



August 13, 2019

**TO:** Each Member,  
Board of Investments

**SUBJECT:** BOI Meeting on August 14, 2019 – Green Folder Item

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Following you will find the Green Folder item for the above mentioned meeting:

- Item IX. E. – REVISED - 2019 Pacific Pension Institute (PPI) Executive Seminar and Asia Roundtable on November 3 – 8, 2019 in Shanghai, China
- Item X. A. – Supplemental Memo regarding Proposed Revised Education and Travel Policy (Memo dated August 5, 2019)



July 30, 2019

REVISED AS OF AUGUST 12, 2019

TO: Each Member  
Board of Investments

FOR: Board of Investments Meeting of August 14, 2019

SUBJECT: 2019 Pacific Pension Institute (PPI) Executive Seminar and Asia Roundtable on November 3 – 8, 2019 in Shanghai, China

The 2019 PPI Executive Seminar and Asia Roundtable will take place on November 3 – 8, 2019 in Shanghai, China. The Executive Seminar is designed exclusively for 25-30 of PPI's asset owner members to gain insights on China's rise as a tech powerhouse and some of the latest breakthroughs and applications in areas such as facial recognition, fintech and electric vehicles. The seminar, attended by representatives of some of the largest asset owners in the world, serves to better inform their investment decisions through engaging business visits and in-depth dialogues with local peers and counterparts, academic scholars, industry experts, and policy leaders. The overarching theme of the Asia Pacific Roundtable is "China in an Evolving Global Economy." The program will provide its members high-level summaries of the current state of the Chinese economy, insightful reflections on international trade relations, and forward-looking analyses of various trends and initiatives in China, such as the internationalization of its financial sector, the growth in venture capital, and leadership in areas such as green finance and regional infrastructure development.

The main conference highlights include the following:

- The Changing Venture Capital Landscape In Asia
- New Opportunities In Warmer China-Japan Relations
- Bioscience And Biotech Breakthroughs
- Green Mobility - Electric Vehicles And Beyond

The Conference meets LACERA's policy on an average of five (5) hours of substantive educational content per day. Registration fee per delegate for the 2019 Executive Seminar is \$3,~~700~~800.00. The fee includes hotel room for two nights at the Pudong Shangri-La, Shanghai and there will be a day trip to Hangzhou to visit the Alibaba campus, so there will be a one-night stay at the Shangri-La, Hotel Hangzhou in the amount of \$175.00 per night plus applicable taxes.

Registration fee per delegate for the Asia Roundtable is \$950.00 and the standard hotel rate at the Shangri-La Hotel is \$240.00 per night plus applicable taxes.

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 2019 PPI Executive Seminar on November 3 – 5, 2019 in Shanghai and PPI's Asia Roundtable on November 6 – 8, 2019 in Shanghai and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

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# Tech-Enabled China: Emerging World-Class Industries

November 3 - 5, 2019 • Pudong Shangri-La East Shanghai • Shanghai, China

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China is now at the forefront of green finance innovation as well as some of the most exciting applications of advanced technologies. Experienced global investors might find this development explainable, as China does have the capital, market, talent, and government policies to support the transformation of its energy and technology sectors. A class of Chinese tech companies are rapidly becoming serious contenders or even leaders in various industries in the global tech race. Some of them are winning by sheer user scale, some are gaining control of entire manufacturing ecosystems, and some are developing next-generation technologies. How will China's rise as a tech powerhouse, if not yet a superpower, change the landscape of the global innovation economy? Who have been the biggest financiers of Chinese tech ventures? Can others still participate?

## Sunday - November 3

5:00 PM - 6:00 PM

**RECEPTION**

6:00 PM - 8:00 PM

**DINNER AND KEYNOTE REMARKS: THE INNOVATION ECONOMY IN CHINA**

- What is the key to transforming China from being the world factory into an innovation powerhouse?
- Is Silicon Valley's path to success applicable to innovation centers in China?
- What roles if any do central, provincial, or local governments play in the formation of China's innovation economy?
- How does the Chinese venture capital industry compare to those in other markets in Asia?

## Monday - November 4

7:30 AM - 8:45 AM

**BREAKFAST AVAILABLE**

8:45 AM - 9:00 AM

**WELCOME REMARKS**

9:00 AM - 10:00 AM

**WIDESPREAD APPLICATIONS OF FACIAL RECOGNITION**

- How mature, in terms of accuracy, is the facial recognition technology today? Do different providers use proprietary algorithms or mostly the same platform?
- As China is already leading the world in becoming a cashless economy, what is this technology's potential in becoming the new means of payment?
- What is the potential for facial recognition to be deployed in public services, such as social credit and mass transit systems?
- How are privacy concerns being addressed by providers and adopters of this technology? What kinds of rules and regulations need to catch up with the development and application of this technology?

10:00 AM - 10:15 AM

**BREAK**

10:15 AM - 11:15 AM

**BIOSCIENCE AND BIOTECH BREAKTHROUGHS**

- Where do Chinese researchers and research institutions rank in the international bioscience and biotechnology community?
- How is their work being patented and commercialized in China? How is the regulatory environment?
- Who are the investors in China's pharmaceutical and healthcare industries? Is there a strong private equity or venture capital presence?

11:15 AM - 11:30 AM

**BREAK**

11:30 AM - 12:30 PM

**GREEN MOBILITY - ELECTRIC VEHICLES AND BEYOND**

- What factors drove China to quickly become the world's largest market for electric vehicles (EV)?
- How are traditional auto makers in China responding to this sudden shift in consumer demand?

## 2019 EXECUTIVE SEMINAR IN SHANGHAI, CHINA

- Is private ownership of EVs a sustainable model in China, as severe traffic congestion and parking problems continue to strain the public infrastructure of most Chinese cities?
- How are urban planners in China taking into account new trends and future needs in mobility and transportation?

12:30 PM - 2:00 PM

### LUNCH AND REMARKS: FINTECH UNICORNS, CASHLESS ECONOMY, AND BANKING REGULATIONS

- How did a handful of Chinese tech companies transform the Chinese economy from cash-based to cashless in no more than a decade's time?
- What is a cashless or near-cashless economy like? What basic pieces of technology need to be in place for digital payment to be widely accepted?
- How did the rollout of digital payment systems inadvertently also create some of the world's largest money market funds?
- How did this transformation pave the way for other types of fintech unicorns?
- How are these new entities challenging the country's traditional banking industry and the financial system at large?

2:00 PM - 5:00 PM

### TRANSIT TO HANGZHOU

5:00 PM - 6:00 PM

### BREAK

6:00 PM - 6:30 PM

### RECEPTION

6:30 PM - 8:00 PM

### NETWORKING DINNER

## Tuesday - November 5

7:30 AM - 8:30 AM

### BREAKFAST AVAILABLE

8:30 AM - 9:30 AM

### BREAK AND TRANSIT

## 2019 EXECUTIVE SEMINAR IN SHANGHAI, CHINA

9:00 AM - 12:00 PM

**BUSINESS SITE TOUR: THE FUTURE OF E-COMMERCE IN CHINA**

12:00 PM - 2:00 PM

**WORKING LUNCH**

2:00 PM - 5:00 PM

**TRANSIT TO SHANGHAI**

5:00 PM - 6:00 PM

**BREAK**

6:00 PM - 6:30 PM

**RECEPTION**

6:30 PM - 8:30 PM

**DINNER AND KEYNOTE REMARKS: WORKING WITH CHINA AND CHINESE TECH COMPANIES - THE BRITISH APPROACH**

- What kinds of internal and external pressure do countries like the United Kingdom face when evaluating business proposals from foreign bidders that may involve the country's critical infrastructure?
- What is the prevailing attitude, especially among the business and investment communities, in the UK towards China and Chinese companies?
- As Brexit negotiations remain an uncertainty in the future of the British economy, can Chinese businesses as well as the Chinese market be seen as viable hedges against a no-deal scenario with the European Union?

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## China in an Evolving Global Economy

November 6 - 8, 2019 • Pudong Shangri-La East Shanghai • Shanghai, China

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With a nominal GDP of approximately 13.5 trillion USD, the Chinese economy weighs heavily in the global economy and will most likely become more significant, even as the growth rate gradually slows down. As its economic might continues to grow, China's regional and global engagements, whether through national institutions or private enterprises, are changing. Chinese institutional investors are showing greater levels of interest in overseas assets as a means to diversify their holdings internationally. On the other hand, many international investors are keen to gain better access to the deals, projects, and markets in China. What should investors know about the Chinese economy at this juncture? How will China's evolving relations with a host of nations reshape the global trade and investment landscape? How is China further internationalizing its financial markets to allow better foreign investor access? What has China contributed in the area of green finance?

### Wednesday - November 6

2:30 PM - 3:00 PM

**REGISTRATION OPENS**

3:00 PM - 4:00 PM

**BREAKOUT DISCUSSION 1-A: THE CHANGING VENTURE CAPITAL LANDSCAPE IN ASIA**

- How does the growth of the venture capital (VC) industry in Asia compare to that of the rest of the world? With more and more assets committed to Asia-focused VC funds and indigenous funds in Asia, are investors casting their votes of conviction on this region, or simply diversifying?
- How are the VC industries in Asia connected with their peers in Silicon Valley? Has there been an increase or a decrease in cross-border VC investments lately?
- How does the Chinese VC market compare to itself from a decade ago? How does it compare to other VC markets in Asia today?

**BREAKOUT DISCUSSION 1-B: NEW OPPORTUNITIES IN WARMER CHINA-JAPAN RELATIONS**

- Uncertain trade relations in the Asia-Pacific region, as well as bumpy denuclearization progress on the Korean Peninsula, have brought Japan and China closer together. Will the 2020s become a new era of tighter collaboration between the world's second and third largest economies?
- What differences remain? What new ones could emerge? How should they be handled?
- What are some of the existing trade and investment ties between the two East Asian neighbors? What industries could see further growth as a result of warming bilateral relations?

4:00 PM - 4:15 PM

**BREAK**

4:15 PM - 5:15 PM

**BREAKOUT DISCUSSION 2-A: NEW TRENDS IN ASIAN PRIVATE REAL ESTATE MARKETS**

- How are Asian real estate markets reflecting the uncertainties related to trade negotiations and growth slowdowns? Why have there been reports that investments in Asian commercial properties continue to hit new highs?
- How do various real estate markets in Asia, such as India, China, South Korea, and Southeast Asian countries compare to one another? Is bank lending becoming more aggressive or more conservative in these markets? What does that mean for real estate debt investing?
- Is the logistics segment of the Asian real estate market overheated or still on the rise? What should investors make of Blackstone's record-setting warehouse deal?

**BREAKOUT DISCUSSION 2-B: DEVELOPMENTS IN STATE-OWNED ENTERPRISE (SOE) GOVERNANCE**

- As government-owned commercial enterprises continue to play important roles in many economies around the world, how should investors and other stakeholders calibrate their expectations toward changes in the governance of these institutions?
- What are the benefits for SOEs to continue to conform to internationally-recognized corporate governance practices, such as having independent, professional boards, and ensuring the commercial orientation of these entities?
- How do these considerations apply to the various levels and types of SOEs in China? What changes might be expected, especially in light of ongoing trade negotiations?



## 2019 ASIA PACIFIC ROUNDTABLE IN SHANGHAI, CHINA

- For those investors who prefer not to have investments in emerging market SOEs, even through indexing exposure, what should they do?

5:15 PM - 6:15 PM

### OPENING RECEPTION

6:15 PM - 8:30 PM

### DINNER AND KEYNOTE CONVERSATION: THE BELT AND ROAD INITIATIVE (BRI) IN 2019 - RENEWED FOCUS AND INVESTMENT OPPORTUNITIES

- What were some of the highlights and key outcomes from the second Belt and Road Forum for International Cooperation? Compared to the inaugural forum in 2017, what were the shifts in emphasis?
- What types of investments have been made along the land and sea routes since the launch of the initiative?
- What concrete steps have been taken to ensure that BRI projects will become cleaner, greener, and more transparent?
- Have there been adjustments to the financing mechanism to reduce the debt risk of projects and participating corridor economies?

## Thursday - November 7

7:30 AM - 8:30 AM

### WORKING BREAKFAST FOR ASSET OWNERS AND ALLOCATORS

7:30 AM - 8:30 AM

### BREAKFAST AVAILABLE

8:30 AM - 8:45 AM

### BREAK

8:45 AM - 9:15 AM

### CO-CHAIR INTRODUCTION OF THEMES

9:15 AM - 10:15 AM

### THE CHINESE ECONOMY: PERSPECTIVES AND PROGNOSSES

- The recent deceleration of China's GDP growth, according to official figures, has provoked anxiety among global investors, who have grown accustomed to the country's booming economic expansion during the past three decades. Should investors be rightfully worried, or remain optimistic?

## 2019 ASIA PACIFIC ROUNDTABLE IN SHANGHAI, CHINA

- Is the growth slowdown felt evenly across all sectors of the Chinese economy, or have some sectors weathered it better than others? Are there industries that have actually outpaced their previous years' growth?
- What internal and external factors could further impact China's economic trajectory? Will the world's second largest economy bounce back to strong growth levels, or has it entered a new phase of more moderate growth?

10:15 AM - 10:35 AM

### **BREAK**

10:35 AM - 11:35 AM

### **FINANCING ASIA'S INFRASTRUCTURE NEEDS**

- At what pace is the Asia Infrastructure Investment Bank (AIIB) lending to projects in 2019? How does that compare to 2018? How much in total has the bank financed since its launch in 2016?
- How are current projects geographically distributed? What set of criteria do projects have to meet to qualify for AIIB financing?
- Is there room in the Asia-Pacific region for more than one multilateral development bank (MDB) to co-exist, or even co-operate? Would that benefit or hamper infrastructure developments in the region?

11:35 AM - 11:50 AM

### **BREAK**

11:50 AM - 12:50 PM

### **STRENGTHENING THE SOCIAL SAFETY NET FOR CHINA'S CHANGING DEMOGRAPHIC PROFILE**

- What constitutes China's social safety net system?
- When will China's aging population hit its peak effects? How much added social and financial stress will the economy have to bear by then?
- What is the government's response to this projected fiscal challenge in the not-too-distant future? How do China's efforts measure against those made by other countries that face similar demographic headwinds?
- What steps have been and still can be taken to enhance the investment income of the Social Security Fund?

12:50 PM - 2:20 PM

### **LUNCH AND KEYNOTE REMARKS: BLAZING TRAILS IN GREEN FINANCE**

- With the world's largest carbon trading exchange, a robust green bond market, and a growing number of green-investing private equity funds, has China successfully incentivized private sector capital to join the fight against climate change? What more needs to be done?
- How will green finance be integrated into the Belt and Road Initiative?

## 2019 ASIA PACIFIC ROUNDTABLE IN SHANGHAI, CHINA

- Can China's green finance model be replicated in other countries and scaled up globally?

2:20 PM - 2:30 PM

**BREAK**

2:30 PM - 3:30 PM

### **ACCELERATING THE INTERNATIONALIZATION OF CHINA'S FINANCIAL MARKETS**

- Recent rounds of trade negotiations have catalyzed the further internationalization of China's financial markets, which could lead to better market access and convergence of standards. What are some specific examples?
- As many international asset managers prepare to launch their businesses in mainland China, how will they decide between a joint venture versus a wholly foreign-owned enterprise (WFOE)? Will their products and services likely be more geared towards onshore clients or inbound capital?
- What kind of impact will this bring to the relatively nascent homegrown asset management industry in China? How might the regulatory framework evolve?

3:30 PM - 3:45 PM

**BREAK**

3:45 PM - 4:45 PM

### **CHINESE DEPOSITARY RECEIPTS (CDR), GLOBAL DEPOSITARY RECEIPTS (GDR), AND THE SHANGHAI-LONDON STOCK CONNECT**

- How do depositary receipts work in general? Is there anything unique about CDRs? Who are the target investors of CDRs? Can CDRs help keep investor capital in the Chinese stock market, and hence in the Chinese economy?
- What about GDRs? What opportunities can they provide to global investors?
- What is the significance of the newly launched Shanghai-London Stock Connect program? How have investors on two sides been using this platform?

4:45 PM - 5:30 PM

**BREAK**

5:30 PM - 6:30 PM

**RECEPTION**

6:30 PM - 8:45 PM

### **DINNER AND KEYNOTE CONVERSATION: CHINA'S VIEW OF THE WORLD AND ITS EXTERNAL RELATIONS**

## 2019 ASIA PACIFIC ROUNDTABLE IN SHANGHAI, CHINA

- As China deepens its economic engagement with the rest of the world through trade and investment, how has that process changed China and China's view of the world? How does China see itself among nations?
- Few countries today can match China's industrial capacity or its domestic market size, let alone a combination of both. Is it China's plan to exert a dominant influence on other economies, or to participate in a world economy that is diverse and multi-polar?
- With economic might comes influence in regional and international affairs. How has China positioned itself in these types of engagements? What is the mindset that underlies China's management of its external relations?

## Friday - November 8

7:45 AM - 8:45 AM

### **BREAKFAST BRIEFING: ASSET OWNER INSIGHTS FROM THE EXECUTIVE SEMINAR**

- What did participants learn from the Executive Seminar?
- Did any session or experience stand out as particularly impactful or memorable?
- Have perceptions on the Chinese innovation economy been altered? Can they be turned into investment ideas?

8:45 AM - 9:00 AM

### **CO-CHAIR WELCOME AND RECAP OF PRIOR DAY**

9:00 AM - 10:00 AM

### **ASSET MANAGERS' PERSPECTIVES ON CHINA - PART 1 (PUBLIC MARKETS)**

- What trends in the Chinese economy are asset managers seeing, particularly through the lenses of those who invest in publicly traded assets?
- What are some issues and developments that they feel might be overlooked or under-discussed by the investor community?
- What types of regulatory changes do they anticipate or hope for in the coming years?

10:00 AM - 10:20 AM

### **BREAK**

10:20 AM - 11:20 AM

### **ASSET MANAGERS' PERSPECTIVES ON CHINA - PART 2 (PRIVATE MARKETS)**

- What trends in the Chinese economy are asset managers seeing, particularly through the lenses of those who transact in private deals?

## 2019 ASIA PACIFIC ROUNDTABLE IN SHANGHAI, CHINA

- What are some issues and developments that they feel might be overlooked or under-discussed by the investor community?
- What types of regulatory changes do they anticipate or hope for in the coming years?

11:20 AM - 11:40 AM

### BREAK

11:40 AM - 12:40 PM

### CEO/CIO REVIEW

- How have recent setbacks to an otherwise fast-rising Chinese economy affected CEOs' and CIOs' outlook for the Asia-Pacific region?
- At almost year-end, how would CEOs and CIOs sum up 2019? What would they do more in 2020, and what might they do less?
- What else is on their minds?

12:40 PM - 12:50 PM

### CO-CHAIR SUMMARY

12:50 PM - 1:00 PM

### CLOSING REMARKS, ADJOURNMENT, AND LUNCH

August 12, 2019

TO: Each Member  
Board of Investments

FROM: Steven P. Rice *SPR*  
Chief Counsel

FOR: August 14, 2019 Board of Investments Meeting

SUBJECT: Supplemental Memo regarding Proposed Revised Education and Travel Policy

At its August 7, 2019 meeting, the Board of Retirement (BOR) approved the proposed revised Education and Travel Policy with four changes:

1. Statement of Purpose (page 2). The first paragraph on this page was revised by the BOR at the suggestion of fiduciary counsel Harvey Leiderman to state the correct fiduciary standard applicable to travel expenses, as follows:

With respect to all travel, Board Members and staff shall incur expenses only to the extent they are reasonable and necessary for the administration of the system.

2. Section 705.00.A.1 (page 2). The BOR voted to clarify the second sentence with regard to the number of conferences that may be attended by Board Members to eliminate ambiguity that may arise due to when during the year a Member on both Boards may be appointed to or leaves one Board:

Every Board Member is authorized to attend up to 4 approved Educational Conferences per fiscal year (of which no more than 1 may be international), and up to 6 if the Board Member serves simultaneously on both Boards at any time during the fiscal year (of which no more than 1 may be international).

3. Section 705.00.A.2 (page 3). With regard to the substantive content requirement for California travel, the BOR voted that the five-hour per day substantive content requirement should apply where there is an overnight stay. The last sentence of this section was revised to read:

Such Educational Conferences must contain substantive content but are not subject to the five-hour per day content requirement or number limits

of Section 705.00.A.1, except that the five-hour per day content requirement applies if an overnight stay is required.

4. Section 705.15 (page 9). This section, which relates to meals between Board Members and between Board Members and staff, was deleted by the BOR. The BOR will ask the Operations Oversight Committee to develop a separate policy on this issue because it is not an exclusively travel-related subject.

If the Board of Investments (BOI) approves the proposed revised policy with these four changes, the new policy will go into effect immediately. The BOR and BOI must take the same action in order for the revised policy to be effective.

In addition to the four changes listed above, the BOR identified, but did not take action on, other subjects for future consideration by the JOGC. Those subjects include: the Chief Investment Officer's authority over education and travel for investment staff; the effective date of the revised Policy; international travel for BOR Members; a limit on the number of Board Members who may attend domestic conferences; and a requirement that flights arrangements be made no earlier than 14 days before the date of travel. The BOR also discussed whether future JOGC travel discussion should be agendized to include both Boards.

The BOR requested Mr. Leiderman to prepare a memo with his comments for consideration by the JOGC when the committee next reviews the Policy. A copy of Mr. Leiderman's memo is attached.

#### Attachment

c: Board of Retirement  
JJ Popowich  
Jonathan Grabel

**From:** Harvey L. Leiderman  
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**To:** Members, Joint Organizational Governance Committee

**Date:** August 7, 2019

**Subject:** **Comments on Proposed LACERA Education and Travel Policy**

At the Board of Retirement's regular meeting on August 7, 2019, I was asked to provide comments on the proposed Education and Travel Policy to the Joint Organizational Governance Committee for its August 14, 2019 meeting. Following are comments for the JOGC's consideration:

#### **GENERAL COMMENTS ON THE POLICY**

A. I suggest we make clear in this Policy that its scope does not extend to Board or staff member reimbursements for expenses other than those incurred in connection with Educational Conferences and Administrative Meetings (as defined.) That means, for example, that we would omit proposed Section 7.05.15 (relating to board member/staff meals together), unless those meals related to Educational Conferences/Administrative Meetings. Other expenses such as Board member travel to Board and Committee meetings, damaged or lost property, etc. would be addressed in a separate policy. Please consider identifying that other policy and embedding a hyper-link to it in this Policy.

B. The proposed Policy does not provide standards and procedures for the Board, CEO and CIO's consideration for approving attendance at conferences and meetings. Before approving attendance, the decision-maker should go through a reasoned, transparent process that considers the benefits to LACERA from the individual's attendance, whether attendance relates to mandatory legal educational requirements, who would be the best person to attend in order to maximize its value to the system, how many persons should attend, and the like. I suggest the Committee include guidance for the decision-making process so the decision is not left *ad hoc* or arbitrary.

C. To the extent not already reflected, please consider using gender-neutral language throughout the Policy (e.g., changing "his/her" to "their.")

#### **COMMENTS ON THE STATEMENT OF PURPOSE**

Page 2, first full paragraph. The standard set forth in this section: "It is expected with respect to all travel that Board Members and staff will only incur expenses that a reasonable and prudent person would incur if traveling on personal business," respectfully, is not the correct fiduciary standard. The



appropriate standard would be: *“With respect to all travel, Board Members and staff will incur expenses only to the extent that they are reasonable and necessary for the administration of the system.”*

Sec. 705.00.A.1. Insert *“...at any time during the fiscal year”* after the phrase, *“...and up to 6 if the Board Member is serving simultaneously on both Boards...”* This will clarify how the count of authorized programs will work if there is a change in the Board Member’s status mid-year.

Consider also adding the following language at the end of Sec. 705.00.A.1: *“Notwithstanding the foregoing, the attendance by a member of the Board of Retirement at an International Conference may be authorized only upon the advance approval of the Board of Retirement, pursuant to a non-consent action item on the Board’s regular meeting agenda.”*

Sec. 705.00.A.2. At the end of this section, replace the period with a comma and insert: *“, unless the session involves an overnight stay.”* Multi-day California programs should have the same content requirement as out-of-state programs.

#### **COMMENTS ON REIMBURSEMENT SCHEDULE A**

A. Airline Travel. In subsection 1.a., consider increasing the 5 hour duration cut off for coach/economy class travel reimbursement to 7 hours. All flights from LAX or BUR to the East Coast, for example, are scheduled to be longer than 5 hours, even non-stop ones, and the return flights are usually 6 hours, non-stop. The current draft would permit all coast-to-coast flights to be reimbursable at business class rates, which we believe may be an inappropriate expense for a public agency. Similarly, in proposed subsection 1.c., flights to/from Canada and Mexico are treated as “long distance” and reimbursable at business class rates, even though some of those flights may not exceed 2-3 hours in duration. Please consider eliminating subsection 1.c entirely; Section 1.a’s duration limitations should suffice.

B. Other Common Carrier Travel. In subsection B. 2, consider that 600 miles as the rule for defining “long distance” may be too high; 300 miles may be more appropriate. As written, flying from LAX to SFO, for example, a trip of 400 miles, would not be considered “long distance” and travelers might be encouraged to drive rather than fly. Mileage reimbursement for driving under the 600 mile hurdle could be double the cost of air travel. That would be inconsistent with subsection B.1, which encourages travel “in the most cost-effective and efficient manner practicable.”

The proposed Policy makes significant improvements to the current Policy and I congratulate the Boards for their willingness to constantly improve LACERA’s operations. I offer the above suggestions with the knowledge that you will give them due consideration in your decision-making process.

I will be available at the JOGC meeting if you have any questions or related comments.