of pay or base pay of a member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.” (Emphasis added).

This section provides that any compensation outside of base pay may not be included in final compensation when calculating a member's retirement allowance. However, "base pay" is not defined in the statute. The section goes on to specifically delineate which items of compensation should be excluded.

Subdivision (c) states:

- “(c) "Pensionable compensation" does not include the following:
- (1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.
 - (2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
 - (3) Any one-time or ad hoc payments made to a member.
 - (4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.
 - (5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
 - (6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
 - (7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
 - (8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.
 - (9) Employer contributions to deferred compensation or defined contribution plans.
 - (10) Any bonus paid in addition to the compensation described in subdivision (a).
 - (11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).
 - (12) Any other form of compensation a public retirement board determines should not be pensionable compensation.”

COMPENSATION EARNABLE

In January of 1998, your Board determined that pursuant to the California Supreme Court's decision in Ventura County Deputy Sheriff's Association v. County of Ventura (1997) 16 Cal. 4th 483 ("Ventura"), certain items of remuneration must be included in the definition of "compensation earnable." Your Board then adopted Resolution 98-001 identifying those items. Since that time other Resolutions have been adopted when new items of compensation are determined to be included in or excluded from the definition of "compensation earnable." In making those determinations, your Board reviewed analysis of all items of compensation and adopted recommendations from the Legal Office regarding the definition of "compensation earnable."

Section 31461 defines "compensation earnable." It states:

- "(a) "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.
- (b) "Compensation earnable" does not include, in any case, the following:
 - (1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:
 - (A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.

- (B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.
 - (C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period regardless of when reported or paid.
- (2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.
 - (3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
 - (4) Payments made at the termination of employment, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.
- (c) The terms of subdivision (b) are intended to be consistent with and not in conflict with the holdings in *Salus v. San Diego County Employees Retirement Association* (2004) 117 Cal.App.4th 734 and *In re Retirement Cases* (2003)110 Cal.App.4th 426."

NEW AND PREVIOUSLY REVIEWED ITEMS OF COMPENSATION

Your Board is charged with determining which items of compensation qualify as pensionable earnings includable in the member's retirement allowance. The County Chief Executive Office recently informed LACERA of negotiated changes to Fringe Benefits. In preparing our recommendation, staff reviewed various Memorandums of

Understanding (“MOU”) and amendments to County Codes. A summary of our analysis is attached for your convenience.

Item 1 is a new pay item being considered for inclusion in the definition of final compensation. Items 2-6 have been previously approved by your Board. Although previously approved, any change to a pay item results in a repeat review of the entire earnings code. Staff analyzes each change to ensure compliance with the law before a recommendation is made to your Board.

1) Drinking Water Treatment and Distribution

New pay item effective January 1, 2016. Paid to employees in the Waterworks division engaged in the treatment of drinking water. Paid at a rate four salary schedules higher than otherwise provided in County Code 6.28.140. Paid to all similarly situated employees. Can be found on publicly available pay schedule.

Recommendation: Include under 31461 (a)
Include under 7522.34 (a)

2) Wellness/Fitness for Life Bonus - 1%

Previously approved in 2016. New pay code presents Tier I in this bonus class.

Paid to firefighter and lifeguard classes upon completion of annual Wellness/Fitness for Life Program. Applies to all similarly situated employees. Excludable for PEPRAs employees as outside normal working hours and not part of base pay.

Recommendation: Include under 31461 (a)
Exclude under 7522.34 (c) (11)

3) Wellness/Fitness for Life Bonus - 2%

Previously approved in 2016. New pay code presents Tier II in this bonus class.

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Paid to firefighter and lifeguard classes upon completion of annual Wellness/Fitness for Life Program. Applies to all similarly situated employees. Excludable for PEPRAs as outside normal working hours and not part of base pay.

Recommendation: Include under 31461 (a)
Exclude under 7522.34 (c) (11)

4) Sheriff Detention Facility Assignment Bonus

Previously approved as Psychiatry Jail Bonus in 2012. Renamed and extended to include additional employees from Department of Mental Health, and Sheriff's Medical Service Bureau who were integrated into the Department of Health Services.

Paid to employees permanently assigned to detention facilities. Employees continue to receive an additional 5.5% in compensation. Applies to all similarly situated employees. Exclude for PEPRAs since not included on public pay schedule.

Recommendation: Include under 31461 (a)
Exclude under 7522.34 (a)

5) Co-Generation Maintenance

Previously approved under pay code 507. Now bifurcated into two pay codes to include Dam Operators and Assistant Dam Operators. There is no difference in the previous Earnings Code Description.

Paid to Dam Operators and Assistant Dam Operators on special assignment at a rate of \$3.00 per hour. Paid to similarly situated employees. Excluded for PEPRAs since not on public pay schedule.

Recommendation: Include under 31461 (a)
Exclude under 7522.34 (a)

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6) Hydroelectric Operations

Previously approved as pay code 507. Now bifurcated into two pay codes.
There is no difference in the previous Earnings Code Description.

Paid to employees on special assignment at a rate of \$2.00 per hour. Paid to similarly situated employees. Excluded for PEPRA employees since not on public pay schedule.

Recommendation: Include under 31461 (a)
Exclude under 7522.34 (a)

CONCLUSION

Consistent with the foregoing, we submit the attached Resolutions of the Board of Retirement specifying pay items as "Compensation Earnable" under Government Code section 31461 and "Pensionable Compensation" under Government Code section 7522.34.

IT IS THEREFORE RECOMMENDED your Board:

1. Adopt the enclosed Resolutions specifying pay items as "compensation earnable" and "pensionable compensation."
2. Instruct staff to coordinate with the County of Los Angeles to establish necessary reporting mechanism and procedures to permit LACERA to include the qualifying items in the calculation of final compensation.

Reviewed and Approved



Steven P. Rice
Chief Counsel

FMB/et
Attachments

**Attachment: Newly Discovered or Newly Created Codes
reviewed under Section 31461 and 7522.34**

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
INCLUDED under Section 31461					
347	WELLNESS/FITNESS FOR LIFE BONUS -1%	Paid to permanent safety employees in firefighting and lifeguard classes provided that they annually complete the Wellness/Fitness for Life Program as specified in the MOU's for these classes. Also applies to related non-represented classes. Open to all safety classes in MOU's following, and related non-represented classes. Paid up to twelve (12) standard salary levels or at 3%.	(a)	—	<p>The Fitness For Life Program consists of three separate requirements:</p> <ol style="list-style-type: none"> 1) a) Annually complete 12 hrs. of Wellness/Fitness For Life Continuing education. b) Complete a medical evaluation at specified intervals. 2) Annually complete a physical fitness assessment and achieve targets (push-ups, crunches or plank). 3) Annually complete an aerobic test and achieve a VO2 Max targets (specified by age). <p>The bonus is contingent on successful completion of the annual Fitness for Life Program.</p> <p>This bonus includes earnings based on the "average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay," and is included under 31461(a).</p>
348	WELLNESS/FITNESS FOR LIFE BONUS -2%	Paid to permanent safety employees in firefighting and lifeguard classes provided that they annually complete the Wellness/Fitness for Life Program as specified in the MOU's for these classes. Also applies to related non-represented classes. Open to all safety classes in MOU's following, and related non-represented classes. Paid up to twelve (12) standard salary levels or at 3%.	(a)	—	<p>The Fitness For Life Program consists of three separate requirements:</p> <ol style="list-style-type: none"> 1) a) Annually complete 12 hrs. of Wellness/Fitness For Life Continuing education. b) Complete a medical evaluation at specified intervals. 2) Annually complete a physical fitness assessment and achieve targets (push-ups, crunches or plank). 3) Annually complete an aerobic test and achieve a VO2 Max targets (specified by age). <p>The bonus is contingent on successful completion of the annual Fitness for Life Program.</p> <p>This bonus includes earnings based on the "average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay," and is included under 31461(a).</p>

**Attachment: Newly Discovered or Newly Created Codes
reviewed under Section 31461 and 7522.34**

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
INCLUDED under Section 31461					
388	SHERIFF DETENTION FACILITY ASSIGNMENT BONUS	<p>Effective on the date the Board of Supervisors approves this MOU, any person in the Sheriff's Department Physician Assistants bargaining unit who is employed by the L.A. County Sheriff's Department, Medical Services Bureau, in a permanent, full-time position and who is permanently assigned to work within a Sheriff's Custody facility, will be provided a 5.5% bonus.</p> <p>Upon the integration of the L.A. County Sheriff's Department, Medical Services Bureau, into the Department of Health Services, qualifying persons in this bargaining unit permanently assigned to work within a Sheriff's Custody facility will continue to receive a 5.5% bonus.</p> <p>Upon the integration of the Los Angeles County Sheriff's Department, Medical Services Bureau, integration into the Department of Health Services, Physician Specialist, Family Practice, and Physician Specialist, Internal Medicine/General – Endocrinology, permanently assigned to work in a Los Angeles County detention or correctional facility shall receive an additional 5.5 percent above the compensation provided in Article 7. Compensation pursuant to this section does not constitute a base rate.</p> <p>Any person employed by the Department of Mental Health in a position of Mental Health Psychiatrist (Item No. 4735) and who is permanently assigned to work in a Los Angeles County detention or correctional facility shall receive an additional 5.5 percent above compensation provided for in Article 7.</p> <p>Upon the integration of the Department of Mental Health, Jail Mental Health Services into the Department of Health Services, qualifying classifications permanently assigned to work within a Los Angeles County detention or correctional facility shall continue to receive the 5.5 percent above compensation.</p> <p>Upon the integration of the LA County Sheriff's Department, Medical Services Bureau and the Department of Mental Health Jail Mental Health Services, into the Department of Health Services, Dentist (Item No. 4763), Senior Dentist (Item No. 4766), Dental Specialist (Item No. 4767), and Dental Hygienist (Item No. 4751), permanently assigned to a Los Angeles County detention or correction facility will receive an additional 5.5 percent above compensation. Compensation pursuant to this section does not constitute a base rate.</p>	(a)	—	<p>Additional pay to any person employed by L.A. County Sheriff's Department, Medical Services Bureau, in a permanent, full-time position as a Physician Assistant, Physician, Mental Health Psychiatrist, Dentist, and Dental Hygienist, permanently assigned to a Los Angeles County detention or correction facility shall receive an additional 5.5 percent above compensation provided for in this Article 7.</p> <p>Upon the integration of the L.A. County Sheriff's Department, Medical Services Bureau, into the Department of Health Services, qualifying persons in this bargaining unit permanently assigned to work within a Sheriff's Custody facility will continue to receive a 5.5% bonus.</p> <p>This bonus includes earnings based on the "average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay," and is included under 31461(a).</p>

**Attachment: Newly Discovered or Newly Created Codes
reviewed under Section 31461 and 7522.34**

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
INCLUDED under Section 31461					
507	CO-GENERATION MAINTENANCE	Provides additional hourly compensation for employees engaged in co-generation duties. All employees in the Unit who are assigned cogeneration operating/maintenance duties shall be paid additional compensation at the rate of two dollars (\$2.00) per hour for each hour of such duties.	(a)	—	This special-assignment, hourly bonus is paid to employees represented by Bargaining Units 401 and 412 who are "assigned cogeneration operating/maintenance duties." (Reference: MOU 401 and 412, SPECIAL PAY PRACTICES). This bonus includes earnings based on the "average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay," and is included under 31461(a).
523	HYDROELECTRIC OPERATIONS	Provides additional hourly compensation for employees engaged in hydroelectric duties. Dam Operators and Assistance Dam Operators shall be paid additional compensation at the rate of three dollars (\$3.00) per hour for each hour the Operators are assigned to Hydroelectric Operations while the hydroelectric generator is in service and for each hour when duties are performed when the hydroelectric generator is not service.	(a)	—	This special-assignment, hourly bonus is paid to employees represented by Bargaining Units 401 and 412 who are "assigned to hydroelectric operations." (Reference: MOU 401 and 412, SPECIAL PAY PRACTICES). This bonus includes earnings based on the "average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay," and is included under 31461(a).

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reviewed under Section 31461 and 7522.34**

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EXCLUDED under Section 7522.34					
347	WELLNESS/FITNESS FOR LIFE BONUS -1%	Paid to permanent safety employees in firefighting and lifeguard classes provided that they annually complete the Wellness/Fitness for Life Program as specified in the MOU's for these classes. Also applies to related non-represented classes. Open to all safety classes in MOU's following, and related non-represented classes. Paid up to twelve (12) standard salary levels or at 3%.	—	(c)(11)	<p>The Fitness For Life Program consists of three separate requirements:</p> <ol style="list-style-type: none"> 1) a) Annually complete 12 hrs. of Wellness/Fitness For Life Continuing education. b) Complete a medical evaluation at specified intervals. 2) Annually complete a physical fitness assessment and achieve targets (push-ups, crunches or plank). 3) Annually complete an aerobic test and achieve a VO2 Max targets (specified by age). <p>The Fitness for Life program is not mandatory and the bonus is contingent on successful completion of the annual program. Therefore, all similarly situated employees are not entitled to this bonus and is excluded under 7522.34(c)(11).</p>
348	WELLNESS/FITNESS FOR LIFE BONUS -2%	Paid to permanent safety employees in firefighting and lifeguard classes provided that they annually complete the Wellness/Fitness for Life Program as specified in the MOU's for these classes. Also applies to related non-represented classes. Open to all safety classes in MOU's following, and related non-represented classes. Paid up to twelve (12) standard salary levels or at 3%.	—	(c)(11)	<p>The Fitness For Life Program consists of three separate requirements:</p> <ol style="list-style-type: none"> 1) a) Annually complete 12 hrs. of Wellness/Fitness For Life Continuing education. b) Complete a medical evaluation at specified intervals. 2) Annually complete a physical fitness assessment and achieve targets (push-ups, crunches or plank). 3) Annually complete an aerobic test and achieve a VO2 Max targets (specified by age). <p>The Fitness for Life program is not mandatory and the bonus is contingent on successful completion of the annual program. Therefore, all similarly situated employees are not entitled to this bonus and is excluded under 7522.34(c)(11).</p>

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reviewed under Section 31461 and 7522.34**

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
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reviewed under Section 31461 and 7522.34**

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
EXCLUDED under Section 7522.34					
507	CO-GENERATION MAINTENANCE	Provides additional hourly compensation for employees engaged in co-generation duties. All employees in the Unit who are assigned cogeneration operating/maintenance duties shall be paid additional compensation at the rate of two dollars (\$2.00) per hour for each hour of such duties.	—	(c)(11)	This special-assignment, hourly bonus is paid to employees represented by Bargaining Units 401 and 412 who are "assigned cogeneration operating/maintenance duties." (Reference: MOU 401 and 412, SPECIAL PAY PRACTICES). As such, it would meet the definition of subdivision (c)(11) since it is a "form of compensation . . . inconsistent with the requirements of subdivision (a)" [i.e. NOT "paid to <u>similarly situated members</u> of the same group of class of employment" since all others in similarly situated positions are not paid this bonus if they are not chosen for that particular assignment), NOR is it " <u>the normal monthly rate of pay or base pay</u> " (i.e. NOT included in the Public Pay Schedule). Thus, it would be classified as EXCLUDE from pensionable income for new members as of 1/1/2013.
523	HYDROELECTRIC OPERATIONS	Provides additional hourly compensation for employees engaged in hydroelectric duties. Dam Operators and Assistance Dam Operators shall be paid additional compensation at the rate of three dollars (\$3.00) per hour for each hour the Operators are assigned to Hydroelectric Operations while the hydroelectric generator is in service and for each hour when duties are performed when the hydroelectric generator is not service.	—	(c)(11)	This special-assignment, hourly bonus is paid to employees represented by Bargaining Units 401 and 412 who are "assigned to hydroelectric operations." (Reference: MOU 401 and 412, SPECIAL PAY PRACTICES). As such, it would meet the definition of subdivision (c)(11) since it is a "form of compensation . . . inconsistent with the requirements of subdivision (a)" [i.e. NOT "paid to <u>similarly situated members</u> of the same group of class of employment" since all others in similarly situated positions are not paid this bonus if they are not chosen for that particular assignment), NOR is it " <u>the normal monthly rate of pay or base pay</u> " (i.e. NOT included in the Public Pay Schedule). Thus, it would be classified as EXCLUDE from pensionable income for new members as of 1/1/2013.

**Attachment: Newly Discovered or Newly Created Codes
reviewed under Section 31461 and 7522.34**

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
INCLUDED under Section 31461					
463	DRINKING WATER TREATMENT & DISTRIBUTION	<p>Effective January 1, 2016, in accordance to County Code Section 6.109.020, persons assigned to the Waterworks Division in the classes of:</p> <p>Electro-Mechanic (Item No. 6490) Electro-Mechanic (Item No. 6492) Electro-Mechanic Working Supervisors (Item No. 6495) Electro-Mechanic Supervisors (Item No. 6498) Helper, Electric (Item No. 6349)</p> <p>Who are engaged in drinking water treatment and distribution duties shall be compensated at a rate of four salary schedules higher than that otherwise provided in Section 6.28.140 of the County Code.</p>	(a)	—	<p>This assignment bonus is available to the classes of:</p> <p>Electro-Mechanic (Item No. 6490) Electro-Mechanic (Item No. 6492) Electro-Mechanic Working Supervisors (Item No. 6495) Electro-Mechanic Supervisors (Item No. 6498) Helper, Electric (Item No. 6349)</p> <p>who are designated to work in the Waterworks Division. This bonus includes earnings based on the "average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay," and is included under 31461(a).</p>

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reviewed under Section 31461 and 7522.34**

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
INCLUDED under Section 7522.34					
463	DRINKING WATER TREATMENT & DISTRIBUTION	<p>Effective January 1, 2016, in accordance to County Code Section 6.109.020, persons assigned to the Waterworks Division in the classes of:</p> <p>Electro-Mechanic (Item No. 6490) Electro-Mechanic (Item No. 6492) Electro-Mechanic Working Supervisors (Item No. 6495) Electro-Mechanic Supervisors (Item No. 6498) Helper, Electric (Item No. 6349)</p> <p>Who are engaged in drinking water treatment and distribution duties shall be compensated at a rate of four salary schedules higher than that otherwise provided in Section 6.28.140 of the County Code.</p>	(a)	—	<p>This assignment bonus is available to the classes of:</p> <p>Electro-Mechanic (Item No. 6490) Electro-Mechanic (Item No. 6492) Electro-Mechanic Working Supervisors (Item No. 6495) Electro-Mechanic Supervisors (Item No. 6498) Helper, Electric (Item No. 6349)</p> <p>who are designated to work in the Waterworks Division. Since all similarly situated employees are entitled to this bonus, which is included in the public pay schedule and paid during normal working hours, these earnings are included under 7522.34(a).</p>

BEFORE THE BOARD OF RETIREMENT
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

RESOLUTION OF THE BOARD OF
RETIREMENT SPECIFYING ITEMS
OF REMUNERATION AS
“COMPENSATION EARNABLE”

RESOLUTION NO. 2017-BR001

WHEREAS, LACERA calculates retirement allowances based on a member’s “final compensation;”

WHEREAS, LACERA is required to include in the calculation of “final compensation” a member’s base pay, and certain other items of remuneration, if such remuneration qualifies as “compensation” under Government Code section 31460 and “compensation earnable” under Government Code section 31461;

WHEREAS, on March 4, 1998, the Board of Retirement adopted Resolution No. 98-004 specifying certain items of remuneration payable to employees of the County of Los Angeles which the Board determined qualify as “compensation” under Government Code section 31460 and “compensation earnable” under section 31461.

WHEREAS, on August 4, 1999, the Board of Retirement adopted Resolution No. 99-001 specifying an additional item of remuneration qualifies as “compensation” and “compensation earnable” under Government Code sections 31460 and 31461, respectively.

WHEREAS, the Court’s ruling in Ventura County Deputy Sheriff’s Association v. County of Ventura (1997) 16 Cal. 4th 483 became final on October 1, 1997, and requires LACERA to include in the calculation of retirement allowances various forms of remuneration not formerly included.

NOW THEREFORE, BE IT RESOLVED, AS FOLLOWS:

1. The items of remuneration set forth in Attachment 1 qualify as “compensation earnable” as defined in Government Code section 31461, for purposes of calculating a member’s retirement allowance.

BOARD OF RETIREMENT,
LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION

Shawn R. Kehoe
Chair, Board of Retirement

Approved as to Form:

ATTEST:

Steven P. Rice
Chief Counsel

William de la Garza
Secretary, Board of Retirement

ITEMS OF COUNTY REMUNERATION WHICH QUALIFY AS
"COMPENSATION," AS DEFINED BY GOVERNMENT CODE SECTION 31460,
AND/OR "COMPENSATION EARNABLE," AS DEFINED BY GOVERNMENT
CODE SECTION 31461.

<u>EARNINGS</u>	<u>ITEMS</u>
<u>CODE NO.</u>	
099	PATROL STATION RETENTION BONUS
249	AGRICULTURE INSPECTORS AID ROVER BONUS
334	CUSTODY ASSISTANT ACADEMY DRILL INSTRUCTOR
346	HAZARDOUS MATERIALS II EMERGENCY OPERATIONS ASSIGNMENT
347	WELLNESS/FITNESS FOR LIFE BONUS – 1%
348	WELLNESS/FITNESS FOR LIFE BONUS – 2%
349	WELLNESS/FITNESS FOR LIFE BONUS
350	"PILOT PAY" – FIRE DEPARTMENT
358	TEMPORARY PROMOTION BONUS
359	LIFEGUARD PARAMEDIC, CATALINA
362	PARAMEDIC COORDINATOR/EMS CAPTAIN
369	ADVANCED EDUCATION DEGREE BONUS
381	DENTAL PROFESSIONALS BOARD CERTIFICATION BONUS
384	HIGH DESERT HEALTH ASSIGNMENT BONUS

388 SHERIFF DETENTION FACILITY ASSIGNMENT BONUS

389 MENTAL HEALTH PSYCHIATRIST BOARD
CERTIFICATION – MORE THAN ONE SPECIALTY

463 DRINKING WATER TREATMENT AND DISTRIBUTION

503 UNIFORM ALLOWANCE

504 NIGHT SHIFT DIFFERENTIAL

505 CORONER'S INQUEST REPORTER

506 VEHICLE USE ALLOWANCE

507 CO-GENERATION MAINTENANCE

508 HENNINGER FLATS WATCHMAN

509 FREEZER WORK

510 DEPARTMENT HEAD MERIT

511 BOARD OF SUPERVISORS PERFORMANCE LUMP SUM

512 FIRE SUPPRESSION TRANSPORTATION TRUCK DRIVER

514 BACKHOE OPERATOR

515 WEEKEND BONUS

516 EXPLOSIVES WORK

517 EVENING SHIFT DIFFERENTIAL

518 POWER EQUIPMENT REPAIR, SNOW CONDITIONS

519 ENGINEERING EMPLOYEES, HAZARD PAY

520 HOME CARE COMPENSATION

522 CUSTODIAN ACTING AS WATCHMAN

523 HYDROELECTRIC OPERATIONS

- 525 CONTRACTING AND PRODUCTIVITY IMPROVEMENT
INCENTIVE FOR MANAGERS
- 528 WEBCOM PRESS OPERATOR
- 529 POWER EQUIPMENT OPERATOR, FIRE SUPPRESSION
- 530 RN EXTRA WEEKENDS WORKED
- 531 STANDBY
- 532 ADDITIONAL RESPONSIBILITIES OR EXCEPTIONAL
PERFORMANCE
- 533 POWER SWEEPER OPERATOR IN EMERGENCY
CONDITIONS
- 534 POWER PLANT RELIEF ENGINEER
- 535 CLINIC PHYSICIAN, FIRST HOUR AND ONE-HALF
- 536 CONSULTING SPECIALIST, MD, & MENTAL HEALTH
CONSULTANT, MD, FIRST AND FIFTH HOURS
- 538 RN ASSIGNED AS ACTING OR RELIEF CHARGE NURSE
- 539 RN WEEKEND DIFFERENTIAL
- 540 RELIEF NURSE HOLIDAY DIFFERENTIAL (HOURLY ITEM)
- 541 RELIEF NURSE WEEKEND DIFFERENTIAL (HOURLY
ITEM)
- 544 APPRAISERS LAUNDRY AND DRY CLEANING
ALLOWANCE
- 545 HEAVY DUTY TOW TRUCK DRIVER
- 546 SLURRY SEAL TRUCK DRIVER
- 547 LIFEGUARD PARAMEDIC – SHIFT
- 548 LIFEGUARD PARAMEDIC – HOURLY
- 550 INCENTIVE AWARDS FOR MEDI-CAL
REIMBURSEMENTS, HEALTH SERVICES

551 GROUP INCENTIVE AWARD, TREASURER TAX COLLECTOR
552 STANDBY – EMERGENCY ROLLOUT PROGRAM
553 PIONEER EXCAVATION, TUNNEL OPERATIONS, FIRE SUPPRESSION, AND SNOW REMOVAL - CONSTRUCTION INSPECTION AND SURVEYING GROUPS
554 PIONEER EXCAVATION, TUNNEL OPERATIONS, FIRE SUPPRESSION, AND SNOW REMOVAL
555 SCAFFOLD OR SWING STAGE, 30 FEET ABOVE GRADE
556 HIGH SCALE AND RIGGING OPERATIONS, GENERAL
557 EVENING SHIFT, MED TECH
558 NIGHT SHIFT, MED TECH
565 PARAMEDIC RECERTIFICATION BONUS
567 DEPUTY SHERIFF RESERVE ANNUAL COMPENSATION
570 HOME CARE PROGRAM STANDBY
571 CSW LICENSURE SUPERVISION
572 MOU LUMP SUM BONUS
575 WASTEWATER PLANT RELIEF BONUS
576 “SOLO DAILY” PAY – COURT REPORTERS
577 INTERPRETER HALF DAY BONUS – SUP. CT.
581 SWIM PROFICIENCY BONUS
601 LIFEGUARD PARAMEDIC, RELIEF
602 SUPERVISING TRANSPORTATION DEPUTY PERFORMING DISPATCHER DUTIES
603 AUTOMOTIVE SERVICE EXCELLENCE CERTIFICATES

604 RN MOBILE INTENSIVE CARE CERTIFICATION

605 CUSTODIAN FLOOR WAXING BONUS

606 FIRE EQUIPMENT MECHANIC ASSIGNED FIELD REPAIR DUTIES

607 SDPO ASSIGNED ACTING DIRECTOR IN A CAMP

608 BILINGUAL BONUS

609 RN ASSIGNED TO EMERGENCY ROOM

610 ANTELOPE VALLEY FIREFIGHTING CREW

611 TREE TRIMMER SUPERVISOR, POWER OPERATIONS

612 SHOOTING BONUS, EXPERT

613 SHOOTING BONUS, DISTINGUISHED EXPERT

614 SHOOTING BONUS, MARKSMAN

615 SHOOTING BONUS, SHARPSHOOTER

616 ANTELOPE VALLEY QUARTERS, ON FIRE CALL

617 CLINIC NURSE ASSIGNED TO PROBATION CAMP

618 TRANSPORTATION BUS DRIVER, SHERIFF

619 CERTIFIED ACCESS SPECIALISTS

620 SAN GABRIEL DAM OPERATOR

621 NURSE RETENTION INCENTIVE

622 ADVANCED APPRAISER CERTIFICATION

623 PROBATION TRANSCRIBER TYPIST PRODUCTION INCENTIVE

624 BILINGUAL ADDITIONAL BONUS, CHILDREN'S SOCIAL WORKERS

- 625 AGRICULTURE INSPECTORS ASSIGNED TO STANDARDIZATION
- 626 FIREFIGHTER PARAMEDIC NOT ASSIGNED TO A PARAMEDIC POST
- 627 DETENTION AND TRANSPORTATION EXTRA SUPERVISION BONUS
- 628 BILINGUAL BONUS FOR OTHER THAN MONTHLY EMPLOYEES
- 629 MORTUARY ATTENDANT AT LAC/USC MC
- 630 SAFETY POLICE EDUCATIONAL/LONGEVITY INCENTIVE
- 632 MENTAL HEALTH WORKERS ASSIGNED TO SHERIFF'S DETENTION FACILITIES
- 634 SUPERVISING DETENTION SERVICES OFFICER OF THE DAY
- 635 TRANSPORTATION DEPUTY BUS DRIVER, PROBATION
- 636 SHERIFF'S STATION COMMANDER EXPENSES
- 637 PROFESSIONAL DEVELOPMENT EXPENSES
- 638 PROBATION TELECOM EQUIPMENT BONUS
- 639 INTERN HOUSING ALLOWANCE LAC/USC MED. CENTER
- 640 CHILDREN'S SERVICES ERCP RETENTION
- 641 SHOOTING BONUS, EXPERT – RESERVE
- 642 SHOOTING BONUS, DISTINGUISHED EXPERT – RESERVE
- 643 SHOOTING BONUS, MARKSMAN – RESERVE
- 644 SHOOTING BONUS, SHARPSHOOTER – RESERVE
- 645 WELDER CERTIFICATION BONUS

646 EMERGENCY ROLLOUT PROGRAM & SHIFT BONUS

647 BILINGUAL ADDITIONAL BONUS, PSYCHIATRIC SOCIAL
WORK

648 DEFIBRILLATION AIRWAY BONUS

649 MAMMOGRAPHY BONUS

650 PRESIDING JUDGE 4% BONUS

653 EQUINE HANDLERS PAY

653 K-9 HANDLERS PAY

694 PARK, TAXABLE

695 TRANSPORTATION ALLOW

696 TRAFFIC MITIGATION

700 "OVERNIGHT TRIP" PAY - SHERIFF'S STATEWIDE UNIT

730 PREMIUM OVERNIGHT TRIP

782 FLSA PREMIUM PAY FOR REGULARLY SCHEDULED
WORK ASSIGNMENT

903 NON-ELECTIVE LEAVE BUYBACK

910 SICK BUYBACK

911 VACATION BUYBACK

912 HOLIDAY BUYBACK

913 SICK PRE-71 BUYBACK

914 SICK BUYBACK –PROBATION 56 – HOUR

915 VACATION BUYBACK - 56 HOUR

930 SPECIAL PAID LEAVE BUYBACK

931 APPRAISERS LEAVE BUYBACK

932	INTERN/RESIDENT LEAVE BUYBACK
PP046	EMPLOYEE SUGGESTION
NONE	PARK, NONTAXABLE
NONE	PRIOR SALARY
NONE	56 HOUR TO 40 HOUR ASSIGNMENT BONUS
NONE	REGISTERED NURSE ASSIGNED TO CRITICAL CARE UNIT

BEFORE THE BOARD OF RETIREMENT
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

RESOLUTION OF THE BOARD OF
RETIREMENT SPECIFYING ITEMS OF
REMUNERATION AS “PENSIONABLE
COMPENSATION”

RESOLUTION NO. 2017-BR002

WHEREAS, Government Code section 7522.34 governs the determination of pensionable compensation for those members who became active members for the first time on or after January 1, 2013, who are subject to the California Public Employees’ Pension Reform Act of 2013; and

WHEREAS, LACERA calculates retirement allowances based on a member’s final compensation; and

WHEREAS, LACERA is required to include in the calculation of “final compensation,” a member’s base pay and certain other items of compensation, if such compensation qualifies as “pensionable compensation” under Government Code section 7522.34; and

WHEREAS, Government Code section 7522.34 defines “pensionable compensation” as:

“. . .the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules”; and

WHEREAS, the Board has analyzed each current pay item and determined whether or not those items should be included in “pensionable compensation”; and

WHEREAS, the Board may find it necessary from time to time to amend its determinations based on changes made by employers, the Legislature, or the Courts;

NOW THEREFORE, BE IT RESOLVED, AS FOLLOWS:

1. For purposes of calculating a member's retirement allowance, earnings on or after January 1, 2013, for members subject to Government Code section 7522.32, as set forth in the Attachment No. 1 qualify as "pensionable compensation" as defined in Section 7522.34.
2. For purposes of calculating a member's retirement allowance, earnings on or after January 1, 2013, for members subject to Government Code section 7522.32, as set forth in Attachment No. 2 do not qualify as "pensionable compensation" as defined in section 7522.34.

BOARD OF RETIREMENT,
LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION

Shawn R. Kehoe
Chair, Board of Retirement

Approved as to Form

ATTEST:

Steven P. Rice
Chief Counsel

William de la Garza
Secretary, Board of Retirement

ITEMS OF REMUNERATION EARNED ON OR AFTER JANUARY 1, 2013, FOR MEMBERS SUBJECT TO GOVERNMENT CODE SECTION 7522.32, WHICH QUALIFY AS "PENSIONABLE COMPENSATION" AS DEFINED IN SECTION 7522.34

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
206A	LONGEVITY BONUS 10 YEARS
207A	LONGEVITY BONUS 15 YEARS
208A	LONGEVITY BONUS 20 YEARS
213	PSYCHIATRIC TECHNICIAN - P.E.T. SUPERVISOR
216	POST BONUS - BASIC
218	PROBATION - TOP RANGE
235	LONGEVITY BONUS 20 YEARS
235A	LONGEVITY BONUS 20 YEARS
235C	LONGEVITY BONUS 20 YEARS
235D	LONGEVITY BONUS 20 YEARS
235F	LONGEVITY BONUS 20 YEARS
235G	LONGEVITY BONUS 20 YEARS
235H	LONGEVITY BONUS 20 YEARS
235I	LONGEVITY BONUS 20 YEARS
235J	LONGEVITY BONUS 20 YEARS

236	LONGEVITY BONUS 25 YEARS
236A	LONGEVITY BONUS 25 YEARS
236C	LONGEVITY BONUS 25 YEARS
236D	LONGEVITY BONUS 25 YEARS
236F	LONGEVITY BONUS 25 YEARS
236G	LONGEVITY BONUS 25 YEARS
236H	LONGEVITY BONUS 25 YEARS
236I	LONGEVITY BONUS 25 YEARS
236J	LONGEVITY BONUS 25 YEARS
237	LONGEVITY BONUS 30 YEARS
237A	LONGEVITY BONUS 30 YEARS
237C	LONGEVITY BONUS 30 YEARS
237D	LONGEVITY BONUS 30 YEARS
237F	LONGEVITY BONUS 30 YEARS
237G	LONGEVITY BONUS 30 YEARS
237H	LONGEVITY BONUS 30 YEARS
237I	LONGEVITY BONUS 30 YEARS
237J	LONGEVITY BONUS 30 YEARS
238A	COMMAND PAY 24YR
239A	COMMAND PAY 29YR
241	WEIGHTS & MEASURES INSPECTOR
242	WEIGHTS & MEASURES INSPECTOR COMMERCIAL DRVRS LIC

244A LONGEVITY BONUS 20 YEARS - SOCIAL WORKERS
244B LONGEVITY BONUS 20 YEARS - SOCIAL WORKERS
244C LONGEVITY BONUS 20 YEARS - SOCIAL WORKERS
245A LONGEVITY BONUS 25 YEARS - SOCIAL WORKERS
245B LONGEVITY BONUS 25 YEARS - SOCIAL WORKERS
245C LONGEVITY BONUS 25 YEARS - SOCIAL WORKERS
246A LONGEVITY BONUS 30 YEARS - SOCIAL WORKERS
246B LONGEVITY BONUS 30 YEARS - SOCIAL WORKERS
246C LONGEVITY BONUS 30 YEARS - SOCIAL WORKERS
247 DISPATCHER EMD CERTIFICATION BONUS
260 CATALINA ISLAND LIVING - LIFEGUARD/FIRE FIGHTER
261 LIFEGUARD – EMT
262 UNDERWATER RECOVERY - BEACHES AND HARBORS
280 CATALINA ISLAND LIVING
331 INMATE SUPERVISOR
333 REFUSE TRUCK DRIVER BONUS
337 TRANSPORTATION SUPERVISOR BONUS
346 HAZARDOUS MATERIALS II EMERGENCY OPERATIONS
ASSIGNMENT
350 AIR OPERATIONS BONUS
351 DRIVER - COUNTY FORESTER AND FIRE WARDEN
353 FIREFIGHTER - EMT
354 FIRE FIGHTER - HAZARD MATERIALS

355 FIREFIGHTER - PARAMEDIC
359 LIFEGUARD PARAMEDIC CATALINA BONUS
360 URBAN SEARCH AND RESCUE
362 PARAMEDIC COORDINATOR/EMS CAPTAIN
378 LICENSED VOCATIONAL NURSE - INTENSIVE CARE
382 PUBLIC HEALTH INVESTIGATOR ASSIGNMENT BONUS
390 BOOKMOBILE BONUS
420 CATALINA ISLAND LIVING PARKS AND RECREATION
421 LAKE AQUATICS - EMT CERTIFICATE
422 LAKE LIFEGUARD – EMT CERTIFIED
423 UNDERWATER RECOVERY - PARKS AN RECREATION
431 LEGISLATION CONSULTANT - DPSS
433 TWELVE LEVEL BONUS
434 DEPUTY SHERIFF FIELD TRAINING OFFICER
435 SENIOR FIELD TRAINING OFFICER, 12 MONTHS
436 MASTER FIELD TRAINING OFFICER LEVEL 1, 18 MONTHS
437 MASTER FIELD TRAINING OFFICER LEVEL 2, 30 MONTHS
438 PATROL AND CUSTODY TRAINING - 7TH STEP
440 AERIAL PATROL OBSERVER DUTY
442 COOKS, BAKERS, BUTCHERS BONUS
443 DEPUTY SHERIFF-LEVEL I BONUS
444 DEPUTY SHERIFF - LEVEL II BONUS
446 EXPLOSIVES DETAIL BONUS

447	HELICOPTER DETAIL
449	SENIOR COOK BONUS - SHERIFF
451	UNDERWATER RECOVERY - SHERIFF
452	SUPERVISORY BONUS
454	SHERIFF INTERNAL EQUITY
455	MOTORCYCLE PATROL UNIT BONUS
457	PATROL STATION RETENTION BONUS
459	SHERIFF'S STATION JAILER BONUS
460	SHERIFF - MAINTENANCE WORKER
462	MANPOWER SHORTAGE-SHERIFF CATALINA ISLAND
463	DRINKING WATER TREATMENT AND DISTRIBUTION
466	SEWER MAINTENANCE ASSIGNMENT
467	UNDERGROUND STORM DRAIN ASSIGNMENT
490	SENIOR COOK - PROBATION
491	GROUP SUPERVISOR - PROBATION
492	HEAD COOK - PROBATION
496	INSTITUTIONAL INCENTIVE
626	FIREFIGHTER PARAM. NOT ASSGND TO PARAM.
782	PLATOON/40HR/DISPATCHER
PP056	FLSA PRE7677MIUM OVERTIME
NONE	56 HOUR TO 40 HOUR ASSIGNMENT BONUS

ITEMS OF REMUNERATION EARNED ON OR AFTER JANUARY 1, 2013, FOR MEMBERS SUBJECT TO GOVERNMENT CODE SECTION 7522.32, WHICH DO NOT QUALIFY AS "PENSIONABLE COMPENSATION" AS DEFINED IN SECTION 7522.34.

EARNINGS **ITEMS**
CODE NO.

200	76-INCH MOWER BONUS
201	ACTING DEPARTMENT HEAD
202	ACTING MEDICAL DIRECTOR
203	ADDITIONAL RESPONSIBILITIES
204	AMERICAN MEDICAL ASSOCIATION BOARD CERT 8.25%
205	AMERICAN MEDICAL ASSOCIATION BOARD CERT 5.50%
209	MANPOWER SHORTAGE RANGE
210	MEDICAL DIRECTOR'S BONUS - 2.75
211	MEDICAL DIRECTOR'S BONUS - 5.50%
212	MEDICAL DIRECTOR'S BONUS - 8.25%
214	OUT OF CLASS BONUS
215	POST BONUS _ ADVANCE/EXECUTIVE
217	POST BONUS - INTERMEDIATE
219	SUPERIOR SUBORDINATE PAY
220	WATCHMAN - CUSTODIAN

221 WELFARE RECIPIENT SUPERVISOR
222 OUT OF CLASS BONUS SCHEDULE/LEVEL/PERCENT
223 TEMPORARY CLERICAL & OFFICE SERVICES EMPLOYEES
224 PBP NON-BASE MERIT SALARY ADJUSTMENT
225 EXECUTIVE SECRETARY ADDED SALARY SCHEDULES
227 PBP TO SCHEDULE SALARY ADJUSTMENT
228 ADDITIONAL RESPONSIBILITIES – REPRESENTED
229 TEMPORARY SPECIAL MAP ACHIEVEMENT – FLAT
230 TEMPORARY SPECIAL MAP ACHIEVEMENT – PERCENT
231 TEMPORARY ASSIGNMENT MAP EMPLOYEE – FLAT
240 AGRICULTURAL INSPECTOR BONUS
243 CAREER DEVELOPMENT INTERN BONUS
248 REGIONAL PLANNING AICP CERTIFICATION BONUS
249 AGRICULTURE INSPECTORS AID ROVER BONUS
250 ACCOUNTING CERTIFICATE
252 6TH AND 7TH STEP FINANCIAL SPECIALIST
256 ANIMAL CONTROL MGR-BOARD LIAISON BONUS
257 HALF STEP-01
258 HALF STEP-02
263 AUDITOR-CONTROLLER MERIT - ONE SCHEDULE
264 AUDITOR-CONTROLLER MERIT - TWO SCHEDULES
265 AUDITOR-CONTROLLER MERIT - THREE SCHEDULES
266 AUDITOR-CONTROLLER MERIT - FOUR SCHEDULES

267 AUDITOR-CONTROLLER MERIT - FIVE SCHEDULES
268 AUDITOR-CONTROLLER MERIT - SIX SCHEDULES
270 BOARD OF SUPERVISOR SPECIAL ASSIGNMENT
271 ASSESSMENT APPEALS BOARD ASSIGNMENT
272 HEAD BOARD SPECIALIST ADDITIONAL STEPS
273 MAPP TIER II STEP 13
274 MAPP TIER II STEP 14
275 MAPP TIER II STEP 15
276 MAPP TIER II STEP 16
277 MAPP TIER II STEP 17
278 MAPP TIER II STEP 18
281 MAPP TO SCHEDULE FLAT AMOUNT
282 MAPP TO SCHEDULE PERCENTAGE
283 PERM PHYSICIAN TRANSITION RATE – PERCENT
285 COURT CLERK - GREATER SKILLS
291 INTERGOVERNMENTAL RELATIONS
293 LEGISLATIVE REPRESENTATIVE-CAO
295 MANAGEMENT TRAINEE
300 CURATOR BONUS
310 LEGISLATIVE ADVOCATE - COUNTY COUNSEL
320 ACCOUNTING CERTIFICATE - DA
321 DISTRICT ATTORNEY - OUT OF CLASS BONUS
322 RECLASSIFIED INVESTIGATOR

323 ANTELOPE VALLEY ASSIGN. 30 MILES FROM RESIDENCE
332 JOURNEY EMPLOYEES BONUS
334 CUSTODY ASSISTANT ACADEMY DRILL INSTRUCTOR
338 ELEVATOR ADJUSTOR
340 A OR B MOTOR VEHICLE LICENSE BONUS
347 WELLNESS/FITNESS FOR LIFE BONUS – 1%
348 WELLNESS/FITNESS FOR LIFE BONUS – 2%
349 WELLNESS/FITNESS FOR LIFE BONUS
356 FIRE SAFETY PERSONNEL BONUS
357 HELICOPTER INSPECTION LICENSE
358 TEMPORARY PROMOTION BONUS
361 TEMPORARY PROMOTION BONUS - NON SCHEDULE
367 MEDICAL STAFF CREDENTIALING ASSIGNMENT BONUS
368 RN ASSIGNED TO SHERIFFS DEPT
369 RN ADVANCED EDUCATIONAL DEGREE BONUS
370 CLINIC NURSE - STAND BY
371 CLINICAL INSTRUCTOR - GENERAL
372 CLINICAL INSTRUCTOR - LAC+USC MEDICAL CENTER
373 EMERG MEDICINE - BOARD CERTIFICATION
374 EMERG MEDICINE - BOARD CERT
375 EMERG MEDICINE - BOARD CERTIFICATION 8.25%
376 HIGH DESERT HOSPITAL - PHYSICIAN BONUS
377 JOURNEY EMPLOYEES BONUS

- 379 SUPERVISING NURSE - ICU
- 380 SUPVG RAD TECHN - DIAGNOSTIC ULTRASOUND
- 381 DENTAL PROFESSIONALS BOARD CERTIFICATION BONUS
- 383 VETERINARY MEDICINE- BOARD CERTIFICATION
- 384 HIGH DESERT HEALTH ASSIGNMENT BONUS
- 385 PSYCHIATRY SPECIALTY BONUS
- 386 PHYSICIAN SPECIALTY BONUS
- 387 PHARMACIST SPECIALTY ASSIGNMENTS
- 388 SHERIFF DETENTION FACILITY ASSIGNMENT BONUS
- 389 MENTAL HEALTH PSYCHIATRIST BOARD CERTIFICATION – MORE THAN ONE SPECIALTY
- 392 LIBRARIAN BONUS
- 395 PHYSICIAN SPECIALTY BONUS - 5.75%
- 396 PHYSICIAN ADDITIONAL COMPENSATION
- 397 PHYSICIAN FORENSIC PATHOLOGY BONUS
- 398 HOSPITAL ADMINISTRATOR - ADDITIONAL COMPENSATION
- 400 DEPUTY COURT ADMINISTRATOR - OPINION/ADVISOR
- 401 DEPUTY MARSHALL - LEVEL I BONUS
- 402 DEPUTY MARSHALL - LEVEL II BONUS
- 403 DEPUTY MARSHALL TRAINEE
- 404 ELECTRONIC RECORDING EQUIPMENT
- 405 MARSHALL SUPERVISING BONUS
- 406 DEPUTY MARSHAL SPECIAL TRAINING - 6TH STEP

407 SKILL & RESPONSIBILITY BONUS
408 DEPUTY CLERK III OUT OF CLASS BONUS
409 STENOGRAPHIC SKILLS
410 SUPERVISING DEPUTY CLERK
411 ADVISOR-COURT ADMINISTRATOR AND JUDGES
412 NIGHT SHIFT AND WEEKEND BONUS
413 DEPUTY CLERK IV - GREATER SKILLS
414 RECORDING EQUIPMENT-DEPUTY CLERK IV M.C.
430 ASST. DIRECTOR - PUBLIC SOCIAL SERVICES
432 DEPUTY DISTRICT DIRECTOR TRAINEE
441 CATALINA ISLAND LIVING - SHERIFF
450 SHERIFF OUT OF CLASS BONUS
453 SERGEANT-AT-ARMS BOARD OF SUPERVISOR
456 TRAINING OFFICER/INVESTIGATOR/K-9 BONUS
458 ACTING CAPACITY BONUS
461 SHERIFF BUSINESS MACHINE TECHNICIAN
464 STATE OF CALIF STRUCTURAL ENGINEER LICENSE BONUS
465 REHABILITATION INSPECTOR-PUBLIC WORKS
468 LICENSED LAND SURVEYOR BONUS
469 LICENSED REGISTERED TRAFFIC ENGINEER BONUS
470 BUSINESS LICENSE LIAISON
475 CERTIFICATION BONUS - LACERA
480 SUPERIOR COURT CLERK BONUS

481 COURT REPORTERS REALTIME CERTIFICATION
482 JUDICIAL ASSISTANT BONUS
483 REALTIME WRITING BONUS
485 SUP CRT EXEC OFFICER ADDITIONAL COMPENSATION
493 SENIOR PROBATION DIRECTOR-CENTRAL JUVENILE HALL
494 SENIOR PROB DIR-LOS PADRINOS/SAN FERNANDO JUV
HALL
495 PROBATION DIRECTOR-ADMIN RESP./FOOTHILL JUV AREA
498 PROBATION DIRECTOR-CHALLENGER YOUTH CENTER
501 BOARD OF RETIREMENT CASE REVIEW
503 UNIFORM ALLOWANCE
504 NIGHT SHIFT DIFFERENTIAL
505 CORONER'S INQUEST REPORTER
506 ALLOWANCE IN LIEU OF VEHICLE USE
507 CO-GENERATION MAINTENANCE
508 HENNINGER FLATS WATCHMAN
509 FREEZER WORK
510 DEPARTMENT HEAD MERIT
511 BOARD OF SUPERVISORS PERFORMANCE LUMP SUM
512 FIRE SUPPRESSION TRANSPORTATION TRUCK DRIVER
513 MOU LUMP SUM BONUS
514 BACKHOE OPERATOR
515 WEEKEND BONUS

516 EXPLOSIVES WORK
517 EVENING SHIFT DIFFERENTIAL
518 POWER EQUIPMENT REPAIR, SNOW CONDITIONS
519 ENGINEERING EMPLOYEES, HAZARD PAY
520 HOME CARE COMPENSATION
522 CUSTODIAN ACTING AS WATCHMAN
523 HYDROELECTRIC OPERATIONS
525 CONTRACTING & PRODUCTIVITY IMPROVE INCNTV FOR
MNGR
528 WEBCOM PRESS OPERATOR
529 POWER EQUIPMENT OPERATOR, FIRE SUPPRESSION
531 STANDBY
532 ADDITIONAL RESPONSIBILITIES AND EXCEPTIONAL
PERFORMANCE
533 POWER SWEEPER OPERATOR IN EMERGENCY
CONDITIONS
534 POWER PLANT RELIEF ENGINEER
535 CLINIC PHYSICIAN FIRST HOUR
536 CONSULTING SPEC, MD & MNTL HEALTH CONSLT, 1st & 5th
538 RN ASSIGNED AS ACTING OR RELIEF CHARGE NURSE
539 RN WEEKEND DIFFERENTIAL
540 RELIEF NURSE HOLIDAY DIFFERENTIAL
541 RELIEF NURSE WEEKEND DIFFERENTIAL
544 APPRAISERS LAUNDRY AND DRY CLEANING ALLOWANCE

545 HEAVY DUTY TOW TRUCK DRIVER

546 SLURRY SEAL TRUCK_DRIVER

548 LIFEGUARD PARAMEDIC - RELIEF

550 INCENTIVE AWARDS FOR MEDI-CAL REIMBRMNTS/ HEALTH
SR

551 GROUP INCENTIVE AWARD, TREASURER TAX COLLECTOR

552 STANDBY - EMERGENCY ROLL OUT PROGRAM

553 PIONEER EXCAVTN, TUNNEL OPERATNS, FIRE SUPP,
SNOW

554 PIONEER EXCAVTN, TUNNEL OPERATNS, FIRE SUPP, SNOW

555 SCAFFOLD OR SWING STAGE, 30 FEET ABOVE GRADE

556 HIGH SCALE AND RIGGING OPERATIONS, GENERAL

557 EVENING SHIFT, MED TECH

558 NIGHT SHIFT, MED TECH

565 PARAMEDIC RECERTIFICATION BONUS

565A PARAMEDIC RECERTIFICATION BONUS-ELIGIBILITY
INDICATOR

567 DEPUTY SHERIFF RESERVE ANNUAL COMPENSATION

568 ASSESMENT APPEALS FULL DAY INCREMENT

570 HOME CARE PROGRAM STANDYBY

571 CHILDREN'S SOCIAL WORKERS LICENSURE SUPERVISION

572 MOU LUMP SUM BONUS

574 STANDBY - INS WITNESS PROGRAM

575 WASTEWATER PLANT RELIEF BONUS

576 SOLO DAILY EARNINGS

577 INTERPRETER HALF DAY BONUS - SUP CT

578 ER ATTENDING PHYSICIAN - DAY RATE

579 ER ATTENDING PHY/-WKDY EVE/WKND HOLIDAY

580 ER ATTENDING PHY/-WKDY NITE/WKND HOLIDAY EVE NITE

581 SWIM PROFICIENCY BONUS

582 INTERPRETER REGULAR MULTIPLE LANGUAGE SAME DAY

583 INTERPRETER-HOURLY/DAILY MULT LANG SAME DAY

584 PHYSICIAN STIPENDS

600 REGISTERED NURSE MOBILE INTENSIVE CARE
CERTIFICATION, SUB-ITEM D

602 SUPERVISING TRANSPORTATN DEPTY PERFORMING
DISPATCHER DUTIES

603 AUTOMOTIVE SERVICE EXCELLENCE CERTIFICATE

604 REGISTERED NURSE MOBILE INTENSIVE CARE
CERTIFICATION

605 CUSTODIAN FLOOR WAXING BONUS

606 FIRE EQUIPMENT MECHANIC ASSIGNED FIELD REPAIR
DUTY

606A FIRE EQUIPMENT MECHANIC ASSIGNED FIELD REPAIR
DUTY - ELIGIBILITY INDICATOR

607 SUPERVISING DEPUTY PROBATION OFFICER (SPDO)
ASSIGNED ACTING DIRECTOR IN A CAMP

608 BILINGUAL BONUS

609 REGISTERED NURSE ASSIGNED TO EMERGENCY ROOM

610 ANTELOPE VALLEY FIREFIGHTING CREW

611 TREE TRIMMER SUPERVISOR, POWER OPERATIONS
612 SHOOTING BONUS, EXPERT
613 SHOOTING BONUS, DISTINGUISHED EXPERT
614 SHOOTING BONUS, MARKSMAN
615 SHOOTING BONUS, SHARPSHOOTER
616 ANTELOPE VALLEY QUARTERS, ON FIRE CALL
617 CLINIC NURSE ASSIGNED TO PROBATION CAMP
618 TRANSPORTATION BUS DRIVER, SHERIFF
619 CERTIFIED ACCESS SPECIALIST
620 SAN GABRIEL DAM OPERATOR
621 NURSE RETENTION INCENTIVE
622 ADVANCED APPRAISER CERTIFICATION
624 BILINGUAL ADDITIONAL BONUS, CHILDREN'S SOCIAL
WORK
625 AGRICULTURE INSPECTORS ASSIGNED TO
STANDARDIZATION
627 DETENTION & TRANSPORTATION EXTRA SUPERVISION
BONUS
628 BILINGUAL BONUS FOR OTHER THAN MONTHLY
628A BILINGUAL BONUS FOR OTHER THAN MONTHLY-
ELIGIBILITY INDICATOR
629 MORTUARY ATTENDANT AT LAC+USCMC
631 BILINGUAL BONUS-SUB D
632 MENTAL HEALTH WORKERS ASSIGNED SHERIFF DETENTN
FACL

633 RN ASSIGNED TO EMERGENCY ROOM SUB D

634 SUPERVISING DETENTION SERVICES OFFICER OF THE DAY

635 TRANSPORTATION DEPUTY BUS DRIVER, PROBATION

636 INCIDENTAL EXPENSE ALLOWANCE

637 PROFESSIONAL DEVELOPMENT EXPENSES

638 PROBATION TELECOM EQUIPMENT BONUS

640 CHILDRENS SERVICES ERCP RETENTION

641 SHOOTING BONUS, EXPERT – RESERVE

642 SHOOTING BONUS, DISTINGUISHED EXPERT – RESERVE

643 SHOOTING BONUS, MARKSMAN – RESERVE

644 SHOOTING BONUS, SHARPSHOOTER – RESERVE

645 EMERGENCY ROOM BONUS/PAT FIN SVCS WKR/PAT RES WKR

646 EMERGENCY ROLL OUT PROGRAM & SHIFT BONUS

647 BILINGUAL ADDITIONAL BONUS, PSYCH SOCIAL WORK

648 DEFIBRILLATION AIRWAY BONUS

649 MAMMOGRAPHY BONUS

690 CELLULAR PHONE STIPEND - VOICEMAIL

691 CELLULAR PHONE STIPEND - DATA ONLY

692 CELLULAR PHONE STIPEND - VOICE AND DATA

694 CIVIC CENTER COMMUTER ALLOWANCE

695 DEPARTMENT HEAD TRANSPORTATION ALLOWANCE

696 DEPARTMENT HEAD TRAFFIC MITIGATION ALLOWANCE

700	PENSIONABLE OVERTIME
730	PREMIUM OVERTIME - SYSTEM PENSIONABLE
PF004	MEGAFLEX PENSIONABLE CONTRIBUTION
PF007	FLEX PENSIONABLE CONTRIBUTION
PF010	CHOICES PENSIONABLE CONTRIBUTION
PF013	OPTIONS PENSIONABLE CONTRIBUTION
PK003	NON-ELECTIVE LEAVE
PK011	SICK - 100%
PK012	HOLIDAY
PK021	VACATION
PK030	SPECIAL PAID LEAVE
PK031	APPRAISERS LEAVE
PK032	INTERN/RESIDENT LEAVE
PK113	SICK PRE-71
PKP11	SICK LEAVE BUYBACK 100%
PKP21	VACATION BUYBACK
PP046	EMPLOYEE SUGGESTION
NONE	REGISTERED NURSE ASSIGNED TO CRITICAL CARE UNITS
NONE	FIRE SUPPRESSION CAMP ASSIGNMENT – PREMIUM
NONE	FIRE SUPPRESSION CAMP ASSIGNMENT – COMPENSATORY TIME EARNED



February 23, 2017

TO: Each Member
Board of Retirement
Board of Investments

FROM: Gregg Rademacher 
Chief Executive Officer

FOR: March 3, 2017 Board of Retirement Meeting
March 6, 2017 Board of Investments Meeting

SUBJECT: **CHIEF INVESTMENT OFFICER SALARY**

RECOMMENDATIONS

1. Approve amending the current Management Appraisal and Performance Plan Tier I Salary Structure Table – LR Schedule to include salary ranges LR26 through LR28.
2. Direct staff to submit to the Board of Supervisors the necessary salary ordinance language to implement the revised Salary Structure Table and the Chief Investment Officer salary range at LR28.
3. Delegate authority to the Chief Executive Officer to set the Chief Investment Officer initial salary in the fourth quartile of the salary range LR28.

DISCUSSION

LACERA has been working toward filling its Chief Investment Officer (CIO) position since it became vacant in May 2015. The CIO is a key resource supporting the Board of Investments in successfully investing the \$50 billion retirement trust portfolio and the \$630 million OPEB trust portfolio.

At its June 2016 and July 2016 meetings, the Board of Investments and the Board of Retirement (the Boards), respectively, approved a recommendation to expand the LACERA salary MAPP Tier I salary range table to include salary ranges LR26 through LR30 and to reset the CIO position's compensation at salary range LR28. This recommendation was based upon labor market information presented by a professional compensation consultant with the intention to improve LACERA's ability to attract and retain a highly qualified CIO candidate with the knowledge and experience required to invest the retirement and OPEB trust portfolios.

Subsequent to the Boards' action, additional information became available during discussions with the executive recruiter performing the CIO candidate search. The executive recruiter advised the Chief Executive Officer (CEO) and the Ad Hoc CIO Search Committee that while the reset CIO salary range at LR28 is expected to be competitive in the public pension labor market, it would be beneficial for the Boards to have an expedited method to adjust the salary range during salary negotiations. As the standard process to change a position's salary range takes approximately 60 to 90 days, staff identified an opportunity to expedite the process by not defining a specific salary range for the LACERA CIO in the salary ordinance.

At its September 15, 2016 and October 12, 2016 meetings, the Board of Retirement and the Board of Investments, respectively, approved a recommendation to change the salary ordinance so that the CIO salary range would be determined by the LACERA Boards and not specifically listed in the salary ordinance. Based upon concerns raised by the Board of Supervisors in December 2016, staff determined it was in LACERA's best interest not to move forward with the requested salary ordinance changes and readdress this issue with the LACERA Boards at the conclusion of the CIO search.

The CEO, with the assistance of the Board of Investments Ad Hoc Chief Investment Officer Search Committee, the executive recruiting firm, and John Nogales, Director of Human Resources, completed its candidate interview process in January 2017. The focus of the recruitment was to secure a highly qualified individual with proven leadership skills and investment expertise to oversee all aspects of LACERA's investment management. In addition, the highly qualified candidate should possess the ability to work well with the LACERA Boards, develop LACERA's investment team, and partner with LACERA stakeholder groups. The CEO believes the recruitment process identified this candidate. The CEO made an offer of employment to the candidate which has been accepted with a salary within the LR28 salary range.

Based upon the concerns raised by the Board of Supervisors, staff recommends the Boards modify the salary ordinance only to the extent needed to complete the current CIO recruitment by expanding the Salary Structure Table to include salary ranges LR26 through LR28 and specifically determine the CIO salary range to be LR28.

Additionally, the salary ordinance allows the CEO to set an initial salary within the salary range's first three quartiles and for the LACERA boards to set an initial salary placement within a salary range's fourth quartile. As the negotiated salary is within salary range LR28's fourth quartile, staff is requesting the Board delegate the authority to the CEO to set the candidates initial salary in the salary range LR28's fourth quartile.

LEGAL AUTHORITY

The authority to set LACERA employees' compensation resides jointly with the Board of Retirement and the Board of Investments. Such authority is provided in the California Government Code sections 31522.1, 31522.2, and 31522.4, and will require the Board of Supervisors to amend the Salary Ordinance. In the past, Los Angeles County Counsel has advised that the Board of Supervisors has a ministerial duty to adopt the positions and salary levels that are deemed necessary by the LACERA Boards.

LOS ANGELES COUNTY SALARY ORDINANCE

Section 31522.1 of the Retirement Law provides that employees of the system be included in the salary ordinance or resolution adopted by the Board of Supervisors. In the past, the County Counsel has advised that the Board of Supervisors has a ministerial duty to adopt the positions and salary levels that are determined necessary by LACERA's Boards of Retirement and Investments.

Staff recommends amending the LACERA Tier 1 Salary Table from the current maximum LR25 salary range to incorporate an additional three salary ranges. The salary ordinance presents the salary information in a monthly format. The proposed amendment is as follows:

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION (LACERA)
MANAGEMENT APPRAISAL AND PERFORMANCE PLAN
TIER I SALARY STRUCTURE TABLES – LR SCHEDULE**

Table LR – Effective March 1, 2017

Range	Minimum	Control Point	Maximum
LR 25	\$23,205.16	\$29,164.03	\$35,122.90
<u>LR 26</u>	<u>\$24,945.55</u>	<u>\$31,351.35</u>	<u>\$37,757.13</u>
<u>LR 27</u>	<u>\$26,816.47</u>	<u>\$33,702.70</u>	<u>\$40,588.91</u>
<u>LR 28</u>	<u>\$28,827.70</u>	<u>\$36,230.40</u>	<u>\$43,633.08</u>

Additionally, the Los Angeles County Code section 6.28.050 will need to be revised to identify the new Chief Investment Officer salary range. The proposed amendment is as follows:

Item No.	Title	Effective Date	Note	Salary
0493	Chief Investment Officer, LACERA (UC)	01/01/2016	N23	LR25
		<u>03/01/2017</u>	<u>N23</u>	<u>LR28</u>

IT IS THEREFORE RECOMMENDED THAT EACH OF YOUR BOARDS:

1. Approve amending the current Management Appraisal and Performance Plan Tier I Salary Structure Table – LR Schedule to include salary ranges LR26 through LR28.
2. Direct staff to submit to the Board of Supervisors the necessary salary ordinance language to implement the revised Salary Structure Table and the Chief Investment Officer salary range at LR28.
3. Delegate authority to the Chief Executive Officer to set the Chief Investment Officer initial salary in the fourth quartile of the salary range LR28.

GR:nm

Investment Office Compensation March 2017v3.doc



February 23, 2017

TO: Each Member
Board of Retirement

FROM: Gregg Rademacher 
Chief Executive Officer

FOR: Meeting of March 3, 2017

SUBJECT: **SACRS OFFICER ELECTIONS**

The State Association of County Retirement Systems (SACRS) will be holding their officer elections at the upcoming Spring Conference. The SACRS Nominating Committee recommends the following slate of officers for the 2017-2018 year:

Position	Nominee	County
President	Dan McAllister	San Diego CERA
Vice President	Gabe Rodrigues	Contra Costa CERA
Treasurer	Larry Walker	San Bernardino CERA
Secretary	Kathryn Cavness	Mendocino CERA

SACRS also provides for a member retirement system board to nominate individuals that are not recommended by the SACRS Nominating Committee for inclusion on the final ballot. Should the Board desire to forward officer nominations to SACRS, this must be done by March 25, 2017.

A final ballot will be presented to your board at the April meeting in order for the board to provide direction on voting on the SACRS officer election and SACRS business items.

IT IS THEREFORE RECOMMENDED that your Board receive and file the SACRS Nominating Committee's recommended officer slate notice and consider providing direction to SACRS on additional officer nominations.

GR:bn
SACRS Officer Slate 2017 Notice.doc

Attachment

February 23, 2017

To: SACRS Trustees & SACRS Administrators/CEO's
 From: Yves Chery, SACRS Immediate Past President, Nominating Committee Chair
 SACRS Nominating Committee
 Re: SACRS Board of Director Elections, Recommended Ballot
 2017-2018 BOD Elections

SACRS BOD 2017-2018 election process began January 2017. Please review the following timeline and distribute the recommended ballot to your Board of Trustees, per the bylaws:

DEADLINE	DESCRIPTION
February 1, 2017	Nominating Committee receives nominations from SACRS membership
March 1, 2017	Nominating Committee submits its recommended ballot to each 1937 Act Board
March 25, 2017	Nominating Committee receives nominations from any 1937 Act Board
April 1, 2017	Nominating Committee submits final ballot to each 1937 Act Board – ballot consists of recommended ballot plus anybody else who is nominated but not recommended by the Nominating Committee
May 19, 2017	Conduct elections during the SACRS Business Meeting (At end of the May 2017 conference)
May 19, 2017	Board of Directors take office for 1 year

Per SACRS Bylaws, Article VI ~ Section 2 – Election, Qualification and Term of Office

“The officers of SACRS shall be regular members of SACRS. The officers shall be elected by majority vote of the quorum of delegates and alternate delegates present at the first meeting in each calendar year and shall hold office for one (1) year and until a successor is elected.”

Per SACRS Bylaws, Article VI ~Section 4 - Officer Elections

“...The Board of any regular member County Retirement System may submit write-in candidates to be included in the Nominating Committee’s final ballot provided the Nominating Committee receives those write-in candidates prior to March 25th. The Nominating Committee will report a final ballot to each regular member County Retirement System prior to April 1.

The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee’s recommended ballot and final ballot to each trustee and placing the election of SACRS Officers on his or her Board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee...”

Below is the recommended ballot, as in the past, a voting delegate may entertain a motion to vote by individual officer positions or by complete ballot. Please be sure to authorize your voting delegate to vote either way.

The elections will be held at the SACRS Spring Conference May 16-19, 2017, at the Napa Valley Marriott in Napa, CA. Elections will be held during the Annual Business meeting on Friday, May 19, 2017.

Please distribute the recommended ballot to all standing/eligible board members for approval and authorization for your voting delegate. As stated above, Administrators are required to send acknowledgement of completion to our office at sulema@sacrs.org.

SACRS Nominating Committee recommended ballot for SACRS BOD 2017-2018 elections:

President	Dan McAllister, San Diego CERA
Vice President	Gabe Rodrigues, Contra Costa CERA
Treasurer	Larry Walker, San Bernardino CERA
Secretary	Kathryn Cavness, Mendocino CERA

If you have any questions, please contact me directly at ychery2013@gmail.com .
Thank you for your prompt attention to this timely matter.

Sincerely,


Yves Chery

Yves Chery, Los Angeles CERA Trustee
SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Administrator

February 13, 2017

TO: Each Member
Board of Retirement

FROM: Ricki Contreras, Division Manager 
Disability Retirement Services

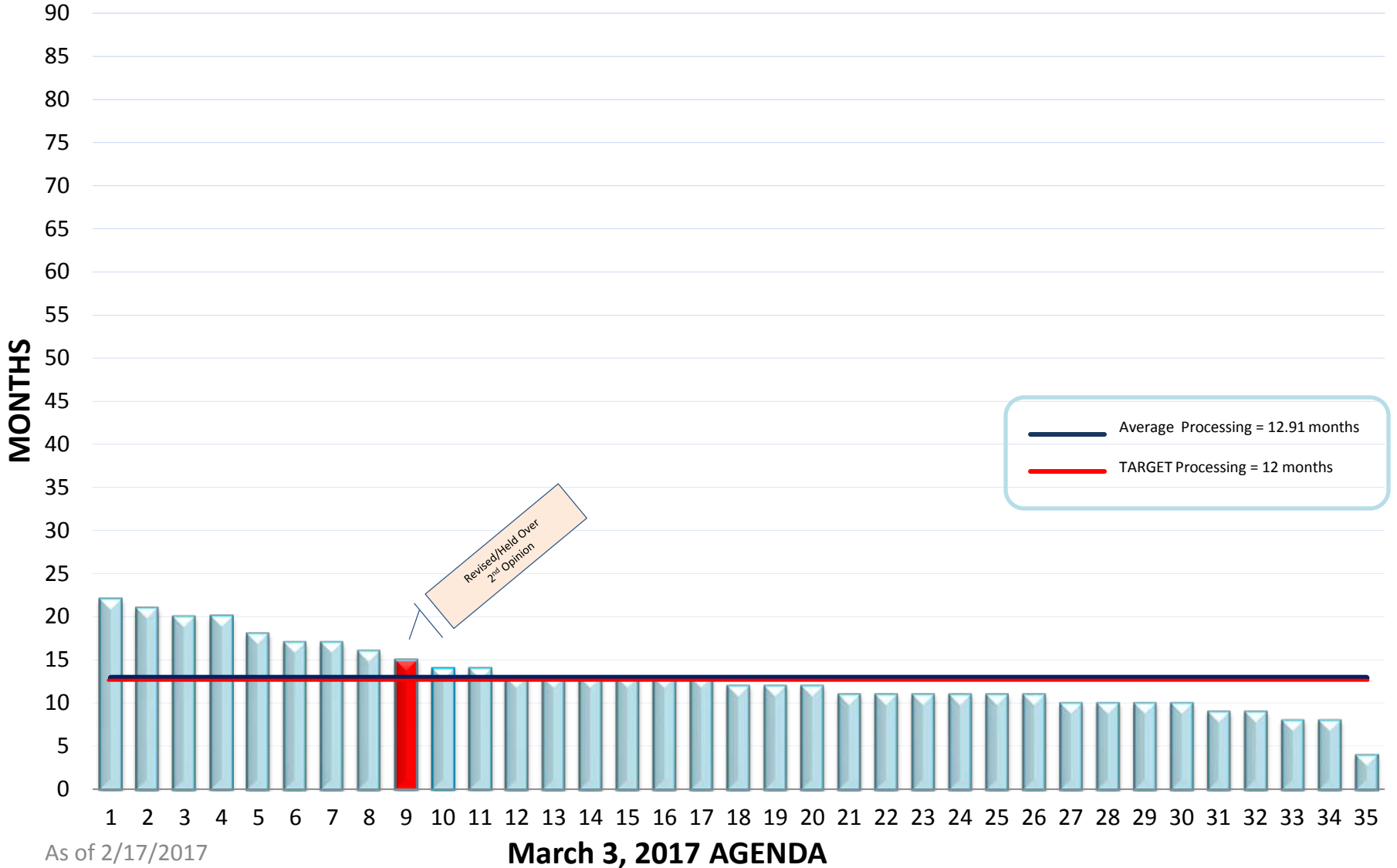
FOR: March 3, 2017 Board of Retirement Meeting

SUBJECT: **Application Processing Time Snapshot Reports**

The following chart shows the total processing time from receipt of the application to the first Board action for all cases on the March 3, 2017 Disability Retirement Applications Agenda.

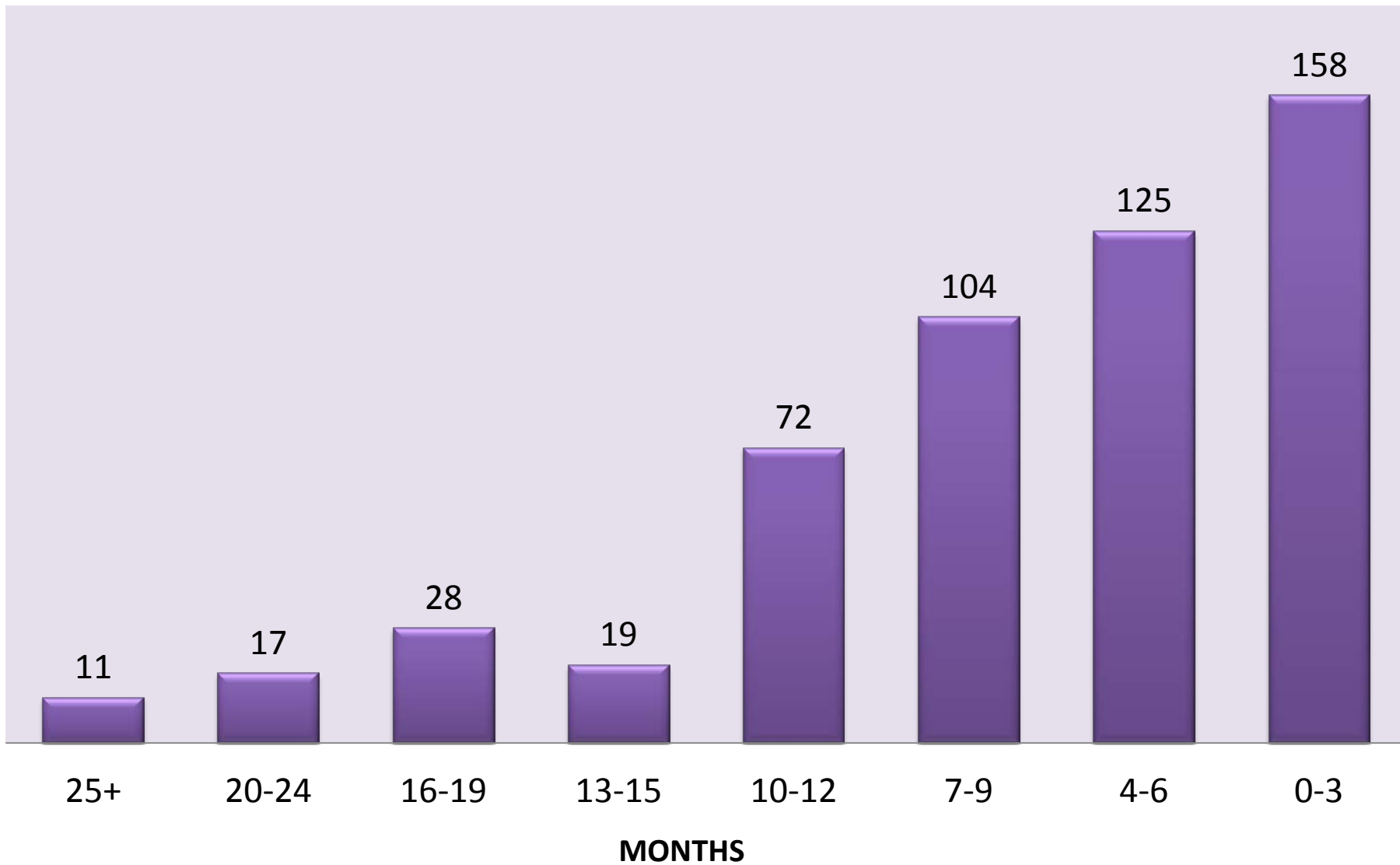
Consent & Non-Consent Calendar	
Number of Applications	34
Average Processing Time (in Months)	12.85
Revised/Held Over Calendar	
Number of Applications	1
Average Processing Time (in Months)	Case 1 15
Total Average Processing Time for Revised/Held Over Calendar	15

ACTUAL vs. AVERAGE PROCESSING TIME



TIME ELAPSED FOR PENDING APPLICATIONS

NUMBER OF APPLICATIONS





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**



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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