

AGENDA

A REGULAR MEETING OF THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., THURSDAY, JULY 13, 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 June 15, 2017
- IV. REPORT ON CLOSED SESSION ITEMS
- V. OTHER COMMUNICATIONS
 - A. For Information
 - 1. May 2017 All Stars
 - 2. Chief Executive Officer's Report
(Memo dated June 30, 2017)
- VI. PUBLIC COMMENT
- VII. CONSENT AGENDA
 - A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the Principles for Responsible Investment in Person on September 25-27, 2017 in Berlin, Germany and approve reimbursement of all travels costs incurred in accordance with LACERA's Education and Travel Policy.
(Placed on the agenda the request of Mr. Bernstein)
(Memo dated June 28, 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 ASIS 63rd Annual Security Seminar on September 25-28, 2017 in Dallas, Texas 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. Kehoe) (Memo dated July 4, 2017)

- C. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board approve attendance of Trustee Gray at the New York Association of Public Employees' Retirement Systems luncheon on cybersecurity, on July 24, 2017, in New York City, New York, with no charge against the total number of conferences she may attend, 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 July 5, 2017)

VIII. NON-CONSENT AGENDA

- A. Recommendation as submitted by William de la Garza, Chair, Insurance, Benefits & Legislative Committee: That the Board sponsor legislation to provide statutory authority to the Board of Retirement to correct board decisions made between 2013 and 2015 in the determination of the effective date of disability retirement that were based upon an error law existing at the time of the decision. (Memo dated June 15, 2017)
(Supplemental Memo dated July 3, 2017)

- B. Recommendation as submitted by Alan Bernstein, Chair, Operations Oversight Committee: That the Board approve the Internship Program and direct staff to implement the program as described.
(Memo dated June 29, 2017)

- C. Recommendation as submitted by Bernie Buenaflor, Division Manager, Benefits Division: That the Board 1) Determine, based upon medical evaluation conducted June 8, 2017, that Rosario Jurgens is not incapacitated for the duties assigned to her in the position of GAIN Services Worker; and 2) Grant the application of Rosario Jurgens for reinstatement to active membership. (Memo dated June 23, 2017)

IX. REPORT ON STAFF ACTION ITEMS

July 13, 2017

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

XI. EXECUTIVE SESSION

A. CONFERENCE WITH LABOR NEGOTIATORS
(Government Code Section 54957.6)

1. Agency designated representatives:
John Popowich, Assistant Executive Officer
John Nogales, Director, Human Resources
Draza Mrvichin, LACERA's Contracted Negotiator

XII. ADJOURNMENT

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Retirement that are distributed to members of the Board of Retirement less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Retirement Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.

Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling Cynthia Guider at (626) 564-6000, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date.

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

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

9:00 A.M., THURSDAY, JUNE 15, 2017

PRESENT: Shawn R. Kehoe, Chair
Vivian H. Gray, Vice Chair
Marvin Adams
Alan Bernstein
Joseph Kelly
David L. Muir (Alternate Retired)
Ronald A. Okum
William Pryor (Alternate Member)

ABSENT: William de la Garza, Secretary

Anthony Bravo

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

Robert Hill, Assistant Executive Officer

John Popowich, Assistant Executive Officer

Steven P. Rice, Chief Counsel

Francis J. Boyd, Senior Staff Counsel

Fern M. Billingsy, Senior Staff Counsel

STAFF ADVISORS AND PARTICIPANTS (Continued)

Barry W. Lew, Legislative Affairs Officer

Michael Herrera, Senior Staff Counsel

Johanna Fontenot, Senior Staff Counsel

James Beasley, Administrative Service Analyst

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

III. REPORT ON CLOSED SESSION ITEMS

No items were reported.

IV. OTHER COMMUNICATIONS

A. For Information

1. April 2017 All Stars

Mr. Hill announced the eight winners for the month of April: Debra Delgado, Ana Ronquillo, Soledad Cortez, Laura Fuentes, Maria Luna, Carlos Barrios, Marilu Bretado and Robert Santos for the Employee Recognition Program and Dana Brooks for the Webwatcher Program. Leisha Collins, Nathan Amick, Debbie Goldasich, and Everett Moyer were the winners of LACERA's RideShare Program.

June 15, 2017

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IV. OTHER COMMUNICATIONS (Continued)

A. For Information

2. Chief Executive Officer's Report (Memo dated April 4, 2017)

Mr. Rademacher provided a brief overview of his Chief Executive Officer's Report with a quick update on what transpired at the previous Board of Investments meeting.

(Board of Investments minutes are available to view on LACERA's Website

www.lacera.com.)

Mr. Rademacher reminded the Board that the Board of Investments Offsite meeting is scheduled for Monday, July 10, 2017 at the Hyatt Regency in Long Beach, CA.

Also, Mr. Rademacher shared that the Board of Supervisors approved the Retirement Benefit Valuation which will take effect on July 1, 2017.

In addition, Mr. Rademacher updated the Board regarding the May 2017 SACRS Business meeting.

Mr. Rademacher recognized Michael Herrera for hosting the CALAPRS Attorney's Roundtable and thanked JJ Popowich for hosting the CALAPRS Benefits Roundtable.

Also, Mr. Rademacher thanked the Accounting Services Divisions, Investment, Legal and Communication teams for their hard work, dedication and teamwork in receiving the GFOA Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year ending June 30, 2016. In addition, Mr. Rademacher shared that

IV. OTHER COMMUNICATIONS (Continued)

LACERA's external auditor, Plante Moran, has started the preliminary fieldwork for Fiscal Year 2016-2017.

Lastly, Mr. Rademacher announced that LACERA was recently recognized for their efforts to comply with, and exceed, state and federal requirements supporting new mothers who are breastfeeding and received the Mother-Baby Friendly Workplace Award.

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. CONSENT AGENDA

Mr. Okum 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 NASRA 63rd Annual Conference on August 5-9, 2017 in Baltimore, 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. Kehoe) (Memo dated May 15, 2017)
- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the Fraud & Breach Prevention Summit on August 8-9, 2017 in New York City, New York 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 May 16, 2017)

VII. NON-CONSENT AGENDA

- A. Recommendation as submitted by Vivian H. Gray, Chair, Disability Procedures & Services Committee: That the Board ratify staff's termination of the contract of panel physician Robert B. Fenton, M.D. (Memo dated June 1, 2017)

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

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

- B. Recommendation as submitted by William de la Garza, Chair, Insurance, Benefits & Legislative Committee: That the Board approve a "Watch" position on Assembly Bill 526, which provides for the Sacramento County Employees' Retirement System to become a district. (Memo dated May 19, 2017) (Supplemental Memo dated May 19, 2017)

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

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

- C. Recommendation as submitted by William de la Garza, Chair, Insurance, Benefits & Legislative Committee: That the Board adopt a "Watch" position on Assembly Bill 995, which relates to the transfer of leave balances. (Memo dated May 30, 2017)

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

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

- D. Recommendation as submitted by William de la Garza, Chair, Insurance, Benefits & Legislative Committee: That the Board adopt the Policy on Engagement for Public Policy Issues Relating to Plan Administration and Retirement and Health Care Benefits. (Memo dated May 30, 2017)

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

VII. NON-CONSENT AGENDA (Continued)

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

- E. Recommendation as submitted by Alan Bernstein, Chair, Operations Oversight Committee: That the Board approve the proposed revisions to the Records and Information Management Policy. (Memo dated June 1, 2017)

Ms. Fontenot and Mr. Beasley were present and answered questions from the Board.

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

- F. Recommendation as submitted by Fern M. Billingsy, Senior Staff Counsel: That the Board 1) Adopt the resolution specifying that canine handlers pay earned on and after December 1, 2015, by Sheriff's Department, Countywide Services Division qualifies as compensation earnable; 2) Instruct staff to implement this change by coordinating with the County Auditor-Controller to remit member and employer contributions; and 3) Instruct staff to collect arrears contributions for canine handlers pay in accordance with the Board's policy regarding implementation of new pensionable pay items. (Memo dated May 31, 2017)

Ms. Billingsy was present and answered questions from the Board.

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

- G. 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 June 6, 2017)

Ms. Billingsy was present and answered questions from the Board.

VII. NON-CONSENT AGENDA (Continued)

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

- H. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board adopt the final proposed LACERA Fiscal Year 2017-2018 Administrative and Retiree Healthcare Benefits Budgets. (Memo dated June 1, 2017)

Mr. Hill and Mr. Popowich were present and answered questions from the Board.

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

VIII. REPORT ON STAFF ACTION ITEMS

In regards to item VII.A., The Board requested detailed procedures addressing issues relating to panel physicians be brought to the Disability & Procedures Committee.

In regards to item VII.E., the Board requested staff to report back regarding the 74 day limit for email retention that is currently under review.

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

Mr. Kelly shares with the Board that Moody's recently upgraded the Los Angeles County's Issuer Rating to Aa1.

The Board and Mr. Rademacher wished Bonnie Nolley good luck and the very best in her new adventures and look forward to her return.

X. EXECUTIVE SESSION

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

1. United States of America v. Gary Ordog
Case 2:17-CV-01664-FMO

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

- 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

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

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

1. LACERA Legislative Report – Other (Dated June 13, 2017)
2. LACERA Legislative Report - Bills Amending CERL/PEPRA (Dated June 13, 2017)
3. Retiree Mailing for SEIU Local 721 (Memo dated June 13, 2017)
4. Support SB 671 (Moorlach): County Employees' Retirement Funds: Transfer (Dated June 7, 2017)
5. 2017 – 2018 Benefits Plan Packet (Dated June, 2017)

June 15, 2017

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XI. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 10:15 a.m.

WILLIAM DE LA GARZA, SECRETARY

SHAWN R. KEHOE, CHAIR



June 30, 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.

Working Together to Produce the OPEB Valuation

The Governmental Accounting Standards Board (GASB) requires an actuarial valuation be performed of the Los Angeles County Other Post Employment Benefits Program (OPEB Program). The valuation estimates the long-term funding liability for retiree medical, dental/vision, and life insurance benefits provided to LACERA members, and calculates the employer funded contribution rates. OPEB reports are also used to set funding targets and provide information for the participating sponsor's Comprehensive Annual Financial Report (CAFR).

Additionally, an investigation of experience is conducted every three years to coincide with the same analysis conducted for the retirement benefits plan. This project refreshes the economic and demographic assumptions used to prepare the valuation report. The assumptions are reviewed and modified in accordance with the OPEB Program's experience history and take into consideration the assumptions used in the retirement benefits valuation.

While the funding of the plan is the responsibility of the County, the OPEB valuation program is a joint exercise, coordinated by LACERA, with a stakeholder group who is involved with every part of the project including the valuation, the investigation of experience, and audit. This working group includes representatives from the Los Angeles County Chief Executive Office, the Los Angeles County Auditor-Controller, the County's Actuary, SEIU Local 721 and their actuary, the South Coast Air Quality Management District, the Los Angeles County Superior Court, LACERA's healthcare consultant, LACERA's consulting actuary, and LACERA's audit actuary.

The stakeholder group met periodically throughout the year and recently held an exit meeting on June 27, 2017 to review the July 1, 2016 OPEB valuation draft reports. This exit meeting allows the stakeholder group to hear results from the actuarial consultants and auditors, so the group can provide direction to the consulting actuary in preparing the final reports.

This is the sixth time LACERA has coordinated the OPEB valuation report by working with this stakeholder group. This partnership provides an opportunity for various stakeholders to have input into the valuation process, ensuring the stakeholders are in alignment and working with one commonly shared OPEB valuation report. I would like to commend staff for their leadership in meeting this important financial reporting requirement.

Strategic Plan Goal: Branding the Board Room Entryway

Our 2018-2020 Strategic Plan includes a goal to brand the Board Room entryway. We will be kicking off this goal with an effort to increase awareness of the organizational leadership by displaying pictures of the Board Members above the table near the Board Room door. Many organizations display pictures of their elected or representative leadership in this manner so constituents and the public can become familiar with their representatives.

While the goal is to brand the Board Room entryway, we have decided to expand this branding effort to other key areas within LACERA that members and the public may frequent, such as the Member Services Center on the first floor and the main lobby entrance way on the sixth floor.



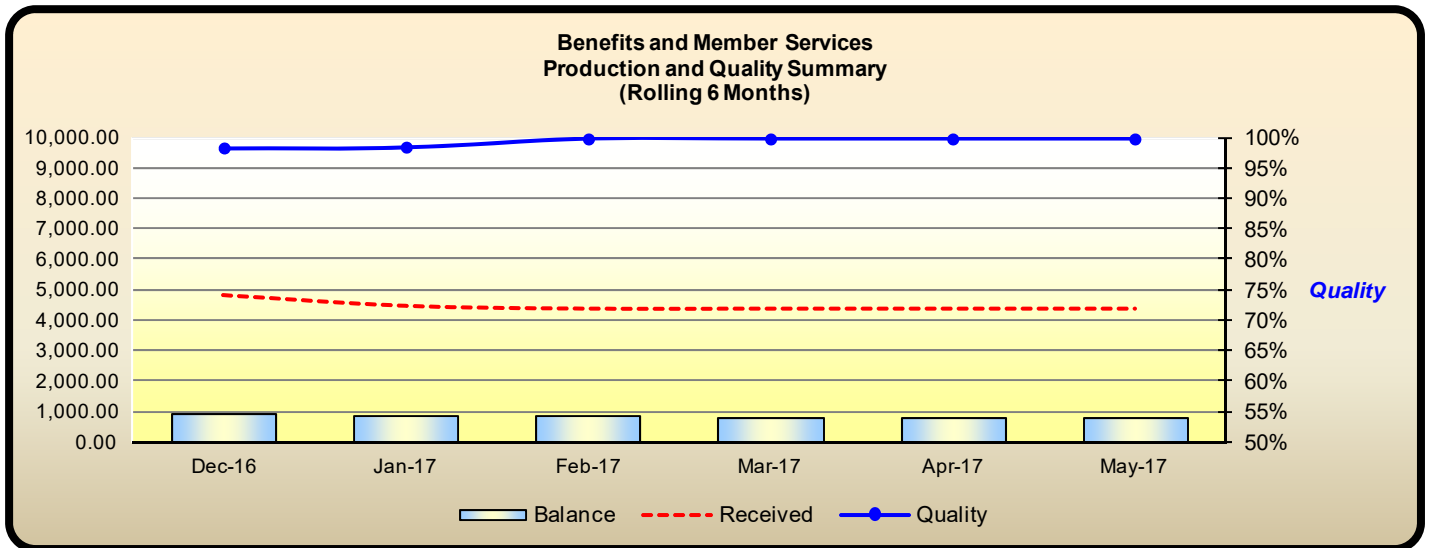
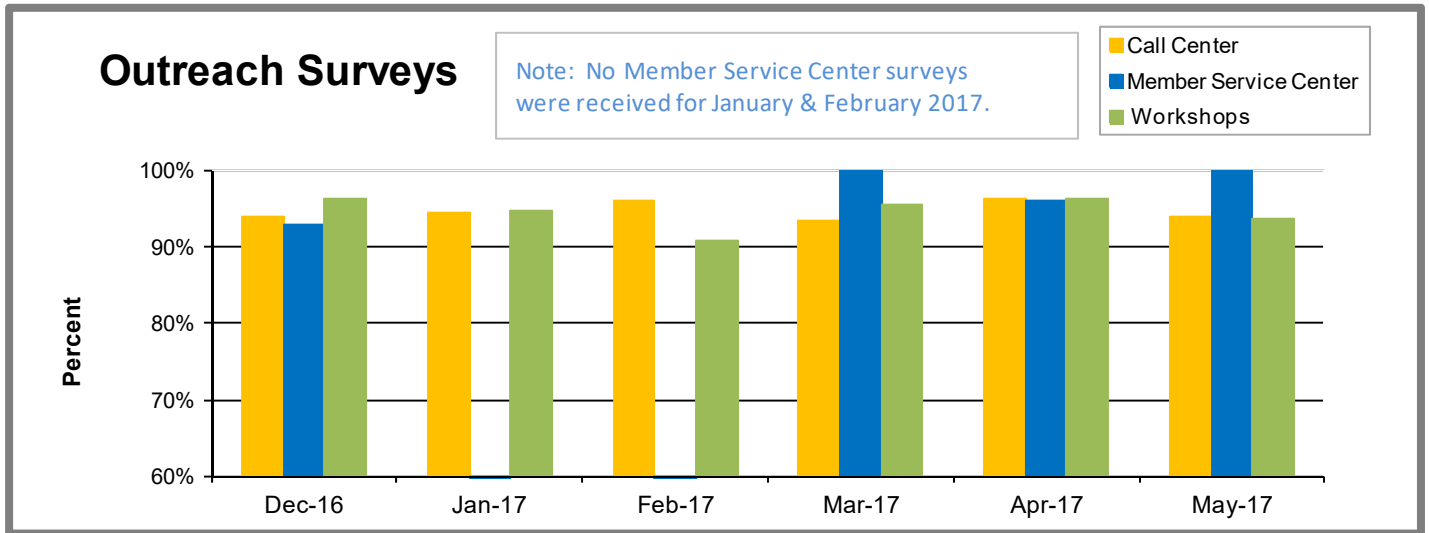
The Member Services Center is the first area to receive our leadership branding. Each Board will have a picture of each member displayed under the Board's title, with each picture containing a plaque with the Board Member's name, Board office title (if appropriate), and indicating whether they are elected or appointed. We will be placing a LACERA logo in the space between the Boards and upgrading the Board title signage to a 3-D format.

The Board Room entryway will receive similar leadership branding in the coming weeks and will feature a larger LACERA logo and enhanced lighting.

LACERA's KEY BUSINESS METRICS

OUTREACH EVENTS AND ATTENDANCE

Type	# of WORKSHOPS		# of MEMBERS	
	Monthly	YTD	Monthly	YTD
Benefit Information	19	150	619	5,445
Mid Career	5	29	111	945
New Member	16	154	312	3,206
Pre-Retirement	12	86	314	1,889
General Information	1	8	20	459
Retiree Events	2	19	100	1,295
Member Service Center	Daily	Daily	1,626	16,408
TOTALS	55	446	3,102	29,647



Member Services Contact Center			RHC Call Center	Top Calls
Overall Key Performance Indicator (KPI)	91.97%			
Category	Goal	Rating		
Call Center Monitoring Score	95%	94.48	98%	Member Services
Grade of Service (80% in 60 seconds)	80%	53%	50%	1) Workshop Info./Appoints: Inquiry
Call Center Survey Score	90%	93.84%	xxxxx	2) Benefit Pmts, Gen. Inquiry/Payday Info
Agent Utilization Rate	65%	69%	80%	3) Retirement Counseling: Estimate
Number of Calls	11,334		4,752	Retiree Health Care
Number of Calls Answered	10,292		4,297	1) Medical Benefits - General Inquiries
Number of Calls Abandoned	1,042		455	2) Dental/Vision Benefits Gen. Inquiries
Calls-Average Speed of Answer (hh:mm:ss)	00:02:49		02:59	3) Medical-NewEnroll/Change-Cancel
Number of Emails	356		211	
Emails-Average Response Time (hh:mm:ss)	04:06:14		(Days) 5	Adjusted for weekends

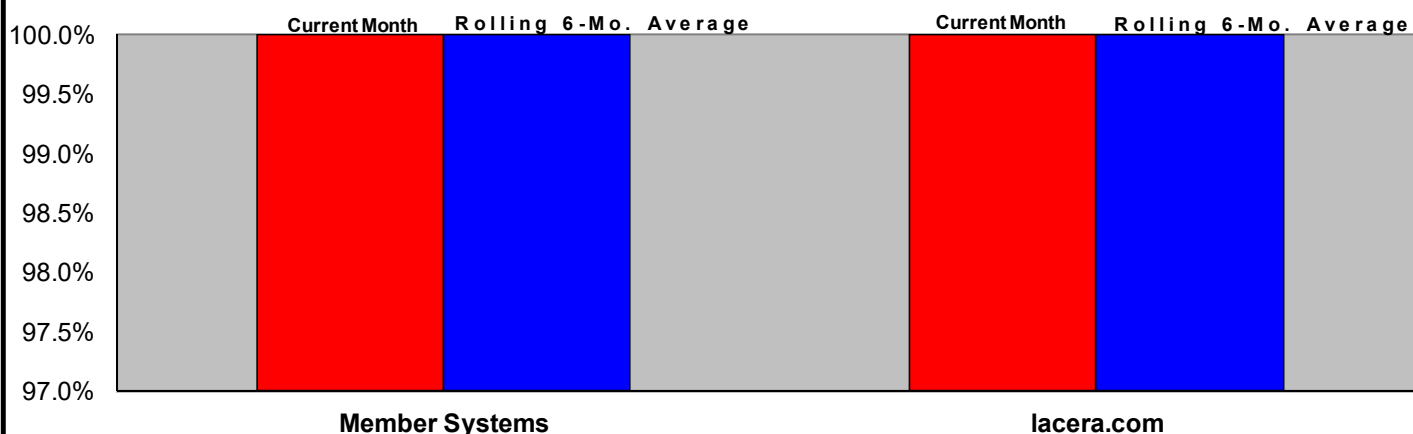
LACERA's KEY BUSINESS METRICS

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%	79.4%
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	550	xxxxxxx		On Hand	128	xxxxxxx
Received	55	529		Received	2	30
Re-opened	0	1		Administratively Closed/Rule 32	3	25
To Board – Initial	37	399		Referee Recommendation	2	8
Closed	4	53		Revised/Reconsidered for Granting	0	11
In Process	564	564		In Process	125	125

SYSTEMS AVAILABILITY - MAY 2017



Active Members as of 7/3/17		Retired Members/Survivors as of 7/3/17			Retired Members	
		Retirees	Survivors	Total		
General-Plan A	180	18,529	4,644	23,173	Monthly Payroll	266.96 Million
General-Plan B	64	689	66	755	Payroll YTD	2,8 Billion
General-Plan C	70	424	60	484	No. Monthly Added	245
General-Plan D	45,315	12,888	1,202	14,090	Seamless %	98.78%
General-Plan E	19,695	11,698	992	12,690	No. YTD Added	3,654
General-Plan G	18,777	7	0	7	Seamless YTD %	99.78%
Total General	84,101	44,235	6,964	51,199	Direct Deposit %	95.00%
Safety-Plan A	7	5,658	1,581	7,239		
Safety-Plan B	10,795	4,812	251	5,063		
Safety-Plan C	1,907	3	0	3		
Total Safety	12,709	10,473	1,832	12,305		
TOTAL ACTIVE	96,810	TOTAL RETIRED	54,708	8,796		

Health Care Program (YTD Totals)

	Employer Amount	Member Amount
Medical	412,807,323	35,740,798
Dental	37,226,558	3,922,394
Med Part B	48,906,615	xxxxxxxxxx
Total Amount	\$498,940,496	\$39,663,192

Funding Metrics as of 6/30/16

Employer Normal Cost	9.97%
UAAL	9.73%
Assumed Rate	7.25%
Star Reserve	\$614 million
Total Assets	\$47.8 billion

Health Care Program Enrollments (Monthly)

Medical	48,526
Dental	49,595
Med Part B	32,072
Long Term Care (LTC)	727

Member Contributions as of 6/30/16

Annual Additions	\$458.7 million
% of Payroll	6.65%

Employer Contributions as of 6/30/16

Annual Addition	\$1,443.1 million
% of Payroll	19.70%

Date	Conference
August, 2017	
8-9	Fraud & Breach Prevention Summit New York, NY
5-9	NASRA 63 rd Annual Conference Baltimore, MD
28-31	CALAPRS (California Association of Public Retirement Systems) Principles of Pension Management Pepperdine University
September, 2017	
5-7	2017 Public Funds Forum San Diego, CA
6-7	Association for Asian American Investment Managers' National Conference New York, NY
11-15	Investment Strategies & Portfolio Management (<i>prev. Pension Fund & Investment Mgmt.</i>) Wharton School, University of Pennsylvania
13-15	Council of Institutional Investors (CII) Fall Conference San Diego, CA
24-28	AHIP (America's Health Insurance Plans) Medicare Conference Washington D.C.
25-27	Principles for Responsible Investment (PRI) in Person Berlin, Germany
25-28	SuperReturn Asia Conference and Summit Hong Kong
October, 2017	
16-18	PREA (Pension Real Estate Association) Annual Institutional Investor Real Estate Conference Chicago, IL
22-25	IFEBC (International Foundation of Employment Benefit Plans) Annual Employee Benefits Conference Las Vegas, NV
23-25	CRCEA (California Retired County Employees Association) Fall Conference Emeryville, CA
27	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees DoubleTree Hotel San Jose
27	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits DoubleTree Hotel San Jose



June 28, 2017

TO: Each Member
Board of Retirement

FROM: Gregg Rademacher 
Chief Executive Officer

FOR: Board of Retirement Meeting of July 13, 2017

SUBJECT: The 2017 Principles for Responsible Investment in Person
September 25 – 27, 2017 in Berlin, Germany

The 2017 Principles for Responsible Investment in Person will be held on September 25 – 27, 2017 at the Intercontinental Hotel in Berlin, Germany. The annual event will allow attendees to discuss topical issues and share experiences from their own organization and region with peers from around the world.

The main conference highlights include the following:

- Global Investment Strategies, Local Regulation: Challenges for International Investors
- Social Cohesion and Inclusive Growth: The Investment Risks and Opportunities
- Systematically Integrating ESG across Asset Classes for Long Term, Sustainable Returns
- Global Climate Opportunities: What Have We Learned from Recent Initiatives?

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 Intercontinental Hotel is \$290.00 per night plus applicable taxes and the registration fee to attend is \$850.00.

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 Principles for Responsible Investment in Person on September 25 – 27, 2017 in Berlin, Germany and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

GR/lg
Attachment

SHAPING THE FUTURE OF RESPONSIBLE INVESTMENT

In a period of rapid political and social change, it has never been more important to make the business case for responsible investment. This year's conference will look in detail at ESG opportunities as well as risks; demonstrate the material impact of sustainability on investment strategy; and leave investors better equipped to take action.

As well as an informative and inspiring programme of keynotes and plenary sessions, the agenda will include three types of breakout session:

Action: Highly interactive, workshop-style sessions on action delegates can take to implement the Principles or improve performance.

Education: A more lecture-style format, providing information about new or evolving topics, with an opportunity for delegates to question the experts.

Debate: High-level discussion panels showcasing different perspectives on very new or controversial issues.

There will be a variety of side events scheduled around the conference, details of which will be available shortly. We anticipate a number of side events will take place on the afternoon of Wednesday 27 September, and we encourage you to consider this when planning your travel.



The PRI supports the [UN Sustainable Development Goals](#) (SDGs). As part of our Blueprint for Responsible Investment, we have committed to develop tools for investors to align their investment activities with the SDGs, and to map our own work against them. The coloured icons in our agenda below show which SDGs are relevant to particular sessions at PRI in Person.



Event Schedule*


MONDAY 25 SEPTEMBER - DAY ONE				
08.45	Registration and arrival coffee			
09.30 - 09.40	Housekeeping and introduction			
09.40 - 09.50	Welcome address <i>Martin Skancke, Chair, PRI</i>			
09.50 - 11.20	Signatory General Meeting			
11.20 - 12.00	Networking coffee break			
12.00 - 13.00	<p><i>Action</i></p> <p>The first 600 days with the PRI; insights from signatories on putting the Principles into practice</p> <p>Responsible investment has moved into the mainstream, with investment policies, processes and capabilities that explicitly recognise and take account of the impact of ESG becoming a licence to operate. This session will:</p> <ul style="list-style-type: none"> Outline the typical journey of a responsible investor Explain the PRI signatory roadmap for reporting - define, measure, disclose Share insights from asset owners and investment managers on their efforts to strengthen the RI capabilities and practices of their firms 	<p><i>Action</i></p> <p>ESG integration: how to assess investment managers' practices</p> <p>This session will allow delegates to watch a role play of a due diligence meeting, gathering practical insights into:</p> <ul style="list-style-type: none"> How asset owners assess managers' integration practices How can investment managers stand out from the crowd? <p><i>Jenny Anderson, Responsible Investment Officer, TPT Retirement Solutions</i> <i>David Sheasby, Head of Governance & Sustainability, Martin Currie</i> <i>Alex van der Velden, Partner & CIO, Ownership Capital</i></p>	<p><i>Education</i></p> <p>Moving the dial: ESG in Credit Ratings</p> <p>As well as reviewing the progress that investors and credit rating agencies have made since the signing of the PRI ESG in Credit Ratings Statement a year ago, this session will address:</p> <ul style="list-style-type: none"> ESG factors and country risk: why should all investors care? Is there such a thing as risk-free assets? Growth matters but so does its quality: what's the role of ESG factors in credit risk? <p><i>Ole Hagen Jørgensen, Director of Research, Global Evolution</i> <i>Carmen Nuzzo, Senior Consultant – Credit Ratings Initiative, PRI</i></p>	<p><i>Education</i></p> <p>Tax: what can investors and companies do?</p> <p>This session will consider and debate the views of the investment community on responsible corporate tax, in relation to their own tax affairs and their expectations of portfolio companies. The discussion will cover:</p> <ul style="list-style-type: none"> Developing your own tax strategy/policy: what should investors consider? Beyond numbers: what does meaningful disclosure on corporate tax look like? Engaging on tax and the case for a coordinated approach <p><i>Wilhelm Mohn, Senior Analyst Ownership Strategies, Norges Bank</i></p>
13.00 - 14.00	Networking lunch			
14.00 - 15.00	<p><i>Action</i></p> <p>Strengthening accountability: signatory minimum requirements and showcasing leadership</p> <p>A majority of signatories are in favour of the PRI delisting signatories who do not fulfil the basic criteria of being a PRI</p>	<p><i>Action</i></p> <p>Investment strategy: how asset owners can harness the opportunities of global systemic drivers</p> <p>This session will provide board and executive insights on how to craft an investment strategy which takes long-term systemic drivers</p>	<p><i>Education</i></p> <p>Cyber security: empowering the investor</p> <p>Investors have not traditionally focused on companies' vulnerability to cyber attacks, and yet this is one of the biggest risks they face. This session will provide an introduction to cyber</p>	<p><i>Education</i></p> <p>Bondholder engagement: why and how?</p> <ul style="list-style-type: none"> What is the rationale for bondholders to engage? Ensuring that bondholder engagement is effective Is collaborative bondholder

	<p>signatory, while using reporting and assessment data to publicly showcase leadership practices. This workshop will provide signatories with an update on the proposed metrics and present an opportunity to input on how these processes will be implemented.</p> <p><i>Brian Minns, Manager, Sustainable Investing, Addenda Capital</i> <i>Faith Ward, Chief Responsible Investment and Risk Officer, Environment Agency Pension Fund</i></p>	<p>into consideration.</p> <ul style="list-style-type: none"> • What are the key global systemic drivers, and how can assets owners anticipate them in their strategic decisions? • Effectively implementing mission, investment beliefs and strategy across the investment chain • How should stakeholders be involved in the strategy development process? <p><i>Chris Ailman, CIO, CalSTRS</i> <i>Philippe Desfosses, CEO, ERAFP</i></p>	<p>security, and identify the key questions that investors should ask.</p> <ul style="list-style-type: none"> • How companies are managing security risks through technology and governance • How should investors approach this issue and what resources are available to them? 	<p>engagement a realistic prospect for PRI signatories?</p>
15.00 - 15.30	Networking coffee break			
15.30 - 16.20	<p>Making a sustainable financial system a reality <i>Christian Thimann, Chair of UNEP FI, Chair of the High Level Expert Group on Sustainable Finance, Senior Adviser to the AXA Chairman and Director of the AXA Research Fund</i></p>			
16.20 - 17.10	<p>Responsible investment regulation: its growth and its critics The PRI identifies over 300 policy instruments across the world's 50 largest economies that either encourage or require responsible investment, half of which have been introduced since 2014. The trend is towards regulatory frameworks that make explicit reference to ESG incorporation. This session will include policymaker and investor reflections on:</p> <ul style="list-style-type: none"> • The growth in responsible investment regulation • Examples of regulation, including the IORP II Directive, the Japanese stewardship code and the US Financial CHOICE Act • Future policy frameworks for sustainable development 			
17.10 - 17.50	Keynote address			
17.50 - 18.00	Closing remarks: Day one			
18.15	Transportation to the Arminiusmarkthalle for the Welcome Drinks Reception			



TUESDAY 26 SEPTEMBER - DAY TWO

08.20	Registration and coffee			
08.50 - 09.00	Opening remarks: Day two			
09.00 - 09.30	<p>Keynote address <i>Alexandra Borchardt, Managing Editor, Süddeutsche Zeitung</i></p>			
09.30 - 10.15	<p>Social cohesion and inclusive growth: the investment risks and opportunities <i>Helga Birgden, Principal and Head of Responsible Investment Business, Mercer</i> <i>Georg Kell, Vice Chairman, Arabesque Partners</i> <i>Jason Mitchell, Sustainability Advocate & Portfolio Manager, Man Group</i> <i>David Wood, Adjunct Lecturer in Public Policy, Director of the Initiative for Responsible Investment, Harvard Kennedy School</i></p> 			
10.15 - 11.00	<p>The case for the Sustainable Development Goals: Why should investors care, and what can they do?</p> <ul style="list-style-type: none"> • What is the investment case for the SDGs? • How can asset owners allocate to the SDGs? • What are early examples of adequately integrating SDGs in investment strategies and decisions? <p><i>Anne Simpson, Investment Director of Sustainable Investments, CalPERS</i> <i>Alexandra West, Portfolio Head, Strategy & Innovation, Cbus</i></p> 			
11.00 - 11.30	Networking coffee break			

<p>11.30 - 12.30</p> <p>Breakout 3</p>	<p><i>Action</i></p> <p>ESG in the management and monitoring of infrastructure assets</p> <ul style="list-style-type: none"> • Influencing assets' approach to sustainability • Assessing and managing ESG risks in the supply chain • Monitoring ESG performance in infrastructure portfolios <p><i>Isabelle Combarel, Investment Director, SWEN Capital Partners</i> <i>Leisel Moorhead, Partner, QIC</i></p> 	<p><i>Action</i></p> <p>Trustee engagement in responsible investment</p> <p>Given their strategic role in the fund, boards of trustees are very well positioned to incorporate responsible investment into their funds' investment chains. Although there is ample of guidance available for trustees to put this into practice, responsible investment does not always feature the board agenda. The objective of this session is to provide insight into how boards of trustees can be further engaged into responsible investment.</p> <p><i>Xander den Uyl, Trustee, ABP</i></p>	<p><i>Education</i></p> <p>Driving human rights forward across asset classes</p> <p>Different asset classes will have different human rights risks and opportunities associated with them. In this session, delegates will hear from representatives of different asset classes on:</p> <ul style="list-style-type: none"> • Why human rights due diligence processes are particularly relevant to investors • Policies, systems and reporting procedures: questions to consider • Identifying points of leverage for investors in different asset classes when integrating human rights into decision-making 	<p><i>Debate</i></p> <p>A view from the field: Investment and policy trends in key global markets</p> <p><i>Flavia Micilotta, Executive Director, EuroSIF</i> <i>Simon O'Connor, CEO, RIAA</i> <i>Lisa Woll, CEO, US SIF</i> <i>Moderator: Simon Howard, CEO, UK SIF</i></p>
<p>12.30 - 13.30</p>	<p>Networking lunch</p>			
<p>13.30 - 14.30</p> <p>Breakout 4</p>	<p><i>Action</i></p> <p>Improving corporate ESG reporting standards</p> <ul style="list-style-type: none"> • Standardisation and comparability versus customisation: which is most useful to investors? • Overview of efforts made by companies and investors to collaborate on data standards: what progress has been made so far? • Moving the focus from process to outcomes, and incorporating the SDGs into reporting <p><i>George Dallas, Policy Director, ICGN</i> <i>Lenora Suki, Head, Product Strategy, Sustainable Finance, Bloomberg</i></p>	<p><i>Action</i></p> <p>The 'why', 'how' and 'what' of RI in hedge funds</p>	<p><i>Education</i></p> <p>Methane: Engaging on a rising risk</p> <ul style="list-style-type: none"> • Setting the scene: global regulatory context, and why methane matters • The business case for engagement • What do companies need to do to reduce risk and seize opportunity? <p><i>Sean Wright, Senior Manager, Environmental Defense Fund</i> <i>Sylvia van Waveren-Severs, Senior Engagement Specialist, Robeco</i></p>	<p><i>Debate</i></p> <p>Responsible labour practices in an age of disruptive technologies</p> <p>Disruptive technologies have the potential to impact our everyday lives, nature of employment and the global economy. They create new markets, innovative tools and different labour practices. This session will debate the influence of technology on labour practices, why it important for investors, and how to ensure responsible labour practices going forward.</p> 
<p>14.30 - 15.00</p>	<p>Networking coffee break</p>			
<p>15.00 - 15.40</p>	<p>Keynote address <i>Nicolas Moreau, Head of Deutsche Asset Management and Member of the Deutsche Bank Management Board</i></p>			
<p>15.40 - 16.25</p>	<p>Systematically integrating ESG across asset classes for long term, sustainable returns</p>			
<p>16.25 - 16.55</p>	<p>Active ownership: what does best practice look like?</p> <ul style="list-style-type: none"> • Update on the PRI's recent work on active ownership • Current engagement practices: what works, and where can improvements be made? • How do companies view engagement? <p><i>Jean-Pascal Gond, Professor of Corporate Social Responsibility, Cass Business School</i> <i>Valeria Piani, Associate Director, ESG Engagements, PRI</i></p>			
<p>17.10 - 18.10</p> <p>Breakout 5</p>	<p>Megatrends: what do they mean for investors?</p> <p>This session will present the findings from the PRI-commissioned research on long-term, transformative changes</p>	<p>What is the future for stranded assets?</p> <p>The idea that some fossil fuel assets cannot be developed to hold warming to below 2 degrees Celsius is now well accepted,</p>	<p>Latest insights from RI research</p> <p>Prize winning research will be presented from the PRI Awards and the FIR-PRI Finance and Sustainability Awards. The</p>	<p>Investment opportunities in emerging markets</p> <p>The focus of this session is to outline the investment opportunities in emerging markets and how to scale up impact</p>

	<p>that will affect and influence the economy, society and environment at large. The initial presentation will provide an overview of:</p> <ul style="list-style-type: none"> • The status of megatrends, potential evolutions and interactions • The potential impacts on the financial system, capital allocation and environmental and social conditions, including the ability to deliver the SDGs • The risks and opportunities for investors in terms of asset allocation, portfolio management, integration and active ownership <p>The session will take the form of a workshop where investors will have the chance to have their say on the preliminary megatrends analysis.</p>	<p>including by some oil and gas companies themselves. But what action do investors expect of companies with regard to these high cost assets? Should they be sold off to protect shareholder value? Wound down responsibly? Bought up and closed by universal owners? What is the future for the oil and gas workforce in such a transition? This session will discuss these issues and more.</p> 	<p>research papers are selected for their contribution to RI, their originality and their relevance to practitioners. Topics covered will include:</p> <ul style="list-style-type: none"> • ESG integration and performance • ESG engagement and strategies • The role of RI in meeting today's investment challenges, e.g. tax policy, big data, corporate reporting • Sustainability and the financial system 	<p>investments in these markets. Through a series of case studies, we will discuss:</p> <ul style="list-style-type: none"> • Major drivers to invest in emerging markets • Main areas to invest in impact investing in emerging markets • Key challenges facing emerging market investors • Lessons learnt and best practices
19.30	Networking dinner			

WEDNESDAY 27 SEPTEMBER - DAY THREE

09.00	Registration and coffee			
09.30 - 10.30	<p><i>Action</i></p> <p>FSB Task Force recommendations: what to do next</p> <p>Delegates at this workshop-style session will hear from FSB Task Force members and have the opportunity to discuss:</p> <ul style="list-style-type: none"> • How can investors encourage companies to disclose better on climate? • How can investors better use company disclosures? • What can the PRI do to support signatories in this? <p><i>Jane Ambachtsheer, Partner, Head of Responsible Investment, Global, Mercer</i> <i>Paul Simpson, CEO, CDP</i></p> 	<p><i>Debate</i></p> <p>Reinventing remuneration: making executive pay work</p> <p>Many stakeholders now recognise that current models of remuneration are not working and that a fundamental overhaul is needed. But there are still many open questions: in this session, we will debate the answers.</p> <ul style="list-style-type: none"> • What is the objective of executive pay, and what should pay structures look like in order to meet that objective? • How should the necessary changes be implemented, and what role should investors play? <p><i>Corinne Carr, Independent Reward Practitioner, PeopleNet</i></p>	<p><i>Education</i></p> <p>ESG snapshots: issues to watch in 2018</p> <p>This session will explore innovations in supply chain technologies across sectors. Issues to be discussed will include deforestation mapping techniques, impacts on health, the rise of robotics, and blockchain. Delegates can expect an interactive session which will challenge their thinking around opportunities for innovation.</p>	<p><i>Debate</i></p> <p>The future of RI: next generation professionals and customers</p>
10.30 - 11.00	Networking coffee break			
11.00 - 11.10	Opening remarks: Day three			
11.10 - 12.10	<p>Global climate opportunities: what have we learned from recent initiatives, and what is next?</p> <p><i>Virginie Chapron du Jeu, Group Chief Finance Officer, Caisse des Depots</i></p> 			
12.10 - 12.55	<p>Keynote address</p> <p><i>Christiana Figueres, Convenor, Mission 2020</i></p>			

12.55 - 13.15	Closing remarks <i>Fiona Reynolds, Managing Director, PRI</i>
13.15	Close of PRI in Person 2017

* Please note, the agenda is subject to change.



July 4, 2017

TO: Each Member
Board of Retirement

FROM: Gregg Rademacher 
Chief Executive Officer

FOR: Board of Retirement Meeting of July 13, 2017

SUBJECT: ASIS 63rd Annual Security Seminar and Exhibits
September 25 – 28, 2017 in Dallas, Texas

The 63rd Annual Security Seminar and Exhibits will be held on September 25 – 28, 2017 at the Kay Bailey Hutchison Convention Center in Dallas, Texas. The ASIS Annual Seminar and Exhibits has been the premier event for security professionals worldwide, providing industry-leading education, countless business connections, and the latest products and services.

The main conference highlights include the following:

- Communicating and Demonstrating the Value of Security
- Crisis Management
- Critical Infrastructure
- Cyber Security
- Enterprise Security Risk Management

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 Fairmont Hotel Downtown is \$249.00 per night plus applicable taxes and the registration fee to attend is \$1,045.00.

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 63rd Annual Security Seminar and Exhibits on September 25 – 28, 2017 in Dallas, Texas and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

GR/lg
Attachment

**ASIS INTERNATIONAL
63RD ANNUAL
SEMINAR AND EXHIBITS**

**SEPTEMBER
25-28**

**DALLAS
TEXAS**

Kay Bailey Hutchison Convention Center

At-a-Glance Agenda

Saturday, September 23

8:00 am–5:00 pm Certification Review Programs

Sunday, September 24

8:00 am–2:00 pm Certification Review Programs

8:00 am–3:00 pm ASIS Foundation Golf Tournament (Cowboys Golf Club)

8:00 am–5:00 pm Pre-Seminar Programs

8:00 am–5:00 pm InfraGard Congress—Annual Business Meeting (Hilton Anatole)

9:00 am–3:00 pm ASIS Chapter & Council Meetings

4:00 pm–5:00 pm ASIS Town Hall Meeting

7:00 pm–10:00 pm Opening Night Celebration at Gilley's Dallas

Monday, September 25

8:30 am–10:00 am State of the Industry & Opening Keynote: **George W. Bush**

9:00 am–5:00 pm InfraGard Training Conference

10:30 am–11:45 am Education Sessions

12:00 pm–1:30 pm Networking Luncheon

2:00 pm–3:15 pm Education Sessions

3:45 pm–5:00 pm Education Sessions

6:00 pm–12:00 am Canada Night 25th Anniversary Celebration (House of Blues)

Tuesday, September 26

8:30 am–10:00 am	Keynote Address: The Technology Integration of Man
9:00 am–5:00 pm	InfraGard Training Conference
10:00 am–5:30 pm	Exhibit Hall Open
11:00 am–12:15 pm	Education Sessions
12:30 pm–2:00 pm	Lunch on the Expo Floor
2:00 pm–3:00 pm	Education Sessions
3:15 pm–4:15 pm	Education Sessions
4:30 pm–5:30 pm	ASIS Happy Hour on the Expo Floor

Wednesday, September 27: Military & Law Enforcement Appreciation Day

8:30 am–10:00 am	Keynote Address: Remembering Patriots' Day
9:00 am–5:00 pm	InfraGard Training Conference
10:00 am–5:30 pm	Exhibit Hall Open
11:00 am–12:15 pm	Education Sessions
12:30 pm–2:00 pm	Networking Lunch Featuring the OSPAs
2:15 pm–3:15 pm	Education Sessions
3:30 pm–4:30 pm	Education Sessions
4:30 pm–5:30 pm	VIP Diamond Club Happy Hour <i>(by invitation only)</i>
7:00 pm–10:00 pm	President's Reception at AT&T Stadium

Thursday, September 28

8:30 am–10:00 am	Closing Keynote—announcement coming soon!
9:00 am–5:00 pm	InfraGard Training Conference
10:00 am–1:00 pm	Exhibit Hall Open
11:00 am–12:15 pm	Education Sessions
12:00 pm–1:00 pm	Lunch/Reception on the Expo Floor

Schedule subject to change

July 5, 2017

TO: Each Member,
Board of Retirement

FROM: Steven P. Rice, *SPR*
Chief Counsel

FOR: July 13, 2017 Board of Retirement Meeting

SUBJECT: New York Association of Public Employees' Retirement Systems
Luncheon on Cybersecurity, New York City, New York, July 24, 2017

Trustee Gray received an invitation from David Ourlicht, the Vice Chair of the Board of the New York Association of Public Employees' Retirement Systems (NYPERS) and Commissioner of the New York State Insurance Fund, to attend the NYPERS luncheon on July 24, 2017, in New York City, New York. The title of the event will be "Is Cybersecurity on Your Risk Radar?" Prashanth Mekala, Supervisory Special Agent, New York Field Office, Cyber Division, Federal Bureau of Investigation (FBI) will be the Keynote Speaker. Following his remarks, there will be a roundtable discussion, moderated by of Mr. Ourlicht, with Mr. Mekela, Joseph Alejandro, Treasurer and Founding Board Member of NYPERS, and Trustee, at the New York City Police Pension Fund, and Sanford Rich, Executive Director of the New York City Board of Education Retirement System. Mr. Ourlicht will lead the discussion about how they are currently tackling this issue and what they can do to better protect their environment. Ms. Gary would like to accept this invitation as a representative of LACERA to take advantage of the information to be provided on cybersecurity and foster good communication with the New York public pension systems.

Because the event does not meet the five-hour minimum educational content requirement of LACERA's Education and Travel Policy and further because the Policy does not provide for attendance at administrative events, Board approval is required. Further, given the organizational benefits of the event, it is proposed that it not count against the maximum number of conferences Ms. Gray may attend under the Policy. Good cause exists for this request for the reasons stated above.

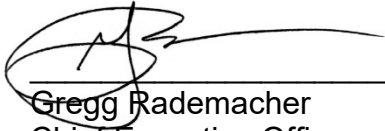
If the registration fee is insufficient to pay the cost of the luncheon, LACERA must reimburse the sponsor for the actual cost of the meal. Otherwise, the attendee will be deemed to have received a gift equal to the value of the meal, less any registration fee paid, under California's Political Reform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

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IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Approve Ms. Gray's attendance at New York Association of Public Employees' Retirement Systems luncheon on cybersecurity, on July 24, 2017, in New York City, New York, with no charge against the total number of conferences she may attend, and approve reimbursement of all travel costs incurred in accordance with the standards set forth in LACERA's Education and Travel Policy.

Reviewed and Approved.



Gregg Rademacher
Chief Executive Officer

- c. Gregg Rademacher
- Robert Hill
- John J. Popowich

June 15, 2017

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
William de la Garza, Chair
Vivian H. Gray, Vice Chair
Ronald Okum
Alan Bernstein
David Muir, Alternate

FOR: July 13, 2017 Board of Retirement Meeting

SUBJECT: **LACERA 2018 Legislative Proposal—Correction of Errors and Omissions**

RECOMMENDATION

That the Board of Retirement sponsor legislation to provide statutory authority to the Board of Retirement to correct board decisions made between 2013 and 2015 in the determination of the effective date of disability retirement that were based upon an error of law existing at the time of the decision.

BACKGROUND

At the Insurance, Benefits and Legislative Committee meeting on December 15, 2016, trustee David Muir requested staff develop a legislative solution to allow the Board to reconsider prior decisions that were based on an error of law. This request was prompted because there was a two-year period beginning in 2013 during which your Board used a different approach than current counsel recommends in applying Section 31724 of the Government Code in the determination of a member's effective date of disability retirement.

In general, a member's effective date of disability retirement is the date of application. If a member applied for disability retirement after he or she last received regular compensation, it is possible for the member's effective date of disability retirement to be earlier than the date of application. Historically, if a member established that he or she was unable to ascertain the permanency of his or her incapacity until after the date following the last day of regular compensation, the member was entitled to an effective date of disability retirement as of that date rather than the date of application. Thus, the member was required to be unable to ascertain the permanency of his or her incapacity as of a single day—the date after the last day of regular compensation.

However, the approach that was used during the two-year period beginning in 2013 required that the member be unable to ascertain the permanency of his or her incapacity for the period from the date following the last day of regular compensation up to the date of application. Therefore, some members were denied an effective date of disability retirement earlier than the date of application under this approach but would

have possibly been granted an earlier effective date if the historical approach had been used.

At the Insurance, Benefits and Legislative Committee meeting on March 3, 2017, staff proposed a legislative solution for the Committee's consideration. The solution would have enabled your Board to reconsider decisions made during the two-year period beginning 2013 in determining the effective date of disability retirement. Moreover, the proposal would have allowed your Board to reconsider all adjudicatory actions, not just those involving disability cases. Since the Committee expressed concern regarding the broad scope of the proposal in providing authority for your Board to reconsider all adjudicatory actions, the Committee directed staff to limit the scope to only the decisions made regarding the effective date of disability retirement during the two-year period beginning in 2013.

LEGISLATIVE POLICY STANDARD

This proposal can be viewed as consistent with LACERA's Legislative Policy to support proposals that provide the Board of Retirement with increased flexibility in its administration of the retirement plan and operations or enable more efficient and effective service to members and stakeholders. (Legislative Policy, page 5.) It can also be viewed as consistent with LACERA's Legislative Policy to support proposals that protect vested benefits or have a positive impact upon LACERA's members. (Legislative Policy, page 6.) Since the proposal pertains to LACERA only and none of the other CERL systems, LACERA, rather than SACRS, would sponsor this proposal, if approved by your Board.

CURRENT LAW

In 2012, LACERA proposed legislation to enable the correction of errors and omissions. At that time, existing law under Government Code Section 31539 authorized the boards of retirement systems under the County Employees Retirement Law of 1937 (CERL) to reduce the monthly retirement benefits of members who fraudulently report compensation or overstate earnings that result in improper increases in their pensions. However, there were no provisions in CERL that provided explicit statutory authority to correct errors and omissions.

LACERA initially proposed that legislation on the correction of errors and omissions be included in the 2012 legislative platform of the State Association of County Retirement Systems (SACRS). However, the proposal was not recommended for inclusion in the platform by the SACRS Legislative Committee; it was also not approved for inclusion in the platform by a vote of the SACRS membership during the business meeting at the 2012 SACRS Fall Conference.

Although the other CERL retirement systems did not see the need to have statutory authority for the correction of errors and omissions, LACERA believed such a statute was necessary to provide clarity regarding its authority to fix mistakes. Accordingly,

LACERA sponsored legislation that would apply only to a retirement system operating under a county of the first class, i.e., the County of Los Angeles.

AB 2664 was enacted in 2012 and added Government Code Sections 31540 and 31541, which apply to LACERA only. These sections outline the obligations among the retirement system, plan sponsors, and members, establish periods of time within which correction may be sought, and provide the authority and framework for the Board of Retirement to correct errors and omissions. The full text of Sections 31540 and 31541 as enacted in 2012 is attached as Attachment B.

While Section 31541 as enacted allows for the correction of errors and omissions made by a member, the County, a district, or LACERA, the statute does not permit the Board to reconsider or reopen the Board's own prior adjudicative actions, such as disability decisions or decisions on administrative appeals. Well-established California case law supports that, absent explicit statutory authorization, which currently does not exist for LACERA, the Board does not have the authority to reopen or reconsider its adjudicative actions (even if they are erroneous or based on an error of law).

ISSUE

Although Government Code Section 31541 provides the Board of Retirement with the authority to correct certain errors and omissions and requires that the Board shall correct actions taken as a result of those errors and omissions, the statute does not provide authority for the Board to reopen, reconsider, or modify its prior adjudicatory actions. In general, an administrative agency's quasi-judicial actions are final, and the agency's governing body, such as LACERA's Board of Retirement, cannot reconsider such actions unless authorized by statute.

During the two-year period beginning in 2013, your Board, based on the advice of prior counsel, used a different approach than current counsel recommends in applying Section 31724 of the Government Code in the determination of a member's effective date of disability retirement. In order for your Board to reconsider decisions regarding the effective date of disability retirement that were made during this period, your Board must have the statutory authority to do so.

PROPOSED SOLUTION

The proposal in Attachment A adds Section 31541.1 to the Government Code to provide the Board of Retirement the statutory authority to correct board decisions made during the period beginning in 2013 based upon an error of law existing at the time of the decision. The new section would apply only to the issue of determining the effective date of disability retirement pursuant to Section 31724 of the Government Code; it does not revisit the issue of whether a member was permanently incapacitated pursuant to Section 31720 or whether an application was filed in a timely manner pursuant to Section 31722. The statute would enable the Board to make corrections upon any terms it deems just to ensure that the corrections are performed in an equitable manner. The proposed statute provides for a 1-year period after the effective date of the statute for a

member to apply for correction of his or her disability effective date, so that potential claims would not remain outstanding for an open-ended period of time.

These changes only give the Board the power to correct errors, including errors of law, which existed at the time of the decision, not due to subsequent changes in the law. If the law changes, such changes would not constitute an error, but instead they would just be a change in policy by the Legislature. Changes in case law will be evaluated individually. Similarly, issues that could affect cases of LACERA members that actually took their case to court and received a final decision of a court will also need to be evaluated individually; ordinarily, reconsideration of case with a final court judgment would be barred by other legal principles which this proposal does not address.

It is important to note that the final language of this proposal in a bill may be different due to legislative drafting practices, including review by the Legislature's Legislative Counsel. However, if the Board decides to take this proposal to the Legislature, staff will work with LACERA's legislative advocate to ensure that the bill meets the Board's objectives.

Pros

Advances the public policy embodied in the California Constitution of ensuring the rights of members and retirees to receiving their earned benefits.

Provides the Board with the statutory authority to correct certain errors and omissions, including errors of law, on such terms as the Board deems just.

Is consistent with the Board's fiduciary duty to members and LACERA's mission to produce, protect, and provide the promised benefit.

Cons

Significant departure from a longstanding practice and existing statutory and case law that recognizes that the Board's quasi-judicial actions are final.

Grants authority to act beyond the time periods stated in the Board of Retirement Regulations, the Board-adopted Procedures for Disability Retirement Hearings, other LACERA policies and procedures, which provide time periods for a member to file an appeal if the member disagrees with the Board's action. In particular, the Regulations provide that a member has 30 days to request a hearing after receiving notice of a Board action denying a disability application; the Regulations also provide that a member entitled to judicial review of a Board action has 90 days to petition a court after receiving notice of the Board action.

May require additional staff resources to process the reconsideration and reopening of designated cases.

Creates risks by setting a precedent for seeking specific legislation to correct errors of law since future errors of law will not be covered under this proposal.

IMPLEMENTATION

If your Board takes action to sponsor this legislative proposal, it would be introduced for the 2018 legislative year. If enacted in 2018, the legislation would be effective January 1, 2019.

The legislation provides that members have one year from the effective date to file an application seeking correction of the errors and omissions with respect to the effective date of disability retirement. According to the Disability Retirement Division's research, there are 85 members who were denied an effective date of disability retirement earlier than the date of application. These members would be provided notice of their right to seek correction of their effective date of disability retirement by having their cases reevaluated by the Board of Retirement to determine eligibility for an earlier effective date.

However, it is possible that not all 85 members will seek correction of their effective date. Members will need to evaluate whether it would be cost-effective to pursue correction. For example, some members may have been receiving benefits under the County of Los Angeles' Long-Term Disability and Survivor Benefit Plan, which requires an offset based on the amount of disability retirement benefits received. Thus, any additional disability retirement benefits received may require repayment of the corresponding amount of long-term disability benefits. Members who received service-connected disability retirements may also need to evaluate whether they are eligible to file amended tax returns related to the taxability of their disability retirement benefit. To determine whether they should pursue a reevaluation of their disability effective date, members will need to be provided an analysis of their disability retirement benefits under the earlier effective date and counseling regarding the cost-effectiveness of pursuing correction.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD sponsor legislation to provide statutory authority to the Board of Retirement to correct board decisions made between 2013 and 2015 in the determination of the effective date of disability retirement that were based upon an error law existing at the time of the decision.

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Attachments

Attachment A

Supplemental Agenda Information

Attachment B

Draft language for Government Code Section 31541.1

Attachment C

Government Code Section 31540

Government Code Section 31541

cc: Fern Billingsy
Bernie Buenaflor
Frank Boyd
Allan Cochran
Ricki Contreras
Johanna Fontenot
Michael Herrera
Robert Hill
Vincent Lim
JJ Popowich
Gregg Rademacher
Joe Ackler, Ackler & Associates

ATTACHMENT A



July 3, 2017

SUPPLEMENTAL AGENDA INFORMATION

TO: Each Member
Board of Retirement

FROM: Barry W. Lew *BW*
Legislative Affairs Officer

Johanna M. Fontenot *JMF*
Senior Staff Counsel

FOR: July 13, 2017 Board of Retirement Meeting

SUBJECT: **LACERA 2018 Legislative Proposal – Correction of Errors and Omissions**

On June 15, 2017, the Insurance, Benefits and Legislative Committee advanced a recommendation to the Board of Retirement that it sponsor legislation that would provide statutory authority to the Board of Retirement to correct board decisions made between 2013 and 2015 in the determination of the effective date of disability retirements that were based upon an error of law existing at the time of the decision.

The error of law involved the determination of whether a member was eligible for an effective date of disability retirement that was earlier than the date of application. During the period between 2013 and 2015, the approach used by your Board determined eligibility for an earlier effective date based on whether a member was unable to ascertain the permanency of his or her incapacity from the period from the date following the last day of regular compensation up to the date of application. Historically and currently, the approach was whether a member was unable to ascertain the permanency of his or her incapacity until after the date following the last day of regular compensation. Thus, the member was required to be unable to ascertain the permanency of his or her incapacity as of a single day rather than over a period of time.

Given the significant nature of the pros and cons of the potential legislative proposal, the Legal Office did not make a recommendation as to whether the Committee should advance a recommendation to your Board. The Committee engaged in a thorough discussion of the advantages and disadvantages of the potential legislative proposal and advanced the proposal to your Board for further consideration.

The following subject matters were discussed during the meeting of the Committee on June 15, 2017 on which staff wishes to provide further clarification of these points as the Committee noted that the policy considerations for this proposal are complex.

Legislative Process and Sponsorship of the Proposal

All legislation begins with an idea or concept. An idea often originates directly from the legislator as he or she seeks to address the concerns of his or her constituents through legislation. However, legislative ideas may come from other sources as well, such as citizens, interest groups, or cities and counties. If the idea originates from a source other than the legislator, then the source that originates the idea would be known as the "sponsor." The sponsor would seek a legislator, who would be identified as the "author," to carry a bill that would ultimately be enacted as law.

For the current proposal, if your Board adopts the Committee's recommendation to proceed, LACERA would be considered the sponsor of the proposal since the idea for it originated with LACERA and not with a legislator. LACERA would then seek a legislator willing to carry the bill. Moreover, LACERA is also drafting the language for the proposal and would oversee any changes to the language to make sure it continues to meet the objectives of the proposal. As the bill advances through the legislative process, LACERA would be identified as the sponsor of the bill in the bill analyses provided by staff in the Legislature to members of policy committees and of each house of the Legislature that would be voting on the bill. LACERA staff or LACERA's lobbyist may be expected to testify in hearings in support of the bill that LACERA is sponsoring.

Note, however, that a bill may also be carried by a policy committee that deals with matters related to retirement such as the Assembly Committee on Public Employees, Retirement & Social Security or the Senate Committee on Public Employment & Retirement. Generally, bills carried by these policy committees deal with issues that are considered technical and noncontroversial. LACERA's lobbyist would examine the feasibility of whether a proposal can be carried by a policy committee versus a legislator. In either case, LACERA would be considered and identified as the sponsor of the legislation.

Population of Affected Members

This proposal, if enacted into law, would enable your Board to reopen the cases of members who were denied an earlier effective date between 2013 and 2015 based on the approach used at the time regarding the member's inability to ascertain the permanency of his or her incapacity. According to the Disability Retirement Division's research, there were 85 members that were affected between 2013 and 2015.

In formulating the proposal for discussion at the Committee's meeting on June 15, 2017, staff conducted a high-level review of the 85 members to determine the effect of an earlier effective date of disability retirement compared to the date of application with regard to potential benefit amounts. Note that the review was performed using spreadsheet calculations on a query of pertinent data points for each member rather than a top-to-bottom review of each member's individual account. These are estimated figures that are intended to illustrate the potential impact of this proposal. If the proposal

is enacted as law and implemented, an individual review and analysis of each member's account may result in material changes to the figures presented.

Benefits: Earlier Effective Date to Application Date	Amount	Number of Members
Gross Benefits for Disability Retirement	\$5.9 million	85
Benefits Already Received for Service Retirement	\$5.1 million	68
Difference: Additional Retroactive Benefits	\$800,000	17

Additional Retroactive Benefits		
Range	Retroactive Amount	Retroactive Period
Minimum	\$300	0.1 months
Average	\$46,000	14 months
Maximum	\$400,000	59 months

In the population of 85 members, 17 members may be eligible for additional retroactive benefits of approximately \$800,000 based on an earlier effective date of disability retirement. Of the 17 members, 1 member may be eligible for approximately \$400,000 (about 50 percent of the total retroactive benefits).

For the members who are not eligible to receive additional retroactive benefits, an earlier effective date would have the effect of re-characterizing their service retirement benefits as disability retirement benefits, and they would be eligible for a tax exclusion if they received a service-connected disability retirement. However, members in some cases may not be eligible after a three-year statute of limitations to file amended tax returns to claim the tax exclusion. This proposal would enable LACERA to reopen and reconsider whether certain members are eligible for an earlier effective date of disability retirement but would not obligate LACERA to be responsible for the loss of any tax exclusions that the member may have been eligible to receive under a service-connected disability retirement.

Error of Law

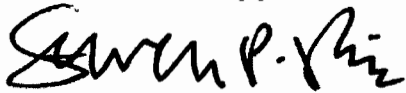
It is well established that your Board acts in a quasi-judicial capacity when making adjudicatory decisions by applying policies, statutes or rules to the particular facts. For example, your Board is acting in its adjudicatory capacity when it decides to grant disability retirement benefits, including deciding whether to grant an earlier effective date. An error of law, also referred to as a mistake of law, is an error of the court in applying the law to the case at hand. *Black's Legal Dictionary, 10th Edition* states a mistake of law is a "mistake about the legal effect of a known fact or situation."

An error of law occurs when a court or a quasi-judicial agency, such as LACERA, mistakenly applies or interprets the law. Sometimes there is not agreement among lawyers and judges over how to interpret a particular statute. As a result, when a higher court disagrees with the lower court's interpretation, it is often deemed "an error of law" by the lower court.

Once an agency has made a determination, courts usually deny it any right to change its determination, absent a statutory right to do so. If this proposal is adopted it would have the effect of giving your Board the authority to retroactively change the effective date for those members affected by the Board decisions made between January 1, 2013 and December 31, 2015.

We hope this provides some further clarification to issues raised by the Committee.

Reviewed and Approved:

A handwritten signature in black ink, appearing to read "Steven P. Rice", written over a horizontal line.

Steven P. Rice, Chief Counsel

Attachments

ATTACHMENT B

Legislative Proposal
Government Code Section 31541.1
Draft Language

31541.1.

(a) Subject to subdivisions (c), (d), and (e) of Section 31541, the board, upon any terms it deems just, may correct prior board decisions made between January 1, 2013 and December 31, 2015 that were based upon an error of law existing at the time of the decision in the determination of the effective date of disability retirement pursuant to Section 31724. A member seeking correction of errors and omissions pursuant to this section may file an application for correction to the board no later than one year from the effective date of this section.

(b) This section shall apply only to a county of the first class as described in Section 28020.

ATTACHMENT C

State of California

GOVERNMENT CODE

Section 31540

31540. (a) The obligations of the retirement system to its members continue throughout their respective memberships, and the obligations of the retirement system to, and in respect to, retired members continue throughout the lives of the retired members, and thereafter until all obligations to the members' beneficiaries under optional settlements have been discharged. The obligations of the county or district to the retirement system with respect to members employed by them, respectively, continue throughout the memberships of the members, and the obligations of the county or district to the retirement system with respect to retired members formerly employed by them, respectively, continue until all of the obligations of the retirement system to those retired members have been discharged. The obligations of any member to the retirement system continue throughout his or her membership, and thereafter until all of the obligations of the retirement system to that member have been discharged.

(b) For the purposes of payments into or out of the retirement fund for adjustment of errors or omissions, the period of limitation of actions shall be three years, and shall be applied as follows:

(1) In cases in which the retirement system makes an erroneous payment to a member or beneficiary, the system's right to collect shall expire three years from the date of payment.

(2) In cases in which the retirement system owes money to a member or beneficiary, the period of limitation shall not apply.

(c) Notwithstanding subdivision (b), in cases in which payment is erroneous because of the death of the retired member or beneficiary or because of the remarriage of the beneficiary, the period of limitation shall be 10 years and that period shall commence with the discovery of the erroneous payment.

(d) Notwithstanding subdivision (b), if any payment has been made as a result of fraudulent reports for compensation made, or caused to be made, by a member for his or her own benefit, the period of limitation shall be 10 years and that period shall commence either from the date of payment or upon discovery of the fraudulent reporting, whichever date is later.

(e) The board shall determine the applicability of the period of limitation in any case, and its determination with respect to the running of any period of limitation shall be conclusive and binding for purposes of correcting the error or omission.

(f) This section shall apply only to a county of the first class as described in Section 28020.

(Added by Stats. 2012, Ch. 59, Sec. 2. (AB 2664) Effective January 1, 2013.)

State of California

GOVERNMENT CODE

Section 31541

31541. (a) Subject to subdivisions (c) and (d), the board may, in its discretion and upon any terms it deems just, correct the errors or omissions of any active or retired member, or any beneficiary of an active or retired member, if all of the following facts exist:

(1) The request, claim, or demand to correct the error or omission is made by the party seeking correction within a reasonable time after discovery of the right to make the correction, which in no case shall exceed six months after discovery of this right.

(2) The error or omission was the result of mistake, inadvertence, surprise, or excusable neglect, as each of those terms is used in Section 473 of the Code of Civil Procedure.

(3) The correction will not provide the party seeking correction with a status, right, or obligation not otherwise available under this part.

Failure by a member or beneficiary to make the inquiry that would be made by a reasonable person in like or similar circumstances does not constitute an "error or omission" correctable under this section.

(b) Subject to subdivisions (c) and (d), the board shall correct all actions taken as a result of errors or omissions of the county or district, or this system.

(c) The duty and power of the board to correct mistakes, as provided in this section, shall terminate upon the expiration of obligations of this system to the party seeking correction of the error or omission, as those obligations are defined by Section 31540.

(d) The party seeking correction of an error or omission pursuant to this section has the burden of presenting documentation or other evidence to the board establishing the right to correction pursuant to subdivisions (a) and (b).

(e) Corrections of errors or omissions pursuant to this section shall be such that the status, rights, and obligations of all parties described in subdivisions (a) and (b) are adjusted to be the same as they would have been if the act that would have been taken, but for the error or omission, was taken at the proper time. However, notwithstanding any other provision of this section, corrections made pursuant to this section shall adjust the status, rights, and obligations of all parties described in subdivisions (a) and (b) as of the time that the correction actually takes place if the board finds any of the following:

(1) That the correction cannot be performed in a retroactive manner.

(2) That, even if the correction can be performed in a retroactive manner, the status, rights, and obligations of all of the parties described in subdivisions (a) and (b) cannot be adjusted to be the same, as they would have been if the error or omission had not occurred.

(3) That the purposes of this chapter will not be effectuated if the correction is performed in a retroactive manner.

(f) This section shall apply only to a county of the first class as described in Section 28020.

(Added by Stats. 2012, Ch. 59, Sec. 3. (AB 2664) Effective January 1, 2013.)



June 29, 2017

TO: Each Member
Board of Retirement

FROM: Operations Oversight Committee
Alan Bernstein, Chair
Anthony Bravo, Vice Chair
Joseph Kelly
Ronald Okum
David Muir, Alternate

FOR: July 13, 2017 Board of Retirement Meeting

SUBJECT: **LACERA INTERNSHIP PROGRAM**

RECOMMENDATION

Approve the Internship Program and direct staff to implement the program as described.

Executive Summary

In accordance with LACERA's Strategic Plan, Human Resources has developed a paid Internship Program for students at the doctorate, graduate and undergraduate levels, in fields of study that correspond to LACERA's business needs. The Internship Program (the "Program") provides students with exposure to the complex and dynamic public pension industry and the business operations of a governmental entity. LACERA believes this Program will increase awareness of the positive community impact made by public defined benefit plans and encourage students to pursue careers in the public sector or LACERA.

LACERA embraces the opportunity to provide motivated, inspiring, and valuable work experience to the future leaders of America. Each Intern will be assigned meaningful projects guided by a knowledgeable LACERA professional serving in a Mentor role. The Mentor will oversee their projects and ensure the Intern develops an understanding of LACERA's mission, values, business operations, and business objectives. Interns will gain experience interacting with LACERA staff, members, and/or business partners on a professional level.

Discussion

The attached Internship Program document provides an in depth overview of the Program parameters. The highlights of the Program include:

A Paid Internship Program

The Program is a paid Internship with individuals compensated based on their academic level. Undergraduates will be benchmarked at the Los Angeles County's Professional Worker I hourly rate (currently \$13.49 per hour). Graduate and doctorate student compensation will be benchmarked at the Los Angeles County's Student Professional Worker II hourly rate (currently \$18.93 per hour). Hourly rates may be adjusted based on the prevailing Internship labor market for the intern's area of study.

We estimate the initial program costs for FY 2017-18 will be no more than \$157,500 [the equivalent of four (4) Full Time Employee (FTE) Interns at the Student Professional Worker II level]. The budget for this Program will be modified annually based on LACERA's utilization history and included in future budget requests by Human Resources.

Flexible Work Schedules

Interns will be asked to commit to an Internship period of up to sixteen (16) weeks where they will work under the guidance of the Mentor to complete clearly defined specific projects. LACERA will offer flexible work schedules to accommodate school commitments. However, Interns shall not work more than forty (40) hours per week.

Continual Feedback & Program Assessments

The Program and the Interns will be assessed on a regular basis through the administration of evaluations completed by both Mentor and Intern. Overall program performance will be based on these assessments, the completion of the assigned project, as well as return on investment by LACERA.

The Mentor will be expected to provide regular feedback to the Intern throughout the Program as they discuss progress on the assigned project and general observations regarding their performance and LACERA operations. At the end of each Internship, the Mentor will provide final written feedback regarding the status of the project, and the Intern's performance. The Intern will also provide LACERA with written feedback reflecting their experience in the Program. LACERA will use this feedback to continually modify and improve the Program's design.

Not a Replacement for Full Time Positions

LACERA's Internship Program does not take the place of our commitment to hire full time employees to support on-going business needs. Additionally, the Program will not replace the usage of agency temporary employees which are sometimes used to fill short term vacancies when staff is out on leave or participating in a learning development program. The Program is designed to fill targeted staffing needs on a clearly defined project basis.

The Program is under the general oversight of the Human Resources Division. Human Resources will meet with interested managers to define their needs and determine the appropriate type of staffing needed (permanent, agency temporary, or Interns) based on those needs.

Finding the Right Intern

The Program supports LACERA's effort to build partnerships by establishing and maintaining a recruiting presence at local colleges and universities. The Program will provide LACERA a continuous candidate pool to meet Internship opportunities as they arise. LACERA will also work with non-profit organizations who work with undergraduate and graduate students preparing for the workplace.

Potential Interns will express their interest by visiting LACERA's website where they will find information describing the Program. Interested individuals may submit an application, letter of interest and resume through LACERA's automated job application system.

Interns will be asked to pass the same security clearance background and credit check as any LACERA employee. To prevent conflicts of interest, potential Interns will be subject to the same nepotism rules as permanent LACERA staff. Additionally Internships shall not create either a direct or indirect supervisor/subordinate relationship with a related party or create any conflict of interest or appearance of a conflict of interest based on business relationships.

LACERA will utilize temporary agencies to manage payment of compensation for all Interns. Interns will not be designated as employees of LACERA nor will be eligible for employment benefits.

SUMMARY

It is anticipated that LACERA's Internship Program will successfully provide students with meaningful work experience and strengthen LACERA's employment brand and recruitment efforts.

EACH MEMBER, BOARD OF RETIREMENT
LACERA INTERNSHIP PROGRAM
JUNE 29, 2017
PAGE 4

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD approve the Internship Program and direct staff to implement the program as described.

JP:JN

Attachments:

LACERA Internship Program
PowerPoint Presentation

LACERRA
INTEERSHIP
PROGRAM



LACERA INTERNSHIP PROGRAM

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ABOUT THE PROGRAM

The Los Angeles County Employees Retirement Association (LACERA) Internship Program ("Program") is a continuous, as needed, opportunity for both highly motivated and aspiring undergraduate, graduate and doctorate Interns. This is an exciting opportunity for students to gain paid experience and on-the-job training at a government entity. LACERA is an independent governmental entity, separate and distinct from Los Angeles County.

As one of the largest county retirement systems in America, LACERA offers potential Interns the opportunity to work in a variety of fields. LACERA has Internship opportunities in areas such as Accounting, Benefits Administration, Communications, Disability Retirement, Finance, Human Resources, Legal, and Systems.



LACERA believes the Internship Program will provide students the opportunity for professional development as they gain valuable professional and technical skills and gain life experiences.

The Program will give participants a chance to learn, under the guidance of a Mentor, about LACERA's fiduciary responsibility to promote, enhance, and efficiently administer a financially sound retirement system.

The following will explain in detail the parameters, the implementation, and on-going administration of the Program.

PROGRAM OBJECTIVE

Interns will gain professional work experience and exposure to LACERA's business field and operations; develop an understanding in LACERA's Values, Mission, and business objectives; interact with LACERA staff and managers; along with possible interaction with LACERA members and vendors.

Interns will be given an assignment or project to accomplish under the direction of a Mentor. The Mentor assigned to the Intern will be chosen by the Division Management. The Mentor is expected to provide the Intern on-the-job direction, offer job shadowing opportunities, and develop the Intern's understanding of LACERA business, policies and procedures.



At the end of the Internship, both Intern and Mentor will complete an assessment describing their overall experience of the Program and a detailed summary of the assignment or project achievements.

PROGRAM OPERATIONS

Interns are expected to commit to the period agreed upon with Division Management, whether it is during the school year or a school break. The Program is designed to provide the student an Internship opportunity during a semester period and will generally last (16) weeks.

The Program is designed for students currently attending school, and as such, Interns must supply their current school transcripts during each semester or quarter to verify school attendance.

In order for an Intern to continue working past the initial approved defined period, Division management must receive Human Resources' approval. Interns that do not supply their current school transcripts will not be allowed to participate in the Program.



SCHEDULE

Interns will be given the opportunity to work flexible schedules, Monday through Friday between the hours of 8:00 am to 5:00 pm.



Interns working five (5) hours per day must take a minimum thirty (30) minute/ maximum sixty (60) minute, non-paid lunch break. Interns working eight (8) hours per day will be given two 15 minute breaks and must take a non-paid lunch break.

Management has the discretion to dictate the number of hours that the Intern will complete each week.

Interns will not be allowed to work more than forty (40) hours per week.

COMPENSATION & BUDGETING

Interns will be compensated based on their academic level at the time of assignment. Undergraduates compensation will be benchmarked at the Los County's Professional Worker I hourly rate. Graduate and doctorate student compensation will be benchmarked at the Los Angeles County's Student Professional Worker II hourly rates. A Student Professional Worker I's minimum requirement is that the candidate be a current sophomore, junior or senior at an accredited college. A Student Professional Worker II's minimum requirement is that the candidate is a current student at an accredited graduate or university program leading to a Master's or Doctorate Degree. The hourly rate may be adjusted based on the prevailing internship labor market.

Interns will not be employees of LACERA and will not be eligible for any LACERA employee benefits. Internships are not a substitute for filling full-time budgeted positions covered under Civil Service Rules. Interns will be paid through a LACERA contracted temporary agency.

Human Resources will budget for four (4) Full Time Equivalent (FTE) Interns for a fiscal year at the Student Professional Worker II level. LACERA will adjust the budget after the first year based on actual experience and projected Divisional requirements. The FY 2016-2017 hourly rates for Student Professional Worker I & II are \$13.49 and 18.93, respectively. Four Student Professional Worker II full FTE is approximately \$157,500 annual cost. This amount will be added to the FY 2017-18 Budget when it is presented for final approval by the Boards.

EVALUATION

As part of the Internship Program, each Intern will be assigned a Mentor. The Mentor will be providing continual guidance to the Intern. In addition, the Mentor will allow the Intern to job shadow so that he/she will gain a better understanding of LACERA and its operations.

At the end of each Intern's approved period, the Mentor will meet and provide verbal feedback to the Intern about his/her performance in the Program. The Intern will also be asked to provide



feedback regarding the assignment/project and overall experience. The Mentor will also be asked to complete a written assessment of the Intern's performance that will be turned into and kept with Human Resources for a period of no longer than three (3) years. A letter of Internship participation will be completed by the Mentor to provide to the Intern at the end of the Internship to reflect the work experienced gained during the Program.

INTERNSHIP VS. AGENCY TEMP

What is the difference between an Intern and an Agency Temp?

An Intern is defined as an undergraduate, graduate, or doctorate student currently enrolled in an accredited college or university receiving on-the-job training through the shadowing and direction of a LACERA Mentor.

An Agency Temp is a temporary employee assisting with an assignment or project of a permanent employee currently on approved leave or participating in a training program, or to assist in a LACERA division to address critical temporary workload needs. The use of an Agency Temp cannot be used to fill a vacant, funded position. In addition, the Agency Temp should not exceed a year contract. Any extension of that contract must be first approved by the Executive Office. LACERA's belief is that temporary employees should be used strategically and makes reasonable efforts to fill vacant full time positions as quickly as feasible.

How do I decide which would be best for the Division?

Management seeking a potential Intern for their Division should first consult the Human Resources office. Human Resources will discuss and assess with the Manager the needs of the Division and as to what their ideal candidate may be. Human Resources will determine, based on the assignment/project, if it would be best to seek an Intern or an Agency Temp.

What happens if an Agency Temp is the best option for the Division?

If an Agency Temp is decided as being the best option for the Division, a Temporary Request form must be completed by the Division then signed by the Executive Office. Human Resources will retrieve resumes of applicants that best fit the description of the Division's need. Once a student's resume is selected, the Division may then hold interviews.

MANAGEMENT SELECTION PARAMETERS

Once Management and Human Resources has determined an Intern would be the best option, they must adhere to the following parameters:

- ❖ Interns cannot work continuously from one sixteen (16) week period to another without Human Resources' approval.
- ❖ Division Management must clearly define the reason/need for hiring an Intern.
- ❖ Division Management must have clearly defined goals, duties, and expected output from the assignment or project given to the Intern.
- ❖ Division Management must assign a Mentor to act as a guide to the Intern.
- ❖ Division Management will not allow the Intern's work schedule to exceed the amount of daily or weekly hours allowable through the Program.

RECRUITMENT AND ADVERTISING

The Human Resources Division will regularly make contact with local colleges and universities to source talent. In addition, job fairs will be attended during the school year and prior to the summer break. Working relationships have already been established with some local colleges and universities including:

- University of Southern California
- University of California – Los Angeles
- Pepperdine
- California State University of Northridge
- California State University of Los Angeles, and
- Azusa Pacific University.

In an effort to reach students pursuing an Associate's degree with an already designated emphasis or area of study LACERA will develop relationships with local Community Colleges such as:

- Pasadena City College
- Glendale Community College, and
- Los Angeles City College

In addition to connecting with local schools and universities, LACERA will identify and work with non-profit organizations who help undergraduate and graduate students prepare for the workplace. During our pilot program LACERA already identified the Toigo Foundation as a partner in this area. The Toigo Foundation's mission is to help prepare underrepresented professionals for leadership and possible career advancement roles in the workplace. Any students sourced and chosen through Toigo, or similar organizations, must complete the established registration process, including all background checks, and must sign up with an approved temporary agency.

HOW STUDENTS WILL APPLY

Potential Interns will express their interest by visiting lacera.com and reviewing the Program information on the LACERA career opportunities page. Once the Program

information has been reviewed students will be redirected to the LACERA recruiting website (NeoGov) to create an account. Students may submit an application, attach their current or most recent school transcripts along with a cover letter and resume, and answer all listed supplemental questions.

SELECTION CRITERIA

The following is an overview of selection criteria when reviewing applications:

- ❖ A complete online application must be submitted on LACERA's NeoGov site, including a completed supplemental questionnaire.
- ❖ A cover letter, resume, and copy of latest school transcripts must be attached to the application.
- ❖ The Program is open only to currently enrolled students either pursuing an Associates, Undergraduate, Graduate, or Doctorate degree. A student may either be attending school on a full-time or part-time status.
- ❖ No less than an overall C (2.0) grade point average (GPA).
- ❖ Must pass a security clearance background and credit check.
- ❖ To prevent related party conflicts of interest, LACERA may not contract with a person who is related to: a Board Member, the Chief Executive Officer, anyone reporting directly to the Chief Executive Officer, or anyone serving as a Division Head.
- ❖ Related parties of other LACERA staff members may be considered for contract with LACERA provided the candidate possess all the selection criteria. Such a related party may not be contracted to a position which would:
(1) Create either a direct or indirect supervisor/subordinate relationship with a



related party; or (2) Create either an actual conflict of interest or the appearance of a conflict of interest.

MANAGER ACCESS TO AVAILABLE INTERN LIST

Students will be informed their information will be kept on file for no more than one (1) year from the date of submission. A candidate may reapply once the one (1) year has lapsed.

Division Managers will have access to the resume and school transcripts of each candidate who has expressed interest in an Internship with LACERA. Other information available to Management will be items such as the candidate's name, undergraduate or graduate degree, the current grade level, area of degree, and the fields of interest at LACERA.



ONCE A STUDENT IS SELECTED

At the request of the Division, Human Resources will contact the student to schedule an interview with Division staff.

If the student is selected, Human Resources will contact the student to make a formal offer.

If the student accepts, Human Resources will offer the student several temporary agency options for their choosing for processing their pay. It will be suggested that they choose an agency nearest their residence. Currently, four (4) agencies have been selected based on geographical location in Los Angeles County: West Los Angeles, Downtown Los Angeles, Pasadena, or Arcadia. LACERA plans in the future to create new contracts with temporary agencies located in further locations.

LACERA will utilize temporary agencies to manage payment of compensation for all Interns. LACERA will only seek the assistance of approved temporary agencies with an ongoing current contract with LACERA.

As a temporary contractor the Intern will not be designated any benefits from LACERA.

The Intern will have to undergo two (2) separate background checks: a LiveScan and a credit check. It will be necessary for the Intern to clear both security clearances in order to work at LACERA. Failure to pass any background checks will disqualify the student from working as an Intern at LACERA.



The Intern will also complete all other relevant onboarding documents that all LACERA permanent and temporary agency staff are required to complete as well. This would include documents such as LACERA's privacy policy, workplace security agreements, email policy, use of LACERA property, etc.

Once all background checks have been cleared, Human Resources will coordinate an official start date with the Intern.

INTERN TESTIMONIALS

LACERA successfully hosted Interns during the summer of 2015 and 2016. Below are quotes from past Interns about their experience at LACERA.

George Z.
MBA Candidate, USC Marshall School of Business
LACERA Investments Intern 2016

“Great internship experience at LACERA! This internship has allowed me to see public pension fund in action and exposed me to the whole asset management ecosystem. I had opportunities to interact and learn from different teams in the Investment office, even with senior managers. Colleagues were helpful and easy-going. I cannot remember how many co-workers had invited me for lunch and

genuinely shared their experiences and knowledge with me. I will be forever grateful to those wonderful people.”

Jeff J.

MBA Candidate, UCLA Anderson School of Management
LACERA Investments Intern 2016

“LACERA provided a great opportunity for me to understand the inner workings of a pension fund and improve my knowledge on investment management. Through working on my summer project and meeting with various high-level fund managers over the course of my internship, I gained new perspectives on the financial market and best practices. It is a highly valuable, enriching experience, and I recommend that you see it for yourself.”

Taylor N.

MBA Candidate, UCLA Anderson School of Management
LACERA Intern 2015

"Working as a summer intern with the Real Estate Investments team at LACERA was a rewarding and eye-opening experience. I gained significant exposure to all real estate product types while learning how investments impacts the portfolio as a whole. Even as an intern I felt my work was important and would be used by the LACERA Investments team. During my time at LACERA I received a firsthand experience on how a pension fund operates and invests in order to serve their members, all while working in a friendly environment with a fun and passionate team."

Cindy R.

MBA Graduate 2015, Columbia Business School
LACERA Intern 2015

"My experience at LACERA was life-changing. I interned with a highly professional team and helped serve the objectives of the LACERA organization. Beyond the specific project I worked on over the summer, I had the opportunity to shadow leaders of the organization and sit in on meetings I would not otherwise have had access to."

QUESTIONS

If you have any questions about the LACERA Internship Program, please contact Michael Cordial, Intern Coordinator, at (626) 564-6000. Email inquiries may also be sent to humanresources@lacera.com with the subject line as "Intern – LACERA".

LACERA INTERNSHIP PROGRAM



BOARD OF RETIREMENT

JULY 2017

PROGRAM OBJECTIVE



- **Interns will:**
 - Gain professional development and work experience
 - Be exposed to LACERA's business field and operations
 - Develop an understanding in LACERA's Values, Mission, and business objectives
- **LACERA's Return-on-Investment (ROI)**

MENTOR – INTERN COLLABORATION



- Interns are given an assignment/project under direction of a Mentor
- Mentors are designated by Division Management
- Mentors provide the Intern on-the-job direction



EVALUATION



- Mentors will:
 - Provide verbal feedback to the Intern
 - Give written assessment of Intern performance
- Intern provides feedback regarding experience
- Letter of Internship participation



MANAGEMENT PARAMETERS

- Define reason/need for hiring an Intern
- Have clearly defined:
 - Goals,
 - Duties, and
 - Expected output.



RECRUITMENT AND ADVERTISING

- Partnerships with local colleges and universities
- Job fairs



SELECTION CRITERIA



- Evaluation of online application, resume, and transcripts
- Currently enrolled students pursuing an Associates, Undergraduate, Graduate, or Doctorate degree.
- An overall C (2.0) grade point average (GPA) or higher
- Background and credit check

CANDIDATE POOL

- Continual Stream
- Ongoing Basis
- Accessible to Management



LACERA CONTACT



- Questions directed to Michael Cordial, Intern Coordinator
- Email inquiries may also be sent to humanresources@lacera.com

QUESTIONS?





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**