

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, SEPTEMBER 13, 2018

*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 August 9, 2018
- IV. OTHER COMMUNICATIONS
 - A. For Information
 - 1. Awards
 - 2. July 2018 All Stars
 - 3. Interim Chief Executive Officer's Report
(Memo dated August 31, 2018)
- V. PUBLIC COMMENT
- VI. CONSENT ITEMS
 - A. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits & Legislative Committee: That the Board adopt an "Oppose" position on H.R. 6290, which would enact the Public Employee Pension Transparency Act (PEPTA). (Memo dated August 28, 2018)

VI. CONSENT ITEMS (Continued)

- B. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the 2018 Crypto Invest Summit on October 22-24, 2018 in Los Angeles, California and approve reimbursement of all travel costs incurred in accordance with LACERA's Educational and Travel Policy. (Placed on the agenda at the request of Mr. Kehoe) (Memo dated September 4, 2018)

VII. REPORTS

- A. State Street Update
Andrew Erickson, Executive Vice President
- B. For Information Only as submitted by Beulah S. Auten, Chief Financial Officer regarding the 2019 STAR COLA Program. (Memo dated August 28, 2018)
- C. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the August 2018 Fiduciary Counsel Contact and Billing Report. (Memo dated September 4, 2018) (Privileged and Confidential Attorney-Client Communication/Attorney Work Product)
- D. For Information Only as submitted by the CEO Search Ad-Hoc Committee and Korn Ferry regarding the CEO Search Update. (Memo dated September 5, 2018)

VIII. REPORT ON STAFF ACTION ITEMS

IX. GOOD OF THE ORDER

(For information purposes only)

X. EXECUTIVE SESSION

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

- 1. Suzanne Collins

X. EXECUTIVE SESSION (Continued)

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

Number of Potential Cases: One

XI. 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, AUGUST 9, 2018

PRESENT:

Vivian H. Gray, Chair

Herman Santos, Vice Chair

Marvin Adams, Secretary

Alan Bernstein

JP Harris (Alternate Retired)

Shawn R. Kehoe

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

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

Les Robbins

Thomas Walsh

Gina Zapanta-Murphy

STAFF ADVISORS AND PARTICIPANTS

Robert R. Hill, Interim Chief Executive Officer

James Brekk, Interim Deputy Chief Executive Officer

Bernie Buenaflor, Interim Assistant Executive Officer

Steven P. Rice, Chief Counsel

STAFF ADVISORS AND PARTICIPANTS (Continued)

Harvey L. Leiderman, Reed Smith LLP
Outside Fiduciary Counsel

Barry W. Lew, Legislative Affairs Officer

Ted Granger, Assistant Chief Financial Officer

Robert Schmidt, Milliman

Jonathan Grabel, Chief Investment Officer

I. CALL TO ORDER

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

II. PLEDGE OF ALLEGIANCE

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

III. OTHER COMMUNICATIONS

A. For Information

1. June 2018 All Stars

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

III. OTHER COMMUNICATIONS (Continued)

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

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

IV. PUBLIC COMMENT

There were no items from the public to speak.

V. CONSENT ITEMS

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

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

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

(Memo dated July 27, 2018)

V. CONSENT ITEMS (Continued)

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

VI. CONSENT ITEMS (Continued)

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

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

(Memo dated June 4, 2018)

VI. NON-CONSENT ITEMS

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

(Memo dated July 24, 2018)

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

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

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

VI. NON-CONSENT ITEMS (Continued)

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

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

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

- 3) Elect a JOGC Member.

VI. NON-CONSENT ITEMS (Continued)

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

(Memo dated July 31, 2018)

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

VII. REPORTS

The following reports were received and filed.

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

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

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

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

Mr. Leiderman provided a brief presentation and answered questions from

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

the Board.

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

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

Board.

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

Mr. Lew was present and answered questions from the Board

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

VIII. REPORT ON STAFF ACTION ITEMS

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

August 9, 2018

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

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

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

X. EXECUTIVE SESSION

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

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

Number of Potential Cases: One

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

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

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

XI. ADJOURNMENT

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


MARVIN ADAMS, SECRETARY

VIVIAN H. GRAY, CHAIR



August 31, 2018

TO: Each Member
Board of Retirement
Board of Investments

FROM: Robert R. Hill 
Interim Chief Executive Officer

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

I am pleased to present the Interim 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.

Survivor Income Benefit Mailing

LACERA will be mailing our annual Survivor Income Benefit reminder to all eligible Plan E participants in mid-September.

Plan E members who are MegaFlex participants have the option of electing the County-administered Survivor Income Benefit (SIB), an optional life insurance plan available only to Plan E MegaFlex participants.

This is important as Plan E does not include pre-retirement death benefits through LACERA and MegaFlex participants are not eligible for continuing survivor benefits administered through the County. Members interested in enrolling in the County's Survivor Income Benefit may do so only during the annual enrollment period, October 1 through October 31. For additional information, members are to refer to the County's *MegaFlex 2019 Enrollment Highlights Guide*, mailed by the County to its employees, and to the County's online benefit web portal - mylacountybenefits.com.

Although LACERA does not administer the Survivor Income Benefit, we partner with the County in mailing the annual reminder to Plan E members before the enrollment period begins. A copy of this letter is attached.

<Month> <Day>, 2018

[Member's Full Name]
[Member's Mailing Address]
[City, State ZIP code]

SURVIVOR INCOME BENEFIT: ANNUAL ENROLLMENT FOR PLAN E MEMBERS

Choose Your Insurance Wisely; Your Choices Can Impact the Financial Security of Your Loved Ones

It is important that all Plan E members who are MegaFlex participants fully understand their insurance options. Therefore, we are taking this opportunity to prepare you for the October 2018 annual enrollment by reviewing the advantages of the Survivor Income Benefit (SIB), an optional life insurance plan *available only to Plan E members*.

Plan E does not include pre-retirement death benefits. Therefore, should you die while in County service, *your survivors would not be eligible for continuing benefits through LACERA*. Additionally, MegaFlex participants are *not eligible* for any continuing survivor benefits administered through the County.

As a Plan E member, you have the option of electing the SIB plan under your MegaFlex benefit plan during annual enrollment.

SIB pays a lifetime benefit to your surviving spouse or domestic partner should you die in active service. Your eligible surviving spouse or domestic partner will receive a monthly cash benefit for the rest of their life. If there is no surviving spouse or domestic partner, the benefit will be split equally among your unmarried dependent children under age 18, or until age 22 if enrolled full time in an accredited school.

Watch for your 2019 MegaFlex benefits enrollment packet in the mail in late September. As you select your benefits, we encourage you to consider the impact the SIB could have on your family. The rates for the SIB plan can be found on your personalized worksheet, which is included in your packet. *Remember, if you decide to enroll in the SIB, you may only do so during the annual enrollment period, October 1 through October 31.*

Refer to your MegaFlex annual enrollment materials for instructions on enrolling online or by phone.

For questions regarding tax matters or issues involving your individual financial situation, consult a professional advisor; LACERA does not offer tax or financial advice.



Striving for Excellence in Service



Outreach Attendance
32

32 Year-to-Date



Outreach Events
2,515

2,515 Year-to-Date



Outreach Satisfaction
94.3%

0.7% Change Since Last Mo.



Member Service Center
100.0%

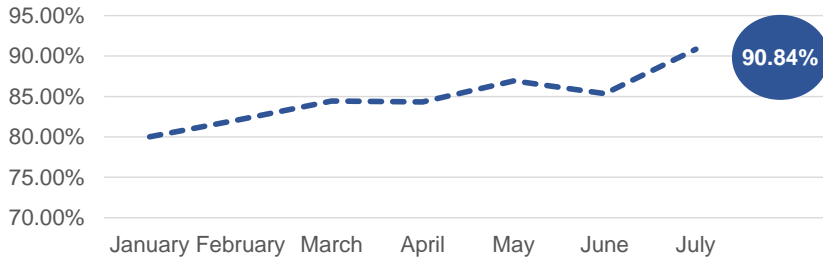
0.0% Change Since Last Mo.



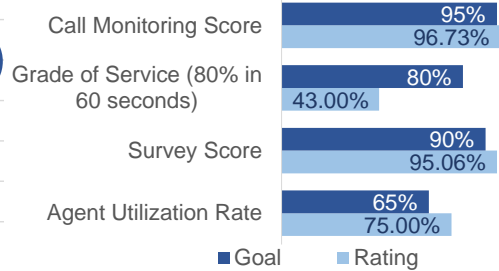
Member Services Calls
10,288

10,542 3 Mo. Avg.

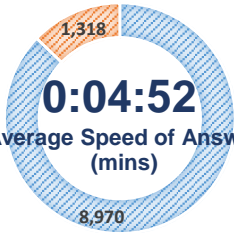
Key Performance Indicator (Overall Performance)



Key Performance Indicator (Components)



Member Services



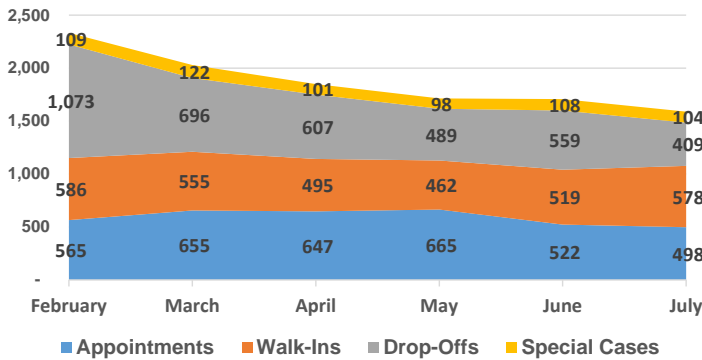
Top Calls

1. Workshop Info/Appointments Inquiry
2. Retirement Counseling: Estimate
3. Benefit Payments: Gen. Inquiry/Payday

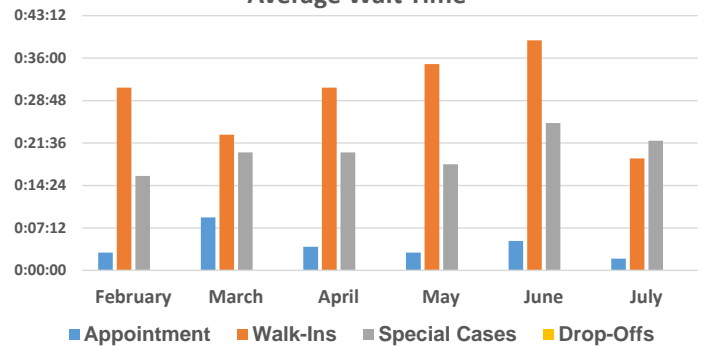


318 Emails
8:24 hours
Avg. Response Time (ART)

Member Service Center Visits

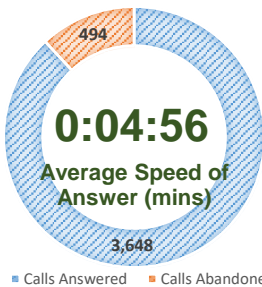


Member Service Center Average Wait Time



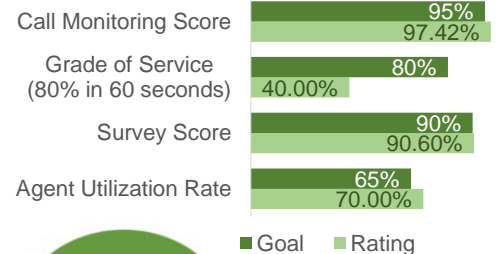
*Drop Off Wait Time: No Waiting

Retiree Healthcare



Top Calls

1. New Enrollment/Change/Cancel
2. General Inquiries (RHC)
3. Turning Age 65



152 Emails
5 day
Avg. Response Time (ART)

Striving for Excellence in Service (Continued)

Applications

578

On Hand

46 Received
46 Year-to-Date

0 Re-opened
0 Year-to-Date

38 To Board - Initial
38 Year-to-Date

13 Closed
13 Year-to-Date

573 In Process
573 Year-to-Date

Appeals

105

On Hand

1 Received
1 Year-to-Date

4 Admin Closed/Rule 32
4 Year-to-Date

1 Referee Recommended
1 Year-to-Date

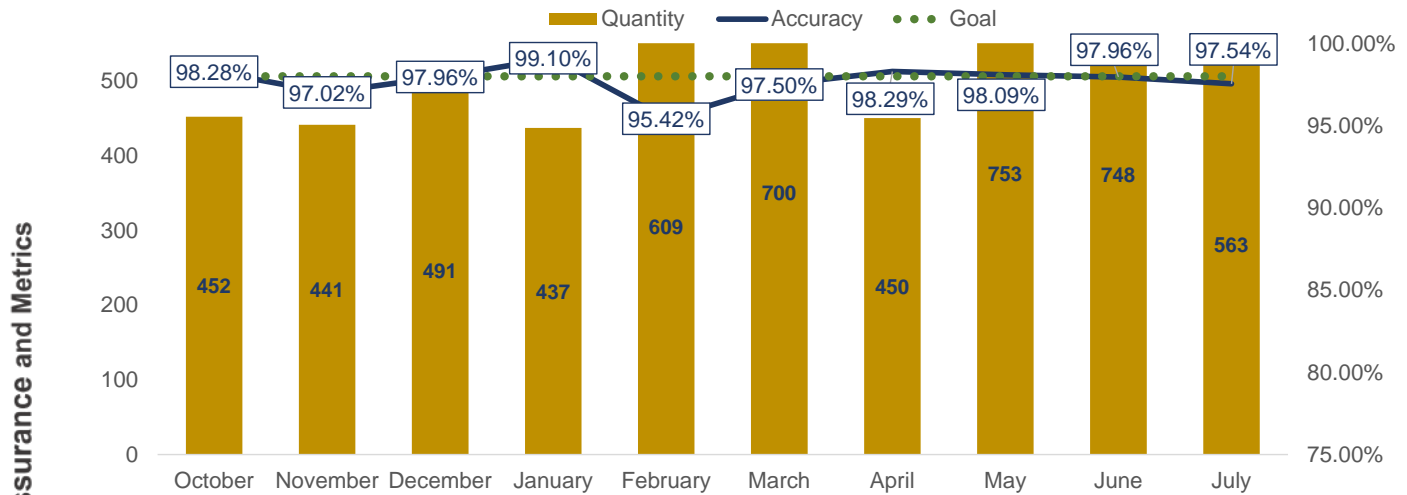
0 Revised/Reconsidered for Granting
0 Year-to-Date

101 In Process
101 Year-to-Date

Disability

Striving for Excellence in Quality

Audits of Retirement Elections, Payment Contracts, and Data Entry



Quality Assurance and Metrics

July 2018



Retirement Elections

186 Samples
98.19% Accuracy

Payment Contracts

305 Samples
97.68% Accuracy

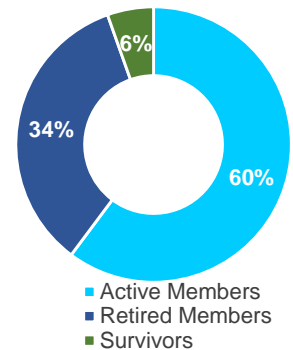
Data Entry

90 Samples
96.76% Accuracy

97.54%

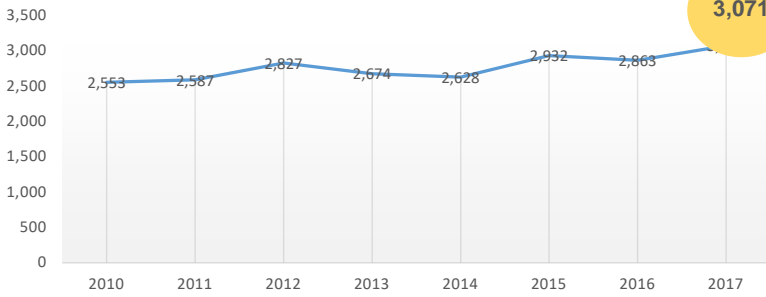
Member Snapshot

		Members as of 08/31/18				
		Plan	Active	Retired	Survivors	Total
General	Plan A		134	17,573	4,518	22,225
	Plan B		43	684	68	795
	Plan C		54	425	65	544
	Plan D		43,357	14,390	1,304	59,051
	Plan E		18,316	12,467	1,099	31,882
	Plan G		24,021	13	1	24,035
	Total General			85,925	45,552	7,055
Safety	Plan A		5	5,440	1,588	7,033
	Plan B		10,242	5,379	263	15,884
	Plan C		2,598	5	0	2,603
	Total Safety			12,845	10,824	1,851
TOTAL MEMBERS			98,770	56,376	8,906	164,052



Member Snapshot (Continued)

Retirements Per Year



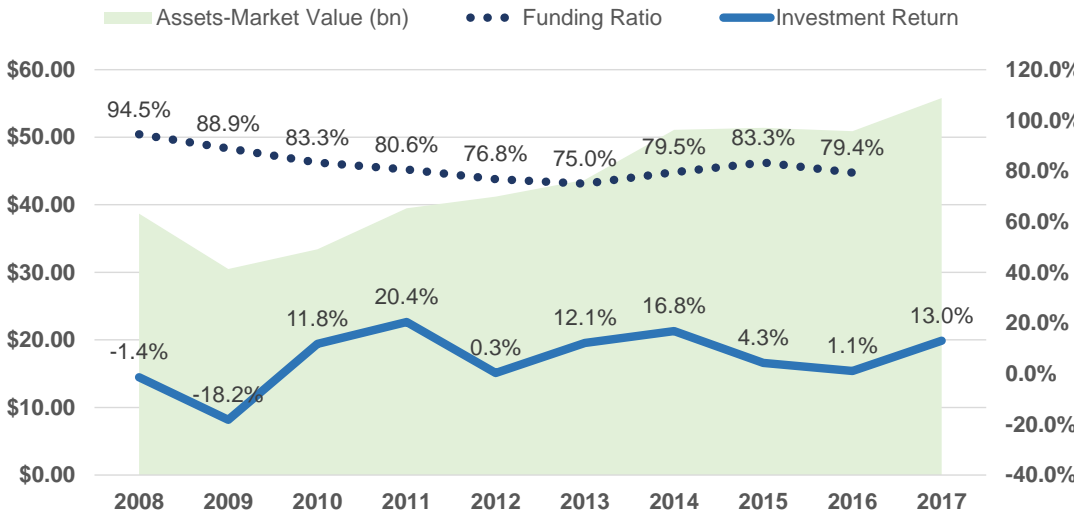
Healthcare Program (YTD)

	Employer	Member
Medical	\$42.7m	\$3.6m
Dental	\$3.6m	\$368,014
Part B	\$5.3m	xxxx
Total	\$51.5m	\$3.9m

Healthcare Enrollments (Monthly)

Medical	50,056
Dental	51,228
Part B	33,506
LTC	676
Total	135,466

Key Financial Metrics



Funding Metrics (as of 6/30/17)

Employer NC	9.97%*
UAAL	9.73%*
Assumed Rate	7.25%*
Star Reserve	\$614m*
Total Assets	\$52.7b*

Contributions (as of 6/30/17)

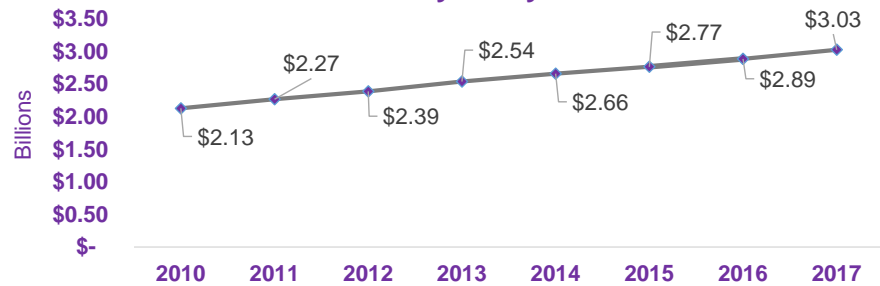
	Employer	Member
Annual Add	\$1,331.4m	\$526.6m
% of Payroll	19.7%*	6.65%*

*Effective July 1, 2017, as of 06/30/16 actuarial valuation

Retired Members Payroll

Monthly Payroll	\$275.65m
Payroll YTD	.3b
New Retired Payees Added	278
Seamless %	97.12%
New Seamless Payees Added	278
Seamless YTD	97.12%
By Check %	4.00%
By Direct Deposit %	96.00%

Retiree Payroll by Year

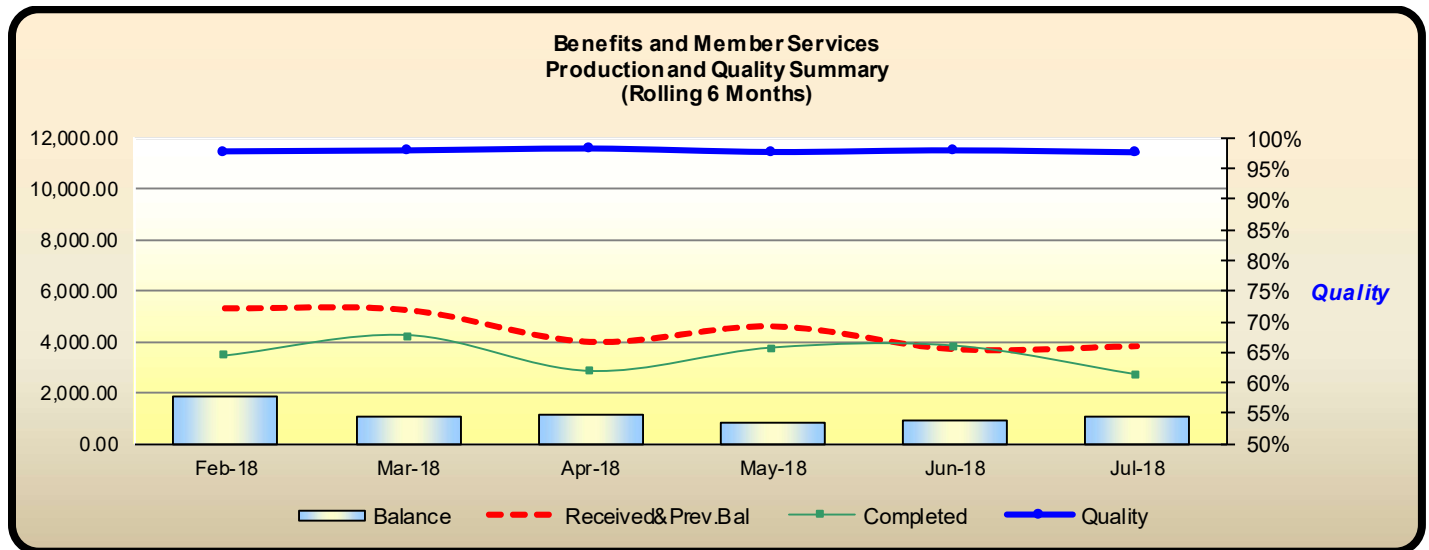
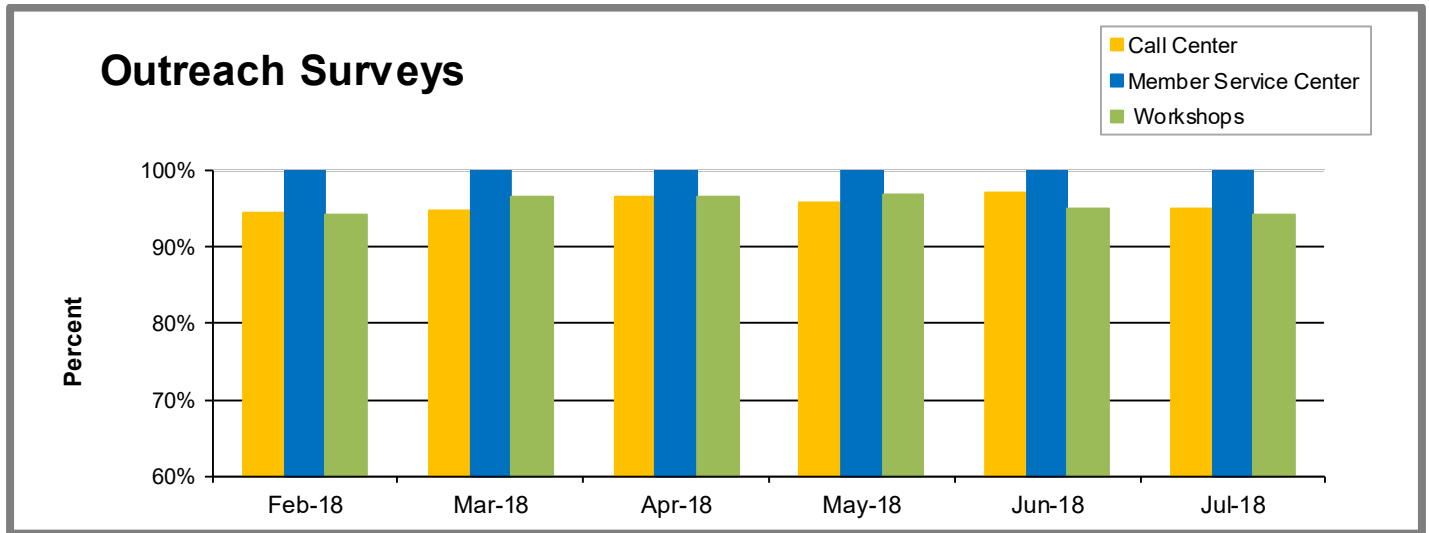


MORE COMING SOON!

LACERA's KEY BUSINESS METRICS

OUTREACH EVENTS AND ATTENDANCE

Type	# of WORKSHOPS		# of MEMBERS	
	Monthly	YTD	Monthly	YTD
Benefit Information	13	13	442	442
Mid Career	2	2	35	35
New Member	11	11	318	318
Pre-Retirement	5	5	116	116
General Information	1	1	15	15
Retiree Events	0	0	0	0
Member Service Center	Daily	Daily	1,589	1,589
TOTALS	32	32	2,515	2,515



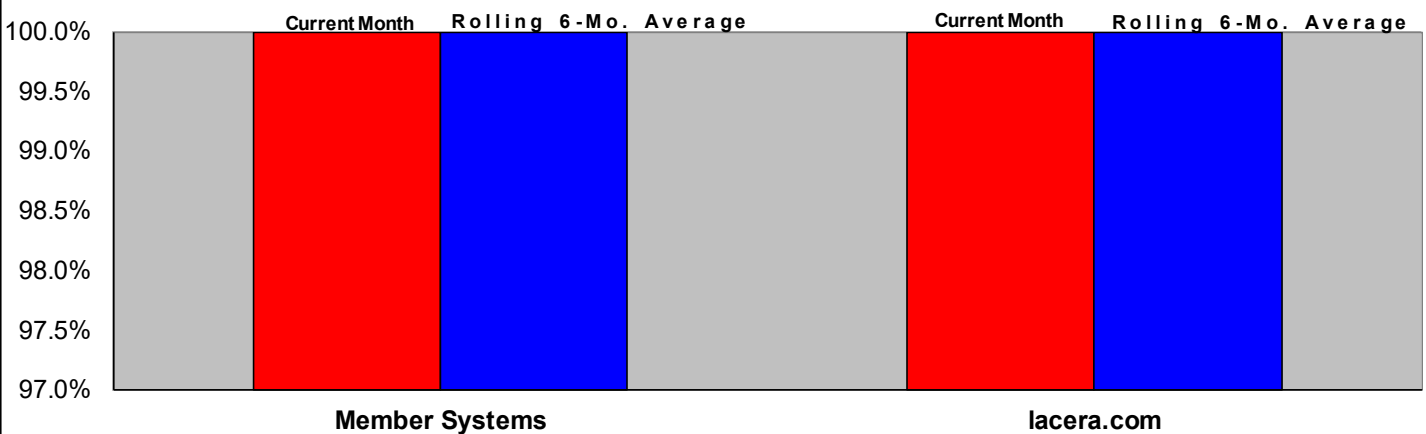
Member Services Contact Center			RHC Call Center	Top Calls
Overall Key Performance Indicator (KPI)	90.84%			
Category	Goal	Rating		Member Services
Call Center Monitoring Score	95%	96.73%	97.42%	1) Workshop Info./Appointments: Inquiry
Grade of Service (80% in 60 seconds)	80%	43%	40%	2) Retirement Counseling: Estimate
Call Center Survey Score	90%	95.06%	90.60%	3) Benefit Pmts.-Gen. Inq./Payday Info
Agent Utilization Rate	65%	75%	70%	
Number of Calls	10,288		4,142	Retiree Health Care
Number of Calls Answered	8,970		3,648	1) New Enrollment/Change/Cancel
Number of Calls Abandoned	1,318		494	2) General Inquiries (RHC)
Calls-Average Speed of Answer (hh:mm:ss)	00:04:52		00:04:56	3) Turning Age 65
Number of Emails	318		152	
Emails-Average Response Time (hh:mm:ss)	08:24:00		(Days) 5	Adjusted for weekends

LACERA's KEY BUSINESS METRICS

Fiscal Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assets-Market Value	\$38.7	\$30.5	\$33.4	\$39.5	\$41.2	\$43.7	\$51.1	\$51.4	\$50.9	\$55.8
Funding Ratio	94.5%	88.9%	83.3%	80.6%	76.8%	75.0%	79.5%	83.3%	79.4%	n/a
Investment Return	-1.4%	-18.2%	11.8%	20.4%	0.3%	12.1%	16.8%	4.3%	1.1%	13.0%

DISABILITY INVESTIGATIONS						
APPLICATIONS	TOTAL	YTD		APPEALS	TOTAL	YTD
On Hand	578	xxxxxxx		On Hand	105	xxxxxxx
Received	46	46		Received	1	1
Re-opened	0	0		Administratively Closed/Rule 32	4	4
To Board – Initial	38	38		Referee Recommendation	1	1
Closed	13	13		Revised/Reconsidered for Granting	0	0
In Process	573	573		In Process	101	101

SYSTEMS AVAILABILITY - JULY 2018



Active Members as of 9/4/18		Retired Members/Survivors as of 9/4/18			Retired Members	
		Retirees	Survivors	Total		
General-Plan A	134	17,573	4,518	22,091	Monthly Payroll	275.65 Million
General-Plan B	43	684	68	752	Payroll YTD	0.3 Billion
General-Plan C	54	425	65	490	No. Monthly Added	278
General-Plan D	43,357	14,390	1,304	15,694	Seamless %	97.12%
General-Plan E	18,316	12,467	1,099	13,566	No. YTD Added	278
General-Plan G	24,021	13	1	14	Seamless YTD %	97.12%
Total General	85,925	45,552	7,055	52,607	Direct Deposit %	96.00%
Safety-Plan A	5	5,440	1,588	7,028		
Safety-Plan B	10,242	5,379	263	5,642		
Safety-Plan C	2,598	5	0	5		
Total Safety	12,845	10,824	1,851	12,675		
TOTAL ACTIVE	98,770	TOTAL RETIRED	56,376	8,906	65,282	

Health Care Program (YTD Totals)		
	Employer Amount	Member Amount
Medical	42,653,920	3,571,793
Dental	3,620,888	368,014
Med Part B	5,256,314	xxxxxxxxxx
Total Amount	\$51,531,122	\$3,939,807

Health Care Program Enrollments (Monthly)	
Medical	50.056
Dental	51.228
Med Part B	33.506
Long Term Care (LTC)	676

Funding Metrics as of 6/30/17	
Employer Normal Cost	9.97%*
UAAL	9.73%*
Assumed Rate	7.25%*
Star Reserve	\$614 million
Total Assets	\$52.7 billion

Member Contributions as of 6/30/17	
Annual Additions	\$526.6 million
% of Payroll	6.65%*

Employer Contributions as of 6/30/17	
Annual Addition	\$1,331.4 million
% of Payroll	19.70%*

*Effective July 1, 2017, as of 6/30/16 actuarial valuation.

Date	Conference
October, 2018	
2-3	Public Pension Trustees Fiduciary Conference-Gaining the Tools for Innovation New York, NY
3-5	PREA (Pension Real Estate Association) Annual Institutional Investor Real Estate Conference Boston, MA
14-16	AHIP (America's Health Insurance Plans) Medicare Conference Washington D.C.
14-16	2018 Pacific Pension Institute (PPI) Executive Seminar Melbourne, Australia
14-17	IFEBC (International Foundation of Employment Benefit Plans) Annual Employee Benefits Conference New Orleans, LA
15-17	CRCEA (California Retired County Employees Association) Fall Conference San Rafael, CA
17-19	Pacific Pension Institute (PPI) Asia Roundtable Sydney, Australia
22	International Corporate Governance Network (ICGN) New York Event New York, NY
22-24	Cyber Security Summit – 8 th Annual Leadership Event Minneapolis, MN
22-26	Investment Strategies & Portfolio Management (<i>prev. Pension Fund & Investment Mgmt.</i>) Wharton School, University of Pennsylvania
24-26	Council of Institutional Investors (CII) Fall Conference Boston, MA
26	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees Hilton Los Angeles North/Glendale
28-31	NCPERS (National Conference on Public Employee Retirement Systems) Public Safety Conference Las Vegas, NV
November, 2018	
7-8	Institutional Limited Partners Association (ILPA) Summit New York, NY
8	2018 USC Marshall Corporate Directors Symposium Los Angeles, CA
13-16	SACRS Indian Wells, CA

August 28, 2018

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
Shawn R. Kehoe, Vice Chair
Herman B. Santos
Gina Zapanta-Murphy
Thomas Walsh, Alternate

FOR: September 13, 2018 Board of Retirement Meeting

SUBJECT: **H.R. 6290—Public Employee Pension Transparency Act**

Sponsor: Nunes [R]
Introduced: June 28, 2018
Status: Referred to the House Committee on Ways and Means.
(06/28/2018)

IBLC Recommendation: Oppose (08/09/2018)
Staff Recommendation: Oppose

RECOMMENDATION

That the Board of Retirement adopt an “Oppose” position on H.R. 6290, which would enact the Public Employee Pension Transparency Act (PEPTA).

LEGISLATIVE POLICY STANDARD

The Board of Retirement’s legislative policy standard is to oppose proposals that create unreasonable costs or complexity in the administration of retirement benefits (Legislative Policy, page 6). H.R. 6290 would require duplicative reporting and would have the potential of creating confusion among stakeholders as to the financial status of LACERA.

SUMMARY

PEPTA requires the plan sponsor of a state or local government retirement plan to file an annual report no later than 210 days after the end of each plan year beginning on or after January 1, 2019. The report must include a statement of plan liabilities, value of plan assets, and funding percentage of the plan; schedule of contributions by the plan sponsor during the plan year; projections of cash flows; statement of actuarial assumptions; plan participant statistics; statement of investment returns for the current and 5 preceding plan years; explanation of the plan’s funding policy; statement on the amount of outstanding pension obligation bonds; statement of the current cost for the plan year; and statement of the plan’s administrative and investment expenses.

A supplementary report is also required if plan assets are not valued at fair market value, if the interest rate used to determine the value of liabilities is not based on the U.S. Treasury spot rate yield curve, or if the present value of an accrued benefit is not determined based on methods specified in the bill.

If a plan sponsor does not comply with the reporting requirements, then no specified federal tax benefits will be allowed for bonds issued by the plan sponsor during the noncompliance period. H.R. 6290 also requires the Treasury Secretary to create and maintain a searchable public website to post the annual reports.

ANALYSIS

Legislation already exists in California to safeguard the solvency of public retirement systems and funds. Public retirement systems are required to submit annual financial reports and triennial actuarial valuations to the California State Controller. The State Controller establishes an advisory committee that includes enrolled actuaries to assist with the evaluation of each retirement system's funding adequacy, actuarial assumptions, plan participant statistics, and rates of return on total assets. The State Controller compiles and publishes an annual report on the financial condition of all state and local public retirement systems. LACERA's financial reports and actuarial valuations are prepared in accordance with standards established by the Governmental Accounting Standards Board and the Actuarial Standards Board.

The proposal would set a precedent for federal intervention into areas that are the financial responsibility of, and have thus been historically regulated by, the states and its political subdivisions. It would mandate duplicative and costly federal reporting and disclosure requirements on state and local governments related to pension costs.

Although the proposal mandates additional reporting and compliance requirements with respect to the valuation of plan assets, it does not directly infringe upon the actuarial valuation process of a retirement board. Retirement boards continue to have sole and exclusive power to provide for actuarial services in terms of conducting actuarial studies and making recommendations on rates of interest as well as employee and employer contribution rates. However, the proposal requires that plan sponsors also file an annual report based on the specified requirements. Not only would this be duplicative with reporting that is already filed with the State, it also has the potential of creating confusion among stakeholders as to the financial status of LACERA. Ongoing communication and clarification would need to be provided to stakeholders that include LACERA's members, legislators, the general public, the media, and financial and investment institutions. As such, this proposal would create unreasonable costs and complexity in the administration of retirement benefits.

National Conference on Public Employee Retirement Systems

On June 18, 2018, before the formal introduction of PEPTA, NCPERS alerted its member systems to plans by Representative Devin Nunes (R-CA) to reintroduce

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PEPTA during this Congressional session. NCPERS provided a model letter and requested its member systems to send letters to their respective Congressional delegations urging them not to co-sponsor the bill or allow it to be included in any legislation under consideration. Staff coordinated with LACERA's federal legislative advocate to send letters of opposition to the relevant committees of the Senate and House as well as to the respective California delegations. PEPTA was formally introduced on June 28, 2018 as H.R. 6290.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD adopt an "Oppose" position on H.R. 6290, which would enact the Public Employee Pension Transparency Act (PEPTA).

Attachments

Attachment 1—Board Positions Adopted on Related Legislation

Attachment 2—Support and Opposition

H.R. 6290 as introduced on June 28, 2018

cc: Robert Hill
James Brekk
John Popowich
Bernie Buenaflor
Steven P. Rice
Jonathan Gabel
Anthony J. Roda, Williams & Jensen

H.R. 6290

Attachment 1—Board Positions Adopted on Related Legislation

Board of Retirement

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BOARD POSITIONS ADOPTED ON RELATED LEGISLATION

H.R. 4822 (Nunes-CA, 2016), also known as the Public Employee Pension Transparency Act, would have required plan sponsors of state and local government pension plans to report specified information with the U.S. Secretary of the Treasury each plan year. The bill died in the House Committee on Ways and Means. The Board of Retirement adopted an “Oppose” position.

H.R. 1628 (Nunes-CA, 2013) / S. 779 (Burr-NC, 2013), also known as the Public Employee Pension Transparency Act, would have required plan sponsors of state and local government pension plans to report specified information with the U.S. Secretary of the Treasury each plan year. H.R. 1628 died in the House Committee on Ways and Means. S. 779 died in the Senate Committee on Finance. The Board of Retirement did not adopt a position.

H.R. 567 (Nunes-CA, 2011) / S. 347 (Burr-NC, 2011), also known as the Public Employee Pension Transparency Act, would have required plan sponsors of state and local government pension plans to report specified information with the U.S. Secretary of the Treasury each plan year. H.R. 567 died in the House Committee on Ways and Means. S. 347 died in the Senate Committee on Finance. The Board of Retirement adopted an “Oppose” position.

H.R. 6484 (Nunes-CA, 2010), also known as the Public Employee Pension Transparency Act, would have required plan sponsors of state and local government pension plans to report specified information with the U.S. Secretary of the Treasury each plan year. The bill died in the House Committee on Ways and Means. The Board of Retirement did not adopt a position.

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Attachment 2—Support and Opposition
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SUPPORT

None

OPPOSITION

None

(Note: As reported by staff at the July 17, 2018 meeting of the Board of Retirement, a draft version of PEPTA (before it was introduced as H.R. 6290 on June 28, 2018) was opposed by nearly twenty national associations representing state and local governments, elected and appointed officials, public finance professionals, public employees, and public retirement systems.)

115TH CONGRESS
2D SESSION

H. R. 6290

To amend the Internal Revenue Code of 1986 to provide for reporting and disclosure by State and local public employee retirement pension plans.

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2018

Mr. NUNES (for himself, Mr. CALVERT, Mr. STEWART, and Mr. McCLINTOCK) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide for reporting and disclosure by State and local public employee retirement pension plans.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Public Employee Pen-
5 sion Transparency Act”.

1 **SEC. 2. REPORTING REQUIREMENT FOR CERTAIN STATE**
2 **OR LOCAL GOVERNMENT RETIREMENT**
3 **PLANS AS CONDITION FOR STATE AND LOCAL**
4 **BONDS TAX EXEMPTION.**

5 (a) IN GENERAL.—Subpart B of part IV of sub-
6 chapter B of chapter 1 of the Internal Revenue Code of
7 1986 is amended by adding at the end the following new
8 section:

9 **“SEC. 149A. REPORTING WITH RESPECT TO CERTAIN STATE**
10 **OR LOCAL GOVERNMENT RETIREMENT**
11 **PLANS.**

12 “(a) IN GENERAL.—In the case of a failure to satisfy
13 the report requirements of subsection (c) with respect to
14 any plan maintained with respect to an employee of a
15 State, a political subdivision of a State, or any agency or
16 instrumentality of a State or political subdivision of a
17 State, section 103 shall not apply to the interest on any
18 bond issued during the noncompliance period by any such
19 State or political subdivision.

20 “(b) NONCOMPLIANCE PERIOD.—For purposes of
21 this section, the term ‘noncompliance period’ means, with
22 respect to any State or political subdivision, the period be-
23 ginning on the date that the Secretary notifies such State
24 or political subdivision of a failure to satisfy the require-
25 ments of subsection (c) with respect to a plan and ending

1 on the date that such failure is corrected (as determined
2 by the Secretary).

3 “(c) ANNUAL REPORT REQUIREMENTS.—

4 “(1) IN GENERAL.—The requirements of this
5 subsection shall not be treated as met unless, not
6 later than 210 days after the end of each plan year
7 beginning on or after January 1, 2019, the plan
8 sponsor of a State or local government applicable re-
9 tirement plan files with the Secretary (in such form
10 and manner as shall be prescribed by the Secretary)
11 a report setting forth the following information with
12 respect to the plan, as determined by the plan spon-
13 sor as of the last day of such plan year:

14 “(A) A statement (determined according to
15 the plan’s funding method) of the plan liability,
16 the value of plan assets, the amount by which
17 (if any) the plan liability exceeds the value of
18 plan assets, and the funding percentage of the
19 plan.

20 “(B) A schedule of all contributions by the
21 plan sponsor for the plan year that indicates
22 which contributions are taken into account
23 under subparagraph (A).

1 “(C) Projections for each of the 60 subse-
2 quent plan years of the cash flows associated
3 with the plan liability.

4 “(D) A statement of the actuarial assump-
5 tions used for the plan year, including the rate
6 of return on investment of plan assets and as-
7 sumptions as to such other matters as the Sec-
8 retary may prescribe by regulation.

9 “(E) The number of each of the following
10 types of participant:

11 “(i) Separated from service and re-
12 ceiving benefits.

13 “(ii) Not described in clause (i), sepa-
14 rated from service, and entitled to future
15 benefits.

16 “(iii) Accruing and receiving benefits.

17 “(iv) Not described in clause (iii) and
18 accruing benefits.

19 “(F) A statement of the plan’s investment
20 returns (including the rate of return) for the
21 plan year and the 5 preceding plan years.

22 “(G) Pursuant to such regulations as the
23 Secretary shall prescribe, an explanation of the
24 plan’s funding policy, and a statement of the
25 degree to which, and manner in which, the plan

1 sponsor expects to eliminate any unfunded plan
2 liability for the plan year and the extent to
3 which the plan sponsor has followed the plan's
4 funding policy for each of the preceding 5 plan
5 years.

6 “(H) A statement of the amount of any
7 pension obligation bonds outstanding.

8 “(I) A statement of the current cost of the
9 plan for the plan year determined according to
10 the plan's funding method.

11 “(J) A statement of the plan's administra-
12 tive and investment expenses.

13 “(2) SUPPLEMENT TO REPORT WITH PRE-
14 SCRIBED VALUATION AND INTEREST RATES.—

15 “(A) IN GENERAL.—In the case of an an-
16 nual report under which—

17 “(i) plan assets are not valued at fair
18 market value,

19 “(ii) any interest rate used to deter-
20 mine the value of plan liabilities under sub-
21 paragraph (A) or (I) of paragraph (1) is
22 not an interest rate described in subpara-
23 graph (B), or

1 “(iii) the present value of an accrued
2 benefit is not determined as described in
3 subparagraph (C),

4 the requirements of this subsection shall not be
5 treated as met unless the plan sponsor also in-
6 cludes in such annual report the information
7 described in subparagraphs (A) and (I) of para-
8 graph (1), determined as of the last day of such
9 plan year by valuing plan assets at fair market
10 value, by using the interest rates described in
11 subparagraph (B) to value liabilities, and by de-
12 termining the present value of accrued benefits
13 as described in subparagraph (C).

14 “(B) INTEREST RATES BASED ON TREAS-
15 URY SPOT RATE YIELD CURVE.—

16 “(i) IN GENERAL.—The interest rates
17 described in this subparagraph are, with
18 respect to any day, the rates of interest
19 which shall be determined by the Secretary
20 for such day on the basis of the Treasury
21 spot rate yield curve for such day.

22 “(ii) TREASURY SPOT RATE YIELD
23 CURVE.—For purposes of this subpara-
24 graph, the term ‘Treasury spot rate yield
25 curve’ means, with respect to any day, the

1 spot rate for such day on interest-bearing
2 obligations of the United States.

3 “(C) DETERMINING PRESENT VALUE OF
4 ACCRUED BENEFITS.—The present value of an
5 accrued benefit is determined as described in
6 this subparagraph if—

7 “(i) it is determined by discounting its
8 future cash flows in accordance with sub-
9 paragraph (B), and

10 “(ii) the present value of all benefits
11 accrued for each participant is calculated
12 as of the last day of such plan year using
13 the unit credit funding method.

14 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-
15 poses of this section—

16 “(1) STATE OR LOCAL GOVERNMENT APPLICA-
17 BLE RETIREMENT PLAN.—The term ‘State or local
18 government applicable retirement plan’ means any
19 plan described in clause (i), (ii), (iii), or (iv) of sec-
20 tion 219(g)(5)(A) (other than a defined contribution
21 plan (within the meaning of section 414(i))), which
22 is maintained by a State, a political subdivision of
23 a State, or any agency or instrumentality of a State
24 or political subdivision of a State.

1 “(2) FUNDING PERCENTAGE.—The term ‘fund-
2 ing percentage’ for a plan year means the ratio (ex-
3 pressed as a percentage) which—

4 “(A) the value of plan assets as of the end
5 of the plan year, bears to

6 “(B) the plan liability of the plan for the
7 plan year.

8 “(3) PLAN LIABILITY.—The term ‘plan liability’
9 of a plan for a plan year means the present value
10 of all benefits accrued or earned under the plan as
11 of the last day of the plan year.

12 “(4) CURRENT COST.—The term ‘current cost’
13 of a plan for a plan year means the present value
14 as of the end of the plan year of all benefits accrued
15 or earned under the plan during the plan year.

16 “(5) PLAN SPONSOR.—The term ‘plan sponsor’
17 means, in connection with a State or local govern-
18 ment applicable retirement plan, the State, political
19 subdivision of a State, or agency or instrumentality
20 of a State or a political subdivision of a State which
21 establishes or maintains the plan. For purposes of
22 report filing requirements under this section, such
23 term shall include the administrator of the plan on
24 behalf of the plan sponsor in the case of a plan
25 which is not administered by the plan sponsor.

1 “(6) PARTICIPANT.—

2 “(A) IN GENERAL.—The term ‘participant’
3 means, in connection with a State or local gov-
4 ernment applicable retirement plan, an indi-
5 vidual—

6 “(i) who is an employee or former em-
7 ployee of a State, political subdivision of a
8 State, or agency or instrumentality of a
9 State or a political subdivision of a State
10 which is the plan sponsor of such plan, and

11 “(ii) who is or may become eligible to
12 receive a benefit of any type from such
13 plan or whose beneficiaries may be eligible
14 to receive any such benefit.

15 “(B) BENEFICIARY.—The term ‘bene-
16 ficiary’ means a person designated by a partici-
17 pant, or by the terms of the plan, who is or
18 may become entitled to a benefit thereunder.

19 “(7) PLAN YEAR.—The term ‘plan year’ means,
20 in connection with a plan, the calendar or fiscal year
21 on which the records of the plan are kept.

22 “(8) STATE.—The term ‘State’ includes any
23 State of the United States, the District of Columbia,
24 the Commonwealth of Puerto Rico, the United
25 States Virgin Islands, American Samoa, Guam, and

1 the Commonwealth of the Northern Mariana Is-
2 lands.

3 “(9) FAIR MARKET VALUE.—The term ‘fair
4 market value’ has the meaning of such term under
5 section 430(g)(3)(A) (without regard to section
6 430(g)(3)(B)).

7 “(e) MODEL REPORTING STATEMENT.—The Sec-
8 retary shall develop model reporting that plan sponsors of
9 State or local government employee pension plans may
10 elect to use for purposes of complying with requirements
11 of such subsections (c).

12 “(f) TRANSPARENCY OF INFORMATION FILED.—Re-
13 ports filed under this section shall be public records open
14 to the inspection of the public, and the Secretary shall cre-
15 ate and maintain a searchable public website on which the
16 Secretary shall post such reports not later than 60 days
17 after receipt.”.

18 (b) CLERICAL AMENDMENT.—The table of sections
19 for subpart B of part IV of subchapter B of chapter 1
20 of such Code is amended by adding at the end the fol-
21 lowing new item:

“Sec. 149A. Reporting with respect to certain State or local government retire-
ment plans.”.

1 **SEC. 3. GENERAL PROVISIONS AND RULES OF CONSTRUC-**
2 **TION.**

3 (a) **LIMITATIONS ON FEDERAL RESPONSIBILITIES**
4 **RELATING TO PLAN OBLIGATIONS AND LIABILITIES.—**
5 The United States shall not be liable for any obligation
6 related to any current or future shortfall in any State or
7 local government applicable retirement plan. Nothing in
8 this Act (or any amendment made by this Act) or any
9 other provision of law shall be construed to provide Fed-
10 eral Government funds to diminish or meet any current
11 or future shortfall in, or obligation of, any State or local
12 government applicable retirement plan. The preceding sen-
13 tence shall also apply to the Federal Reserve.

14 (b) **NO FEDERAL FUNDING STANDARDS.—**Nothing
15 in this Act (or any amendment made by this Act) shall
16 be construed to alter existing funding standards for State
17 or local government applicable retirement plans or to re-
18 quire Federal funding standards for such plans.

19 (c) **DEFINITIONS.—**Terms used in this section which
20 are also used in section 149A of the Internal Revenue
21 Code of 1986 shall have the same meaning as when used
22 in such section.

○



September 4, 2018

TO: Each Member
Board of Investments

FROM: Robert R. Hill 
Interim Chief Executive Officer

FOR: Board of Investments Meeting of September 12, 2018
Board of Retirement Meeting of September 13, 2018

SUBJECT: Crypto Invest Summit
October 22 – 24, 2018 in Los Angeles, California

The 2018 Crypto Invest Summit will take place on October 22 – 24, 2018 at the Los Angeles Convention Center in Los Angeles, California. The Crypto Invest Summit is the leading conference & summit focused on sustainable investing in blockchain technologies. An exclusive, curated, high-impact, informative and thought-provoking event presented by some of the world's foremost innovators, change makers and prominent leaders in the blockchain and crypto ecosystem. This is the preeminent crypto conference that cannot be missed – presented on two stages featuring insightful fireside chats with the most accomplished, powerful and astounding list of industry leaders and speakers.

The main conference highlights include the following:

- The Past, Present and Future of Blockchain & Crypto
- Successful Crypto Investing
- Centralized vs. Decentralized Exchanges

The conference meets LACERA's policy of an average of five (5) hours of substantive educational content per day. The standard hotel rates range between \$199.00 to \$289.00 per night plus applicable taxes and registration fee to attend is \$349.00.

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 2018 Crypto Invest Summit on October 22 – 24, 2018 in Los Angeles, California and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

Crypto Invest Summit
Sustainable Investing in BLOCKCHAIN TECHNOLOGIES
October 22 – 24, 2018
Los Angeles Convention Center

Monday, October 22, 2018

Load-In Day and Kickoff Party

Tuesday, October 23, 2018

8:55 AM – 9:00 AM: Opening Remarks

Main Stage (Petree Hall)

The founders of Crypto Invest Summit welcome all attendees and give a summary overview of the day ahead

9:00 AM – 9:30 AM Keynote TBD

Main Stage (Petree Hall)

9:30 AM – 10:30 AM: The Past, Present and Future of Blockchain & Crypto

Main Stage (Petree Hall)

12:15 PM – 1:00 PM: Successful Crypto Investing

Main Stage (Petree Hall)

1:00 PM – 1:45 PM: Blockchain for Social Good

Main Stage (Petree Hall)

2:30 PM – 3:15 PM: ICO and STO Legal and Regulatory Overview

Main Stage (Petree Hall)

3:15 PM – 4:00 PM: Healthcare on the Blockchain

Main Stage (Petree Hall)

4:15 PM – 5:00 PM: Entertainment on the Blockchain

Main Stage (Petree Hall)

Wednesday, October 24, 2018

9:30 AM – 10:00 AM: Tim Draper Fireside Chat

Main Stage (Petree Hall)

Billionaire investor and crypto champion Tim Draper talks about smart crypto investing and why getting in early matters

10:00 AM – 11:00 AM: CNBC Crypto Trader Show - Live Taping

Main Stage (Petree Hall)

11:00 AM – 11:15 AM: Decentralized Trading Doesn't Have to Suck

Main Stage (Petree Hall)

11:15 AM – 12:00 PM: Centralized vs. Decentralized Exchanges

Main Stage (Petree Hall)

1:00 PM – 1:45 PM: Real Estate on the Blockchain

Main Stage (Petree Hall)

1:45 PM – 2:30 PM: Disruptive Blockchain & Distributed Ledger Innovations

Main Stage (Petree Hall)

2:30 PM – 2:45 PM: Decentralization Makes Sense: How to Take Back your Privacy and Self-Sovereignty in a Digital World

Main Stage (Petree Hall)

2:45 PM – 3:30 PM: ICO Marketing & PR Insights

Main Stage (Petree Hall)

3:30 PM – 4:15 PM: Gaming & eSports on the Blockchain

Main Stage (Petree Hall)



Biography

Andrew Erickson is an executive vice president of State Street Corporation and head of Global Services worldwide. In this role he is responsible for client engagement, solutions and experience across onshore and offshore markets. He previously led Global Services in the Americas for mutual funds, insurance and institutional clients. He is also a member of State Street's Management Committee, the company's most senior strategy and policy-making team.



Andrew Erickson
Executive Vice President,
Head of Global Services

Global Services provides custody, accounting, administration, institutional transfer agency, performance measurement, technology support, and other regulatory, tax, and compliance services for State Street's premier clients. Prior to this role, Andrew was the head of the Global Services business in Asia Pacific, as well as director at State Street Trust HK Limited, director at State Street Technology (Zhejiang) Co., Ltd, director of State Street Trust (SG) Limited, and sole director of State Street New Zealand Limited.


Andrew has been with State Street for more than 25 years and has held a variety of management positions in Australia, New Zealand, Japan and Hong Kong within Business Development, Relationship Management, Operations and Information Technology divisions. He was head of State Street's Global Services business in North Asia responsible for growing and managing our business in Hong Kong, Korea, Taiwan and Japan. From 1999 to 2011, he was based in Japan as president and representative director of State Street Trust and Banking Co., Ltd.

Prior to joining State Street, Andrew worked for Westpac Banking Corporation and Sun Life Insurance.

**FOR INFORMATION ONLY**

August 28, 2018

TO: Each Member,
Board of Retirement

FROM: Beulah S. Auten, CPA, CGFM, CGMA 
Chief Financial Officer

FOR: September 13, 2018 Board of Retirement Meeting

SUBJECT: **2019 STAR COLA PROGRAM**

Your Board's actuary, Milliman, Inc., confirmed in the attached memo, staff's determination that there are no current retirees or beneficiaries eligible for additional Supplemental Targeted Adjustment for Retirees (STAR) Cost-of-Living-Adjustment (COLA) benefits for Program Year 2019 (Attachment 1).

For the calendar year ended in 2017, the Consumer Price Index (CPI) percentage increased 3.61%, which resulted in a 3.50% COLA when rounded to the nearest one-half of one percent as prescribed by law. This means, in 2018, the inflation increase is more than the statutory COLA granted to all contributory members in Plans A–D, as well as plan members whose membership are governed by the Public Employees Pension Reform Act (PEPRA). The CPI increase was greater than the maximum allowable by law, which resulted in an increase in the COLA Accumulation accounts in 2018. Although the COLA Accumulation accounts increased, all eligible members in Plans A, B, C, and D, including PEPRA Plans C and G, continue to have COLA Accumulation accounts below the 20% threshold necessary for granting additional STAR benefits (Attachment 2).

Background**COLA**

Sections 31870 and 31870.1 of the Government Code provide for a maximum annual cost-of-living increase to be applied to retirement allowances, optional death allowances, or annual death allowances. These increases are 3.0% for Plan A retirees and survivors; 2% for Plans B, C, D, PEPRA Plans C and G; and up to 2.0% for certain Plan E retirees and survivors. These Government Code sections also provide for an accumulation of the annual percentage difference between the CPI and the maximum cost-of-living increase. The accumulated percentage carryover is known as the COLA Accumulation. Although certain Plan E members are eligible for the statutory April 1st COLA, the law does not provide for a STAR COLA benefit.¹

¹ Effective June 4, 2002, Plan E members and their survivors were eligible for COLA. The portion of the COLA percentage received by each Plan E member is a ratio of the member's service credit earned on and after June 4, 2002 to total service credit.

COLA Accumulation Calculation

The CPI percentage change from January through December is compared to the maximum allowable cost-of-living percentage increase payable by LACERA under Sections 31870 and 31870.1. In years where the change in CPI is greater than the maximum COLA increase, the difference between these two percentages is accumulated annually for each retiree. The accumulation of differences from each year reflects how much purchasing power has been lost from a retiree's original retirement benefit. By law, the Board of Retirement may provide STAR increases after the accumulation exceeds 20%.

STAR COLA

The Board of Retirement began the STAR Program in 1990 to restore the member's purchasing power that had been eroded by inflation in excess of the protection provided by the statutory Cost-of-Living Adjustment Program (COLA Program). Since its inception, the Board of Retirement has continued the STAR Program and its commitment to fund the program as long as it is economically feasible to do so. Non-contributory members in Plan E are not eligible for STAR COLA benefits.

Since 1990 and through 2000, the STAR Program existed as an ad-hoc benefit designed to provide contributory plan members protection against rising inflation beyond the protection provided by the statutory COLA Program, and successfully restored LACERA retiree purchasing power to the then maximum allowable 75% level.

On September 4, 2000, the California Governor signed into law a provision allowing the Board of Retirement to raise the purchasing power protection to a maximum of 80% and to provide the ability to make permanent the STAR Program using excess earnings.² This change provided the Board of Retirement the flexibility to continue the STAR Program as an ad-hoc benefit or the opportunity to make permanent the STAR Program using excess earnings. Except for Program Years 2005 and 2010 through 2018, the Board of Retirement made permanent the 2001 through 2009 STAR Programs at an 80% level.

For STAR Program Years 2005 and 2010 through 2017, the growth in inflation was below or equivalent to the statutory COLA granted to contributory plan members, which provided sufficient protection against the diminished purchasing power. All eligible members had COLA Accumulation accounts below the 20% threshold for providing additional STAR benefits. For STAR Program Year 2018, although there were increases in the COLA Accumulation accounts, which resulted from the 2017 CPI increase exceeding the maximum allowable COLA, the ending COLA Accumulation account balances remained at less than 20%. Existing STAR participants and their eligible beneficiaries continued receiving these benefits without further action by your Board.

² Excess Earnings are actual cash earnings from the investment portfolio earned during the previous year that remain unspent after paying for costs to administer the system, costs to invest the portfolio, paying interest to the member and employer accounts, and satisfying the 1% contingency reserve requirement in Code Sections 31592 and 31592.2.

Conclusion

In 2017, the CPI percentage increased 3.61%, which resulted in a 3.50% COLA when rounded to the nearest one-half of one percent, as prescribed by law. This means, in 2018, the inflation increase was above the statutory COLA granted to all eligible plan members, which resulted in increases in all members' COLA Accumulation accounts. However, the increases were minimal such that the COLA Accumulation account balances remained below the 20% threshold for providing additional STAR benefits for Program Year 2019. Non-contributory Plan E members are not eligible for STAR COLA benefits. Existing STAR participants and their eligible beneficiaries will continue receiving these benefits without further action by your Board.

BB:BSA:gj
STAR 2019 BOR memo.doc

Attachments

REVIEWED AND APPROVED:



Bernie Buenaflor
Interim Assistant Executive Officer

8/31/18

Date



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VIA EMAIL ONLY

August 15, 2018

Mr. Robert Hill
Chief Executive Officer
LACERA
P. O. Box 7060
Pasadena, CA 91109-7060

Re: STAR COLA for 2019

Dear Rob:

Per our statement of work, we have reviewed the Supplemental Target Adjustment for Retirees (STAR) COLA program as of January 1, 2019. As of April 2018, all Accumulation Accounts remain less than 20.0% (the threshold for providing STAR benefits). Therefore, there are no retirees or beneficiaries eligible for a STAR COLA in 2019.

STAR COLA and the Accumulation Account

Under the STAR COLA, each retiree and beneficiary whose benefit has lost more than 20% of its value is eligible to receive, upon Board approval, an increased benefit payment effective January 1, 2019. The loss of value is measured by the Accumulation Account which is calculated by LACERA staff based on prior benefit payments and the increases in the Los Angeles-Riverside-Orange County, CA Consumer Price Index – All Urban Consumers.

For the year ending in 2017, the increase in CPI was 3.5% when rounded to the nearest one-half of one percent, as prescribed by law. This resulted in a 2018 COLA of 3.0% for Plan A retirees and 2.0% for all other eligible retirees, which is the maximum allowed COLA for each Plan. Since the increase in CPI is greater than the provided COLA, all eligible members had an increase in their Accumulation Account in 2018. Note that Plan E members are not eligible for the STAR COLA.

Actuarial Certification

Milliman's work is prepared solely for the internal business use of LACERA, and may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

- (a) The System may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.

This work product was prepared solely for LACERA for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

(b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsors. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

If you have any questions, please let us know.

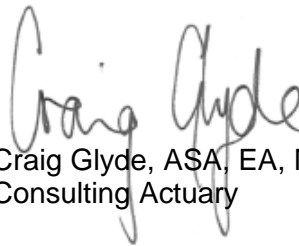
Sincerely,

A handwritten signature in black ink, appearing to read "Nick Collier".

Nick Collier, ASA, EA, MAAA
Consulting Actuary

NC/CG/nlo

cc: Ms. Beulah Auten
Mr. Ted Granger
Mr. Mark Olleman

A handwritten signature in black ink, appearing to read "Craig Glyde".

Craig Glyde, ASA, EA, MAAA
Consulting Actuary

STAR COLA
Percentages for 2019

Retirement Date	Plan A		Plans B, C, D		PEPRA Plans C and G**	
	April 2018 COLA Accumulation	2019 STAR % Increase	April 2018 COLA Accumulation	2019 STAR % Increase	April 2018 COLA Accumulation	2019 STAR % Increase
Before 4/1/77	6.5	*	-	-		
4/1/1977 - 3/31/1978	6.5	*	16.5	*		
4/1/1978 - 3/31/1979	6.5	*	16.5	*		
4/1/1979 - 3/31/1980	6.5	*	16.5	*		
4/1/1980 - 3/31/1981	6.5	*	16.5	*		
4/1/1981 - 3/31/1982	0.5	*	16.5	*		
4/1/1982 - 3/31/1983	0.5	*	16.5	*		
4/1/1983 - 3/31/1984	0.5	*	16.5	*		
4/1/1984 - 3/31/1985	0.5	*	16.5	*		
4/1/1985 - 3/31/1986	0.5	*	16.5	*		
4/1/1986 - 3/31/1987	0.5	*	16.5	*		
4/1/1987 - 3/31/1988	0.5	*	16.5	*		
4/1/1988 - 3/31/1989	0.5	*	16.5	*		
4/1/1989 - 3/31/1990	0.5	*	16.5	*		
4/1/1990 - 3/31/1991	0.5	*	13.9	*		
4/1/1991 - 3/31/1992	0.5	*	9.3	*		
4/1/1992 - 3/31/1993	0.5	*	8.7	*		
4/1/1993 - 3/31/1994	0.5	*	8.7	*		
4/1/1994 - 3/31/1995	0.5	*	8.7	*		
4/1/1995 - 3/31/1996	0.5	*	8.7	*		
4/1/1996 - 3/31/1997	0.5	*	8.7	*		
4/1/1997 - 3/31/1998	0.5	*	8.7	*		
4/1/1998 - 3/31/1999	0.5	*	8.7	*		
4/1/1999 - 3/31/2000	0.5	*	8.7	*		
4/1/2000 - 3/31/2001	0.5	*	8.4	*		
4/1/2001 - 3/31/2002	0.5	*	6.7	*		
4/1/2002 - 3/31/2003	0.5	*	6.6	*		
4/1/2003 - 3/31/2004	0.5	*	4.9	*		
4/1/2004 - 3/31/2005	0.5	*	4.9	*		
4/1/2005 - 3/31/2006	0.5	*	2.5	*		
4/1/2006 - 3/31/2007	0.5	*	1.5	*		
4/1/2007 - 3/31/2008	0.5	*	1.5	*		
4/1/2008 - 3/31/2009	0.5	*	1.5	*		
4/1/2009 - 3/31/2010	0.5	*	1.5	*		
4/1/2010 - 3/31/2011	0.5	*	1.5	*		
4/1/2011 - 3/31/2012	0.5	*	1.5	*		
4/1/2012 - 3/31/2013	0.5	*	1.5	*	1.5	*
4/1/2013 - 3/31/2014	0.5	*	1.5	*	1.5	*
4/1/2014 - 3/31/2015	0.5	*	1.5	*	1.5	*
4/1/2015 - 3/31/2016	0.5	*	1.5	*	1.5	*
4/1/2016 - 3/31/2017	0.5	*	1.5	*	1.5	*
4/1/2017 - 3/31/2018	0.5	*	1.5	*	1.5	*

* Not eligible for STAR increase in 2019.

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



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**

KORN FERRY

CEO SEARCH UPDATE

September 5, 2018

On July 30 and 31, the Ad Hoc committee interviewed eleven candidates. From those eleven candidates the top four candidates were chosen as finalists.

It was then decided by the committee members that they spend more time informally with each of the four final candidates in an effort to get to know them better and determine if they are in fact a good fit for LACERA and whether LACERA is a good fit for the candidate.

On August 21 and August 23, the four final candidates were interviewed in informal settings over a meal or coffee. The Ad Hoc Committee members were able to gain greater insight into each candidate. These four candidates would then be presented to the Joint Boards.

On August 27, Korn Ferry discussed with each candidate their availability for an interview by the joint Boards. During these discussions, one of the candidates announced that they were withdrawing from the process due to personal reasons. The other three candidates were thrilled to be invited for the final round interviews.

The final round interviews are scheduled on Saturday, October 6 and will be held at the WestDrift Hotel in Manhattan Beach. The actual interview schedule is currently being developed.

Accommodations for board members at the WestDrift Hotel on Friday, October 5 will be offered since it is suggested that the joint Board interviews begin at an early hour to give the Boards ample time to spend with each candidate and make an informed decision.



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Pasadena, CA 91101**



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