

AGENDA

A REGULAR MEETING OF THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., THURSDAY, FEBRUARY 14, 2019

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

*Although the meeting is scheduled for 9:00 a.m., the meeting will start at the conclusion of the Board of Investment and Board of Retirement meeting scheduled prior to this meeting.

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. OTHER COMMUNICATIONS
 - A. For Information
 - 1. December 2018 All Stars
 - 2. Chief Executive Officer's Report
(Memo dated February 4, 2019)
- IV. PUBLIC COMMENT
- V. CONSENT ITEMS
 - A. Recommendation as submitted by Shawn R. Kehoe, Chair, Operations Oversight Committee: That the Board of Retirement adopt the Administrative Appeals Procedures for Felony Forfeiture. (Memo dated February 4, 2019)

V. CONSENT ITEMS (Continued)

- B. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Board 1) Approve a visit during the month of March 2019 in Sacramento, CA with the California State Legislature by staff as designated by the Chair of the Boards of Retirement; and 2) Approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated February 4, 2019)

- C. Recommendation that the Board approve attendance of Board members at the 2019 Traumatic Brain Injury Legal Conference on April 5-6, 2019 in San Diego, California and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Placed on the agenda at the request of Mrs. Zapanta-Murphy) (Memo dated February 5, 2019)

- D. Recommendation that the Board approve attendance of Board members at the National Association of Corporate Directors – Advanced Director Professionalism Program on June 17–18, 2019 in Chicago, Illinois and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated February 5, 2019) (Placed on the agenda at the request of Mr. Bernstein)

VI. NON-CONSENT ITEMS

- A. Recommendation as submitted by Bernie Buenaflor, Division Manager, Benefits Division: That the Board 1) Determine, based upon the medical evaluation from the Los Angeles County Office of Occupational Health Programs, that Earl Fred Leaf III is not incapacitated for the assigned duties, and 2) Grant the application of Earl Fred Leaf III for reinstatement to active membership. (Memo dated January 29, 2019)

- B. Recommendation as submitted by Beulah Auten, Chief Financial Officer: That the Board for year ended December 2018, determine the Consumer Price Index changed by 3.24% (or when rounded to the nearest one-half of 1.00% as the COLA benefit rules require, 3.00%: the LACERA 2019 COLA Award), and approve cost-of-living increases and respective COLA Accumulation adjustments for retired LACERA members and beneficiaries, based on retirement plan and date of retirement or death, to become effective April 1, 2019 in accordance with applicable California Government Code Sections. (Memo dated February 1, 2019)

VI. NON-CONSENT ITEMS (Continued)

- C. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board Approve the ballot insert entitled “Powers and Duties of Retirement Board Members,” which will be included with the ballot materials for the election of the Seventh Member and the Alternate Safety Member of the Board of Retirement and posted on lacera.com.
(Memo dated February 5, 2019)

VII. REPORTS

- A. For Information Only as submitted by Jonathan Grabel, Chief Investment Officer, regarding Trustees United. (Memo dated January 28, 2019)
- B. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the January 2019 Fiduciary Counsel Contact and Billing Report. (Memo dated February 4, 2019) (Privileged and Confidential Attorney-Client Communication/Attorney Work Product)

VIII. ITEMS FOR STAFF REVIEW

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

X. EXECUTIVE SESSION

- A. Conference with Legal Counsel - Existing Litigation
(Pursuant to Paragraph (1) of Subdivision (d) of California Government Code Section 54956.9)
 - 1. Sandra J. Claggett v. County of Los Angeles, et al. etc.
LASC Case No. BC681877
For Information Only
- B. Conference with Legal Counsel – Initiation of Litigation
Paragraph (4) of Subdivision (d) of Section 54956.9
 - 1. One Case

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 the Board Offices at (626) 564-6000, Ext. 4401/4402 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.



February 4, 2019

TO: Each Member
Board of Retirement
Board of Investments

FROM: Lou Lazatin
Chief Executive Officer

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

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

March Madness

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

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

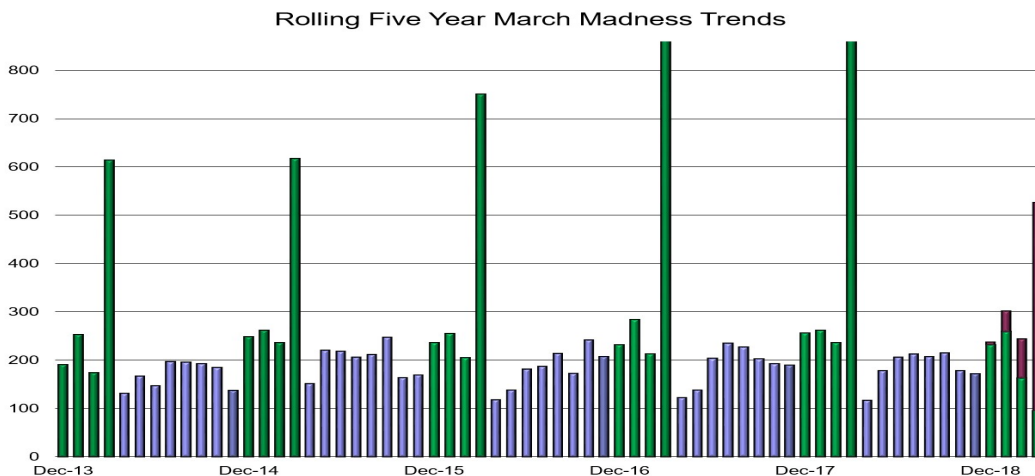
Retirement Month	Retirement Elections
December 2018	6
January 2019	43
February 2019	81
March 2019	432
Pending Disability Cases	113
Total Pending	675

The 562 retirement elections not completed for December - March are pending for the following reasons: additional research or information required (16), processed after the month end payroll process (51), in process (actively assigned for work) (193), and pending processing (302).

The 113 Pending Disability Cases represents the number of approved disability cases being processed by the Benefits Division. Once a disability has been granted by the Board, the Benefits Division staff work with the member and their employer to select a disability effective date, determine the member's option election, and bring them on payroll. These disability cases are pending for the following reasons: pending research (2), waiting for reciprocal validation (3), in process (47), pending a decision on the effective date (16), and waiting for an action by the member (45). These cases are not assigned to a specific month in the "March Madness" period because the final effective date has not been determined. As with service retirements, some cases have mitigating factors such as legal splits and uncompleted purchases, which can also extend processing. We expect to successfully meet the retirement agenda deadlines for a majority of our March Madness retirees.

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

The green bars in the following chart reflect those members who have been approved to retire (i.e., their retirement elections have been approved and completed). The red bars reflect those cases that have not been processed as of the date of this report. As of January 25, 2019, we have processed 749 out of 1311 retirements for the March Madness period so far. Comparing the total processed and pending per month we are running on ahead of the five-year average (last five competed years) for both December (238 vs. avg. of 233) and January (302 vs. avg. of 263). Putting this into perspective during last year's March Madness 1,685 members retired, which was higher than the rolling five-year average of 1,466 (the five-year averages may change from month to month as disability cases are processed due to retroactive retirement dates).



Expanded Member Service Hours for March Madness

March Madness is in full swing here at LACERA and we have seen our appointment schedule for the Member Services Center fill up quickly. Recognizing the calendar was already full for the month of January and almost full for the month of February, Member Services and the Systems teams teamed up to expand our hours of operation to six days a week through the end of March. The Member Services Center will be open every Saturday from January 26, 2019 through March 16, 2019 for several hours. This will allow LACERA to offer additional appointment slots for Saturday. Additionally, we will be offering the Pre-Retirement Workshop each Saturday. I would like to recognize and thank the entire Member Services and Systems teams for their efforts to assist our members.

Taking Advantage of Opportunities to Improve Operations

One of my priorities when I joined LACERA was to meet one on one with each Board member, manager, and talk to as many staff members as I could to get a sense of what each feels LACERA could do to fulfill our mission and provide the highest level of service we can to our members. During these meetings, there were a few operational opportunities that were consistent across all stakeholders. We have formed working teams to focus our efforts on these opportunities:

- **Case Management Capabilities:** The Legal Office, Disability Retirement Services (DRS), and Disability Litigation have all identified the need for a case management software solution. This request has been around since the re-engineering of DRS, which began circa 2012. A team consisting of Systems, the Legal Office, Disability Retirement Services (DRS), Disability Litigation and the Executive Office has begun discussing how we can provide case management capabilities to the Legal Office, Disability Litigation and DRS.
- **Workspace Development:** An offshoot of the Case Management discussion lead to a discussion about the future of Workspace (our member services software package) and two specific areas: the job ticket system and the ability to ingest electronic documents into the Member Document Library. The job ticket system has been part of our Strategic Plan for several years now, and was meant to serve as a case management tool for Benefits and Member Services. The need to electronically take in documents was a second area of discussion and would support all of the member facing divisions in their efforts to serve members better and in the case of the Legal Office comply with current court requirements. A team consisting of Systems, Benefits, Member Services, DRS, and Retiree Healthcare was created, to focus on developing case management capability for our Member Services Workspace program.

- **Matter/Knowledge Management System:** Investments, Legal Services, and Systems have been working together for over a year to develop requirements and evaluate various software providers of knowledge management systems. The idea was to create an environment where knowledge and work papers could be shared among staff members and where processes could be developed to streamline routine work. This team is nearing the end of the product evaluation stage and will soon be recommending a vendor and software package to the Boards for approval.
- **Business Continuity:** Administrative Service introduced the next phase of an existing project to revamp our Business Continuity program at our January management team meeting. Administrative Services has partnered with SunGuard – a respected consulting company that provides program design and software to support a robust business continuity program. Over the next year, SunGuard will assess LACERA's current business continuity plan and work with management to create a new program that will include regular education and drills to keep the staff members prepared in the case of an emergency.
- **Contract Management System:** Administrative Services also announced it is rolling out our updated Contract Management System for the benefits side of LACERA. This system will allow LACERA to more effectively monitor the contract adherence.
- **Procurement Policy:** The Administrative Services team has led a multi-year, comprehensive effort to update our Procurement Policy. The most recent draft of this policy is ready to be reviewed by the LACERA management team. We hope to have a suggested policy before the March 2019 Operations Oversight Committee meeting.

Two more cross functional teams will be formed in the next few weeks: A team will be formed to focus on moving the website redevelopment project forward. This project is not just a structural re-design of the website but a complete review of all the material on the website and will be conducted in phases. We will also be forming another team to evaluate our current accounting system software and looking for ways to integrate the budgeting software with the accounting system.

Finally, the next Management Offsite is scheduled for February 5th. As outlined at the Board of Retirement Offsite, the team will be evaluating the Strategic Plan in context of our recently completed SWOT, prioritizing goals, and forming work teams who will be responsible for drafting project plans to complete the prioritized goals by the end of the year.

The Brown Bag: A Continuing Success Story

We are continuing LACERA's long-standing Brown Bag Meeting tradition; where each month the CEO hosts a meeting that any staff member is welcome to attend on their lunch break. It is an opportunity for the CEO to share what the organization is working on, insights about our industry, and answer questions staff members may have. We also invite guest speakers from various parts of LACERA's organization to talk about their part in fulfilling the LACERA mission.

This month Vanessa Gonzalez and Stephanie Kawai shared the Pre-Conversion Service Credit Project presentation provided to Board members at the recent Offsite with staff members. The presentation was extremely well received by the staff in question, the presenters received several compliments, and encouragement from staff members who feel this project would definitely help us improve our efficiency, accuracy, and speed up our turnaround time for member requests.

New Core Benefits Training Class

We are excited to announce we started a new Core Benefits Training class this month. The Core Benefits Training program is a rigorous year-long training regime including a mix of classroom instruction, testing, detailed case analysis, case discussion, and real-time production experience. Throughout training, 100% of the employee's work is checked for quality with feedback being provided in a very collegial learning environment. The new class consists of fourteen new hires that are all scheduled to work in Member Services as we beef up our staff to support the Rotating Day Off (RDO) Schedule, additional call volume, and to fill positions vacated due to internal promotional opportunities.

NCPERS Legislative Conference

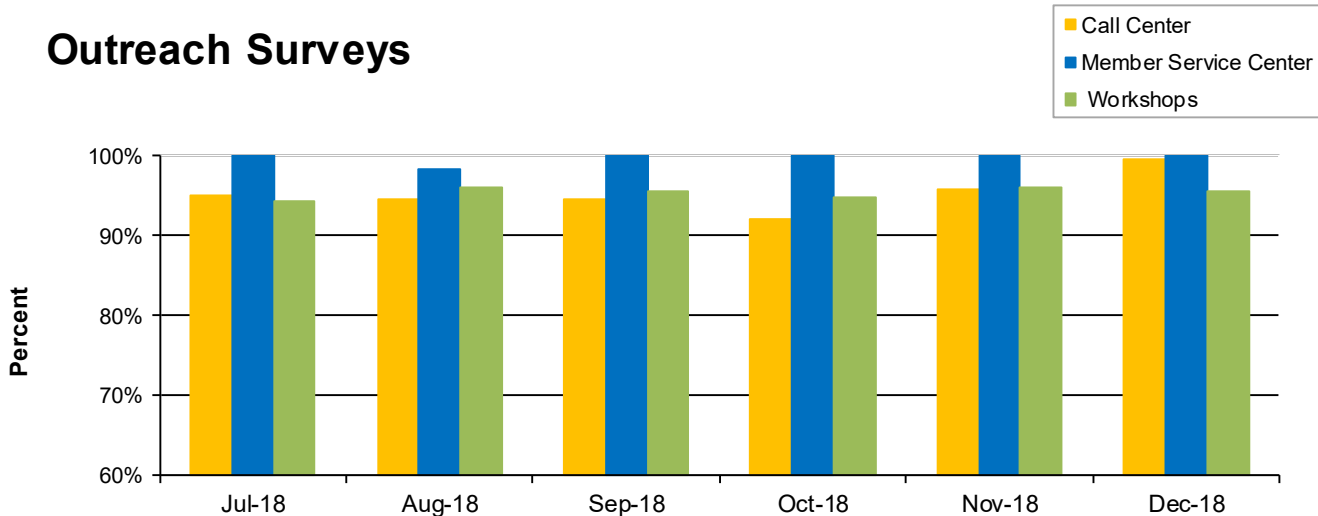
An important part of protecting members' benefits includes advocating on LACERA's behalf and maintaining relationships with lawmakers. At the end of January, Trustees Alan Bernstein, Herman Santos, Gina Sanchez, and Wayne Moore, Legislative Affairs Officer Barry Lew, and I visited with congressional representatives and our senators as part of the NCPERS Legislative Conference in Washington, D.C. including the following: Nancy Pelosi - 12th District; Judy Chu, PhD. - 27th District; Adam Schiff, Esq. - 28th District; Brad Sherman - 30th District; Ted Lieu - 33rd District; Jimmy Gomez - 34th District; Linda Sanchez - 38th District; Gilbert Cisneros - 39th District; and Senators Diane Feinstein and Kamala Harris. Cultivation of relationships with each congressional district staff will be made as a follow-up to these successful visits.

LACERA's KEY BUSINESS METRICS

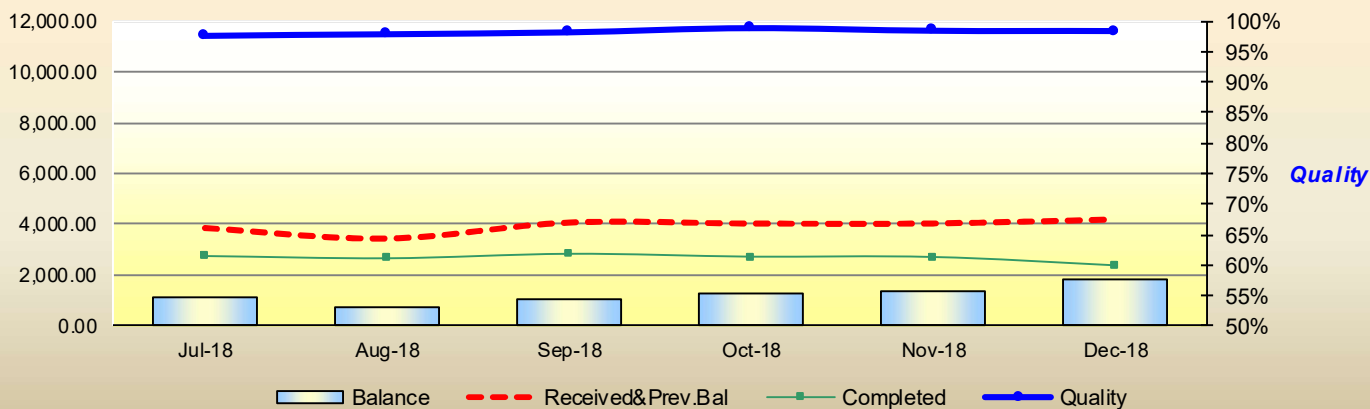
OUTREACH EVENTS AND ATTENDANCE

Type	# of WORKSHOPS		# of MEMBERS	
	Monthly	YTD	Monthly	YTD
Benefit Information	10	98	336	6,312
Mid Career	1	16	15	840
New Member	7	60	138	1,459
Pre-Retirement	5	38	90	924
General Information	0	17	0	864
Retiree Events	1	3	75	275
Member Service Center	Daily	Daily	1,765	9,881
TOTALS	24	232	2,419	20,555

Outreach Surveys



Benefits and Member Services Production and Quality Summary (Rolling 6 Months)



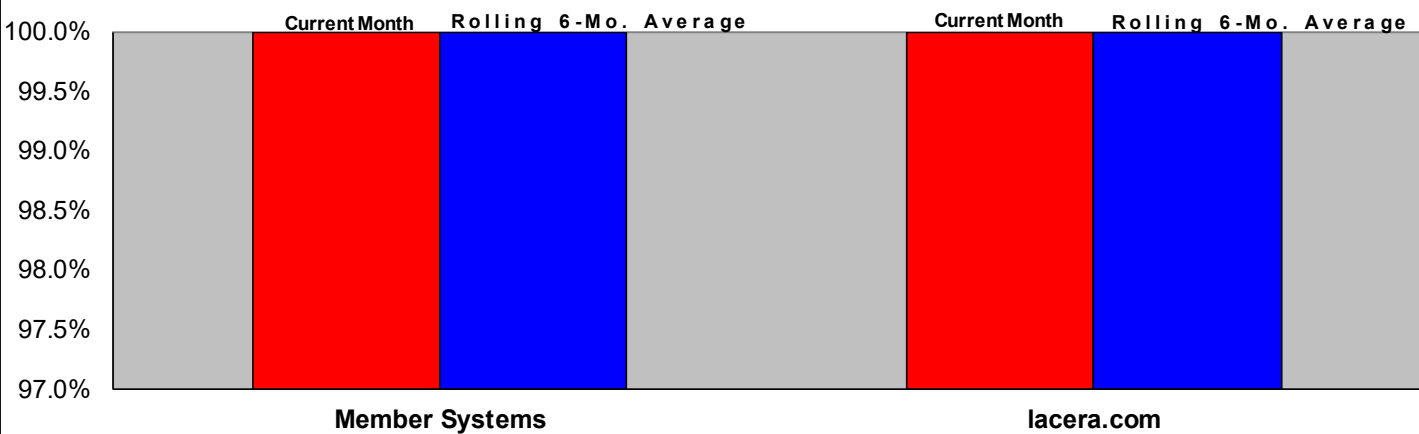
Member Services Contact Center			RHC Call Center	Top Calls
Overall Key Performance Indicator (KPI)		92.58%		
Category	Goal	Rating		
Call Center Monitoring Score	95%	96.93%	100%	<u>Member Services</u>
Grade of Service (80% in 60 seconds)	80%	47%	25%	1) Benefit Pmts.-Gen. Inq./Payday Info
Call Center Survey Score	90%	99.54%	77.90%	2) Workshop Info.Appointments: Inquiry
Agent Utilization Rate	65%	73%	76%	3) Retirement Counseling: Process Overview
Number of Calls		10,219	5,961	<u>Retiree Health Care</u>
Number of Calls Answered		9,042	4,558	1) Part B Premium Reimbursement
Number of Calls Abandoned		1,177	1,403	2) Medical Benefits-Gen. Inquiries (RHC)
Calls-Average Speed of Answer (hh:mm:ss)		00:04:02	00:09:12	3) Dental/Vision Benefits Gen. Inquiries
Number of Emails		260	241	
Emails-Average Response Time (hh:mm:ss)		04:19:12	(Days) 1	Adjusted for weekends

LACERA's KEY BUSINESS METRICS

Fiscal Years	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assets-Market Value	\$30.5	\$33.4	\$39.5	\$41.2	\$43.7	\$51.1	\$51.4	\$50.9	\$55.8	\$59.4
Funding Ratio	88.9%	83.3%	80.6%	76.8%	75.0%	79.5%	83.3%	79.4%	79.9%	80.6%
Investment Return	-18.3%	11.6%	20.2%	0.0%	11.9%	16.5%	4.1%	0.8%	12.7%	9.0%

DISABILITY INVESTIGATIONS						
APPLICATIONS	TOTAL	YTD		APPEALS	TOTAL	YTD
On Hand	530	xxxxxxx		On Hand	98	xxxxxxx
Received	51	243		Received	1	11
Re-opened	0	0		Administratively Closed/Rule 32	0	8
To Board – Initial	47	274		Referee Recommendation	1	6
Closed	6	13		Revised/Reconsidered for Granting	0	4
In Process	530	530		In Process	98	98

SYSTEMS AVAILABILITY - DECEMBER 2018



Active Members as of 1/18/19		Retired Members/Survivors as of 1/18/19			Retired Members		
		Retirees	Survivors	Total			
General-Plan A	127	17,224	4,488	21,712	Monthly Payroll	281.03 Million	
General-Plan B	42	684	66	750	Payroll YTD	1.7 Billion	
General-Plan C	52	421	67	488	No. Monthly Added	253	
General-Plan D	42,793	14,817	1,357	16,174	Seamless %	98.42%	
General-Plan E	17,922	12,700	1,136	13,836	No. YTD Added	1,723	
General-Plan G	25,352	20	1	21	Seamless YTD %	97.74%	
Total General	86,288	Total General	45,866	7,115	52,981	Direct Deposit %	96.00%
Safety-Plan A	5	5,364	1,591	6,955			
Safety-Plan B	10,149	5,499	273	5,772			
Safety-Plan C	2,795	8	0	8			
Total Safety	12,949	Total Safety	10,871	1,864	12,735		
TOTAL ACTIVE	99,237	TOTAL RETIRED	56,737	8,979	65,716		

Health Care Program (YTD Totals)

	Employer Amount	Member Amount
Medical	255,593,253	21,420,135
Dental	21,805,689	2,209,074
Med Part B	31,304,449	xxxxxxxxxx
Total Amount	\$308,703,391	\$23,629,209

Health Care Program Enrollments (Monthly)

Medical	50,312
Dental	51,543
Med Part B	33,892
Long Term Care (LTC)	657

Funding Metrics as of 6/30/18

Employer Normal Cost	9.92%
UAAL	10.99%
Assumed Rate	7.25%
Star Reserve	\$614 million
Total Assets	\$56.3 billion

Member Contributions as of 6/30/18

Annual Additions	\$591.3 million
% of Payroll	6.88%

Employer Contributions as of 6/30/18

Annual Addition	\$1,524.8 million
% of Payroll	20.91%

Striving for Excellence in Service



Outreach Attendance
2,419

20,555 Year-to-Date



Outreach Events
24

232 Year-to-Date



Outreach Satisfaction
95.5%

0.6% Change Since Last Mo.



Member Service Center
100.0%

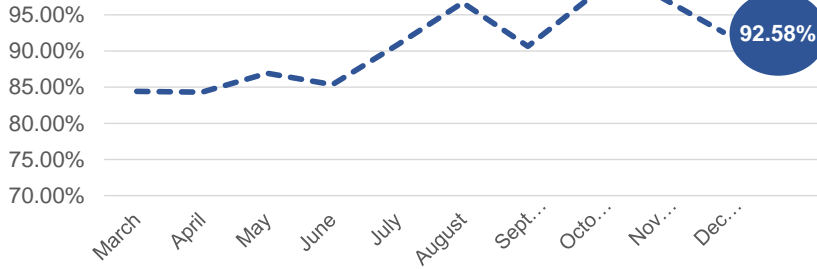
0.0% Change Since Last Mo.



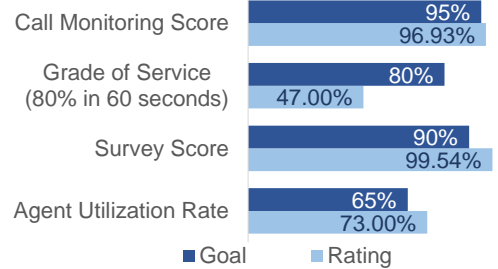
Member Services Calls
10,219

9,799 3 Mo. Avg.

Key Performance Indicator (Overall Performance)



Key Performance Indicator (Components)



Member Services



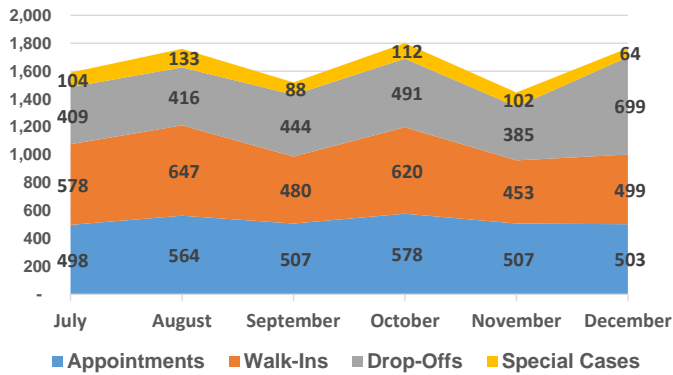
Top Calls

- Benefit Payments: Gen. Inquiry/Payday Info
- Workshop Info./Appointments: Inquiry
- Retirement Counseling: Process Overview

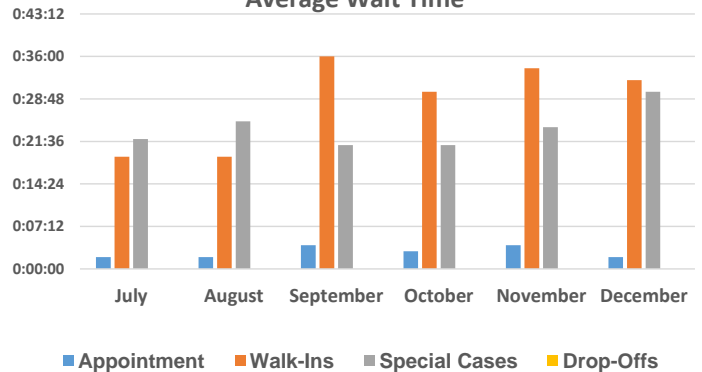


260 Emails
4:19 hours
Avg. Response Time (ART)

Member Service Center Visits



Member Service Center Average Wait Time



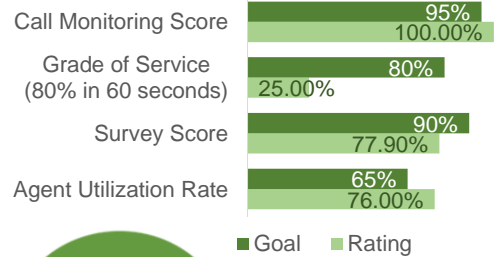
*Drop Off Wait Time: No Waiting

Retiree Healthcare



Top Calls

- Part B Premium Reimbursement
- Med. Benefits - General Inquiries (RHC)
- Dental/Vision Benefits Gen. Inquiries



241 Emails
1 day
Avg. Response Time (ART)

Striving for Excellence in Service (Continued)

Applications

530

On Hand

- 51 Received
- 243 Year-to-Date
- 0 Re-opened
- 0 Year-to-Date
- 47 To Board - Initial
- 274 Year-to-Date
- 6 Closed
- 13 Year-to-Date
- 530 In Process
- 530 Year-to-Date

Appeals

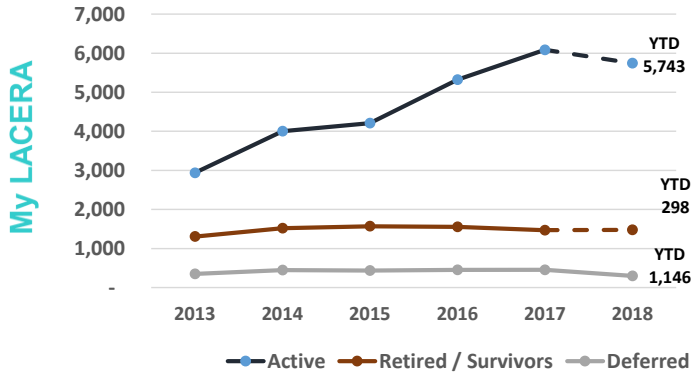
98

On Hand

- 1 Received
- 11 Year-to-Date
- 0 Admin Closed/Rule 32
- 8 Year-to-Date
- 1 Referee Recommended
- 6 Year-to-Date
- 0 Revised/Reconsidered for Granting
- 4 Year-to-Date
- 98 In Process
- 98 Year-to-Date

Disability

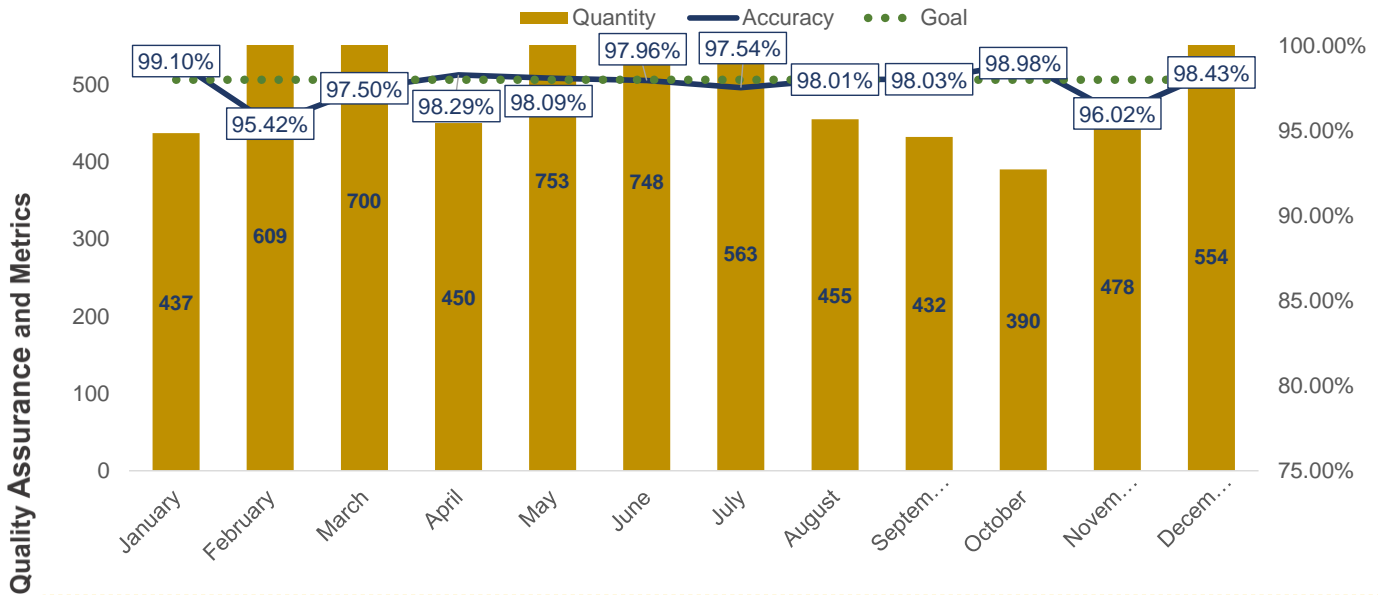
My LACERA Registrations



MORE COMING SOON!

Striving for Excellence in Quality

Audits of Retirement Elections, Payment Contracts, and Data Entry



December 2018
98.43%



Retirement Elections

254 Samples
98.87% Accuracy

Payment Contracts

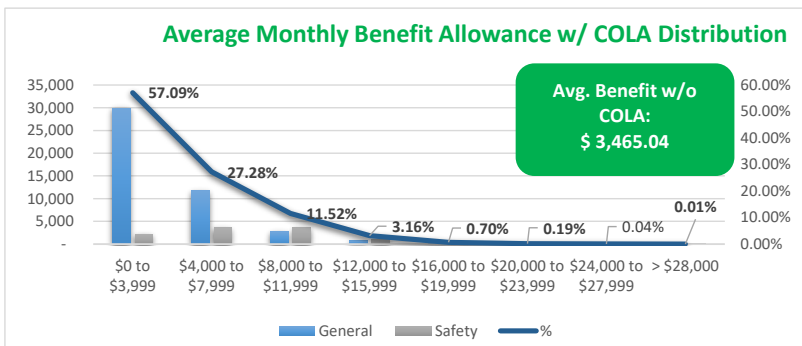
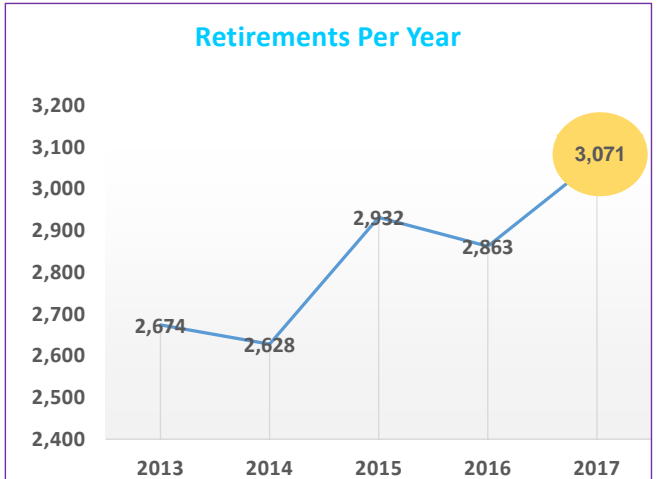
190 Samples
96.81% Accuracy

Data Entry

90 Samples
99.61% Accuracy

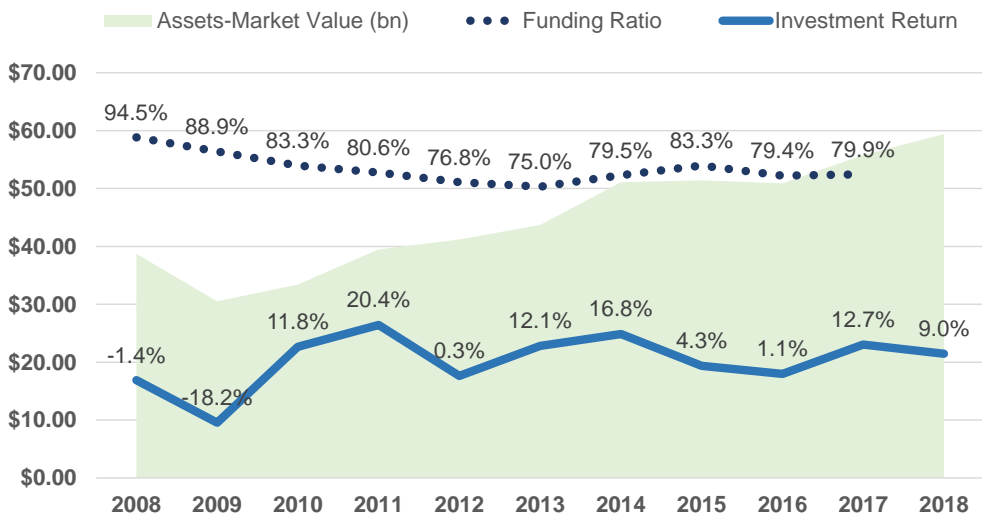
Member Snapshot

	Members as of 01/18/19				
	Plan	Active	Retired	Survivors	Total
General	Plan A	127	17,224	4,488	21,839
	Plan B	42	684	66	792
	Plan C	52	421	67	540
	Plan D	42,793	14,817	1,357	58,967
	Plan E	17,922	12,700	1,136	31,758
	Plan G	25,352	20	1	25,373
	Total General	86,288	45,866	7,115	139,269
Safety	Plan A	5	5,364	1,591	6,960
	Plan B	10,149	5,499	273	15,921
	Plan C	2,795	8	0	2,803
	Total Safety	12,949	10,871	1,864	25,684
TOTAL MEMBERS	99,237	56,737	8,979	164,953	
% by Category	60%	34%	5%	100%	



Healthcare Program (YTD)		Healthcare Enrollments (Monthly)	
	Employer	Member	
Medical	\$255.6m	\$21.4m	Medical 50,312
Dental	\$21.8m	\$2.2m	Dental 51,543
Part B	\$31.3m	xxxx	Part B 33,892
Total	\$308.7m	\$23.6m	Total LTC 657
			Total 136,404

Key Financial Metrics



Funding Metrics (as of 6/30/18)

Employer NC	9.92%*
UAAL	10.99%
Assumed Rate	7.25%
Star Reserve	\$614m*
Total Assets	\$56.3b*

Contributions (as of 6/30/18)

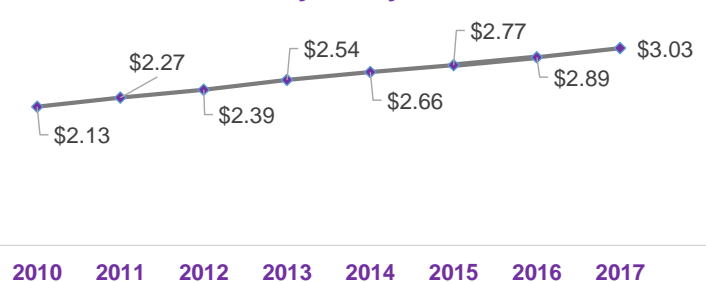
	Employer	Member
Annual Add	\$1,524.8m	\$591.3m
% of Payroll	20.91%	6.88%

*Effective July 1, 2018, as of 06/30/18 actuarial valuation

Retired Members Payroll

Monthly Payroll	\$281.03m
Payroll YTD	1.7b
New Retired Payees Added	253
Seamless %	98.42%
New Seamless Payees Added	1,723
Seamless YTD	97.74%
By Check %	4.00%
By Direct Deposit %	96.00%

Retiree Payroll by Year



Date	Conference
March, 2019	
2-5	CALAPRS (California Association of Public Retirement Systems) General Assembly Meeting Monterey, CA
3-5	2019 PPI Study Mission to Mexico City Mexico City, Mexico
4-6	Council of Institutional Investors (CII) Spring Conference Washington D.C.
13-14	AHIP (America's Health Insurance Plans) National Health Policy Conference Washington D.C.
14-15	PREA (Pension Real Estate Association) Spring Conference Dallas, TX
27-29	CALAPRS (California Association of Public Retirement Systems) Advanced Principles of Pension Management for Trustees at UCLA Los Angeles, CA
28	NASP (National Association of Securities Professionals) Day of Education in Private Equity Los Angeles, CA
April, 2019	
8-10	IFEBP (International Foundation of Employment Benefit Plans) Investments Institute Phoenix, AZ
10-13	2019 Forum for Institutional Investors: Protecting Shareholder Rights New Orleans, LA
14-17	CRCEA (California Retired County Employees Association) Spring Conference San Diego, CA
28-May 1	World Healthcare Congress Washington D.C.
28-May 1	Milken Institute Global Conference Beverly Hills, CA
May, 2019	
6-8	IFEBP (International Foundation of Employment Benefit Plans) Health Care Mgmt. Conference Boston, MA
7-10	SACRS Spring Conference Lake Tahoe, CA
19-22	Government Finance Officers Association (GFOA) Annual Conference Los Angeles, CA

February 4, 2019

TO: Each Member
Board of Retirement

FROM Operations Oversight Committee
Shawn R. Kehoe, Chair
Thomas Walsh, Vice Chair
Alan Bernstein
William Pryor
Vivian Gray, Alternate

FOR: February 14, 2019 Board of Retirement Meeting

SUBJECT: Proposed Administrative Appeals Procedures for Felony Forfeiture

RECOMMENDATION

The Operations Oversight Committee recommends that the Board of Retirement adopt the Administrative Appeals Procedures for Felony Forfeiture.

EXECUTIVE SUMMARY

With the implementation of the Public Employees' Pension Reform Act of 2013 (PEPRA), members who are convicted of a work-related felony must forfeit all service credit and contributions accrued on and after the date the crime was first committed.

On June 19, 2018, the Second District Court of Appeals rejected constitutional challenges to the new felony forfeiture statute in *Hipsher v. LACERA, County of Los Angeles and the State of California*. Although the Court upheld the constitutionality of the felony forfeiture statute, it ruled in Hipsher's favor as to his due process rights. The court explained that retirement systems have authority to determine whether forfeiture of retirement benefits is warranted under Government Code Sections 7522.72 and 7522.74. As a consequence, the Court concluded LACERA, and not the County, is the appropriate party to offer due process when the conviction does not necessarily arise from the scope of the pensioner's public duties. The California Supreme Court accepted review of the case, but not on the due process issue, and therefore LACERA intends to implement procedures to comply with that part of the Court of Appeals opinion.

In order to comply with the *Hipsher* decision, Staff prepared the proposed Administrative Appeals Procedures for Felony Forfeiture (the "Procedure") attached hereto. The Procedure addresses the employer's notification obligations and establishes a procedure for members to file an administrative appeal related to the Initial Determination that the conviction is job-related and the financial impact.

Roles and Responsibilities

The law requires that the prosecuting agency notify the employer within 60 days of the work-related felony conviction. The employer is required by law to notify the retirement system within 90 days of a qualifying felony conviction.

The County provides LACERA with a package of information regarding each qualifying felony conviction as part of their notification obligation. Once LACERA receives the packet from the County, LACERA staff will send a letter to the member informing them that LACERA is in the process of determining the applicability of the felony forfeiture law and the possible impact on the member's benefits.

After staff has completed its review, staff will send a Notice of Initial Determination to the member which will include: 1) a copy of the Administrative Appeal Procedures for Felony Forfeiture; 2) a letter explaining the applicability of the felony forfeiture law and explanation of the potential impact; and 3) information about the member's right to appeal Staff's Determination to the Board of Retirement within 30 days.

A member's timely challenge will be heard by the Board of Retirement. If the Initial Determination is not timely challenged by the member, it will be deemed final and LACERA will implement the felony forfeiture adjustments. A member will have the ability to seek judicial review of the Board's decision.

RECOMMENDATION

IT IS THEREFORE RECOMMENDED THAT the Board of Retirement adopt the Administrative Appeals Procedures for Felony Forfeiture.

Reviewed and Approved



Steven P. Rice
Chief Counsel

Attachment

c: Lou Lazatin
JJ Popowich



ADMINISTRATIVE APPEALS PROCEDURES FOR FELONY FORFEITURE
(Effective _____)

I. PURPOSE

Under the California Public Employees' Pension Reform Act of 2013 (PEPRA), public employees who have been convicted on or after January 1, 2013, by a state or federal trial court of any felony under the law for conduct arising out of or in the performance of his or her official duties must forfeit all accrued rights and benefits in any public retirement system that they are a member of at the time the felony is committed retroactive to the first commission date of the crime and shall not accrue further benefits in that public retirement system. (Government Code sections 7522.72 and 7522.74.)¹

These statutes require the forfeiture if the public employee is convicted of any felony for conduct:

- Arising out of or in the performance of his or her official duties, or
- In pursuit of the office or appointment, or
- In connection with obtaining salary, disability retirement, service retirement, or other benefits, or
- Committed within the scope of official duties against or involving a child.

The public employee and the prosecuting agency are required by law to notify the public employer within 60 days of the qualifying felony conviction. The employer is required by law to notify the public retirement system within 90 days of a qualifying felony conviction.

Although it is the employer's responsibility to notify LACERA of an employee's felony conviction, LACERA can be notified by the media, third parties or members. When this occurs, LACERA will reach out to the employer to request the information described below in Section II A.

II. FELONY FORFEITURE PROCEDURES²

A. Employer's Notification to LACERA of Felony Conviction

The County of Los Angeles is required by law to notify LACERA within 90 days of a qualifying felony conviction. Upon notification, LACERA will request that the County

¹ Section 7522.72 applies to public employee first employed by a public employer or first elected or appointed to an office before January 1, 2013 and Section 7522.74 applies to public employees first employed, elected or appointed on or after January 1, 2013.

² The Felony Forfeiture Procedures shall not be subject to LACERA's Administrative Appeals Procedures for Retirement Benefits.

provide the following information:

1. Name of member and County employee ID.
2. Date of conviction which is the date that the public employee pleads guilty, or when the judge (or jury) decides the case.
3. Date of the first known commission of each felony.
4. Name of the court(s) in which the case was heard.
5. Name and contact information for the prosecuting attorney.
6. Description of the felony charges for which the public employee was convicted.
7. Copy of court documents related to public employee's conviction/guilty plea.
8. Information and supporting documents relating to whether the felony offense for which the conviction was entered was committed during the conduct or performance of the public employee's job duties pursuant to Government Code sections 7522.72 or 7522.74.
9. eHR Employee Job History and Class Specifications.

B. LACERA'S Notification to the Member of the Forfeiture Review

Once LACERA receives notification from the employer of a job-related felony conviction LACERA will send a letter to the member informing them that LACERA is in process of determining the applicability of the felony forfeiture law, and, if applicable, the impact on the member's benefits. Following notification, the member's account is locked to prevent withdrawals of the account pending determination of the impact, if any, of the conviction.³

C. Staff's Review of Information

Staff will review the information provided by the employer under Section II A and determine what additional information, if any, is needed from the employer, the member and or the prosecuting agency to make the required determinations. Staff is not limited to the criminal record in gathering the information it believes is appropriate. Staff may request the Board to exercise its subpoena power under Government Code section 31535.

D. Notice of Initial Determination

After staff's review, staff will send a Notice of Initial Determination (the "Notice" or "Staff Initial Determination") to the member as to the applicability of the felony forfeiture law to the facts. This Notice will include:

1. A copy of this Procedure;
2. A letter explaining the applicability of the felony forfeiture law and, if applicable, an explanation of the impact of the forfeiture on the member's benefits and the applicable proposed actions.

³ If these Procedures conflict with any statutory or case law, the statutory or case law shall govern.

3. Information about the member's right to appeal Staff's Initial Determination to the Board of Retirement within 30 calendar days of the date of the mailing of the Notice.

E. Member's Appeal of Staff's Initial Determination

The appeal shall contain a statement of the facts forming the basis of the appeal and provide copies of documents and other evidence, if any, the member deems relevant to the appeal. The appeal shall be in writing and mailed to the following address: LACERA Legal Office, 300 N. Lake Avenue, Suite 620, Pasadena, CA. 91101. Both the member and LACERA staff shall have the opportunity to submit to the Board of Retirement written evidence and argument relevant to the matters under consideration.

If Staff's Initial Determination is not timely challenged by the member, within the time limit established above in Section II.D, it will be deemed final and binding and LACERA will implement the felony forfeiture adjustments as indicated in the Notice. Staff will send a Final Letter to the member explaining the applicability of the felony forfeiture law and the impact on the member's benefits.

F. Board of Retirement's Determination

A member's timely challenge will be heard by the Board of Retirement. Notice of the date and time of the meeting will be provided to the member at least 20 calendar days, unless waived by the member, prior to the Board of Retirement meeting along with any instructions regarding the submission of documents and other evidence as necessary.

The matter will be placed on the Board of Retirement's regular public agenda for its review, findings and decision. The member and his or her counsel will have the opportunity to address the Board in open-session prior to the closed-session. The Legal Office's analysis, recommendations, and the alternatives which are available to the Board for action will be discussed with the Board in closed-session pursuant to Government Code Section 54956.9(d)(2).

G. Member's Appeal of Board's Decision

Following the Board meeting, the Legal Office will provide the member with written notice of the Board's decision. If the Board agrees with Staff's Initial Determination, LACERA will implement the adjustments as indicated in the Notice. If the Board adopts another resolution, LACERA staff shall implement the adjustments as indicated in the Board's decision.

If the member is dissatisfied with the Board's action, the member may obtain judicial review by filing a petition for a writ of mandate in accordance with the Code of Civil Procedure section 1085. The written notice of the Board's decision will include information as to the member's right to seek judicial review.

A member's filing of a writ challenging the Board's final administrative determination shall not prevent LACERA from implementing the Board's determination, unless a court orders otherwise.

III. ACTIONS TAKEN AFTER THE FORFEITURE OF BENEFITS

Any refunds returned to the public employee pursuant to Government Code sections 7522.72 and 7522.74 shall be disbursed by electronic funds transfer to an account of the public employee in a manner conforming with the requirements of the Internal Revenue Code, and LACERA shall notify the court and district attorney at least three business days before that disbursement of funds.


If there is a reversal of the conviction, and that decision is final, the member has the option to redeposit the contributions from the forfeited period or recover the forfeited rights and benefits.

Adopted:

Approved by Board of Retirement:

February 4, 2019

TO: Each Member
Board of Retirement

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: February 14, 2019 Board of Retirement Meeting

SUBJECT: **State Engagement: Visit with California State Legislature**

RECOMMENDATION

That the Board of Retirement:

1. Approve a visit during the month of March 2019 in Sacramento, CA with the California State Legislature by staff as designated by the Chair of the Board of Retirement; and
2. Approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

LEGAL AUTHORITY

The Board of Retirement's Policy on Engagement for Public Policy Issues Relating to Plan Administration and Retirement and Health Care Benefits provides for engagement to promote LACERA's presence and visibility with the legislative, executive, and judicial branches of state and federal governments.

DISCUSSION

The recent mid-term elections resulted in new members elected to the Legislature and a new Governor. The policy committees that oversee public sector retirement benefits have been renamed and assigned new members. The Senate Committee on Labor, Public Employment and Retirement (formerly the Committee on Public Employment and Retirement) has a new chair and some new members. The Assembly Committee on Public Employment and Retirement (formerly the Committee on Public Employees, Retirement and Social Security) continues to be chaired by Assembly Member Freddie Rodriguez but also contains new members. The policy consultants for both committees remain the same.

LACERA's state legislative advocate, Joe Ackler of Ackler & Associates, proposes that LACERA staff visit in March and that board members and staff visit later in 2019 in the summer. (A separate memo recommending a visit by board members and staff later in 2019 will be submitted to the Insurance, Benefits and Legislative Committee for consideration at its meeting of February 14, 2019.)

The visit by LACERA staff will enable LACERA's new Chief Executive Officer to become acquainted with the policy committee consultants as well as other legislators. A previous visit by staff in January 2018 resulted in LACERA successfully locating an author (Assembly Member Freddie Rodriguez) to carry a LACERA-sponsored bill on the effective date of disability retirement. Currently, there are potential legislative proposals that LACERA is exploring that will require an author if LACERA decides to sponsor the proposals. The visit may provide opportunities for feedback regarding these potential proposals.

Mr. Ackler may be able to schedule meetings during the week of March 18 or March 25, 2019. The meeting schedule could be a single day of meetings or split between the afternoon of the first day and the morning of the second day. Mr. Ackler recommends limiting attendance at the visit to a maximum of 3 representatives from LACERA due to time and space constraints related to the schedule and office sizes of the legislators. The Board Chair will designate the attendees.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

1. Approve a visit during the month of March 2019 in Sacramento, CA with the California State Legislature by staff as designated by the Chair of the Board of Retirement; and
2. Approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

cc: Lou Lazatin
John Popowich
Steven P. Rice
Joe Ackler, Ackler & Associates



February 5, 2019

TO: Each Member
Board of Retirement

FOR: Board of Retirement Meeting of February 14, 2019

SUBJECT: Traumatic Brain Injury Legal Conference - April 5–6, 2019 in San Diego, CA

The 2019 Traumatic Brain Injury (TBI) Legal Conference will be held on April 5–6, 2019 at the Marriott Marquis Hotel in San Diego, California. This comprehensive program provides the tools to successfully handle challenging cases involving brain injuries. The nation’s leading TBI doctors and lawyers will teach on how to handle a traumatic brain injury case from injury through trial. The doctors will educate attendees on the medicine and teach us how to make the medicine understandable to all, while the lawyers will teach on the pre-litigation and litigation strategy and skills needed to bring the best settlements and verdicts.

The main conference highlights include the following:

- Pre-existing Injury and Medical Causation
- Brain Injury as a Disease, Not an Event
- Hearing and Vision Issues Arising Out of Brain Injury
- Psychiatric and Behavioral Issues Arising Out of Brain Injury

The conference meets LACERA’s policy of an average of five (5) hours of substantive educational content. The standard hotel rate at the Marriott Marquis Hotel is \$239.00 per night plus applicable taxes and the registration fee to attend is \$350.00

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 2019 Traumatic Brain Injury Legal Conference on April 5-6, 2019 in San Diego, California and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy.

BN
Attachment

THURSDAY

5:55 -8:00 p.m.

OPENING PARTY

FRIDAY

	TRACK A	TRACK B	TRACK C	TRACK D
8:00 a.m.	Exhibit Hall Open	Exhibit Hall Open	Exhibit Hall Open	Exhibit Hall Open
9:00 a.m.	Welcome	Welcome	Welcome	Welcome
9:05 -10:05 a.m.	Track A: Session 1	Track B: Session 1	Track C: Session 1	Track D: Session 1
10:05 -11:05 a.m.	Track A: Session 2	Track B: Session 2	Track C: Session 2	Track D: Session 2
11:05 -11:20 a.m.	Break/ Exhibit Hall Open	Break/ Exhibit Hall Open	Break/ Exhibit Hall Open	Break/ Exhibit Hall Open
11:20 -12:20 p.m.	Track A: Session 3	Track B: Session 3	Track C: Session 3	Track D: Session 3
12:20 -1:35 p.m.	Lunch on your own/ Exhibit Hall Open	Lunch on your own/ Exhibit Hall Open	Lunch on your own/ Exhibit Hall Open	Lunch on your own/ Exhibit Hall Open
1:35 -2:35 p.m.	Track A: Session 4	Track B: Session 4	Track C: Session 4	Track C: Session 4
2:35 -3:35 p.m.	Track A: Session 5	Track B: Session 5	Track C: Session 5	Track C: Session 5
3:35 -3:55 p.m.	Break/ Exhibit Hall Open	Break/ Exhibit Hall Open	Break/ Exhibit Hall Open	Break/ Exhibit Hall Open
3:55 -4:55 p.m.	Track A: Session 6	Track B: Session 6	Track C: Session 6	Track C: Session 6
4:55 -5:55 p.m.	Track A: Session 7	Track B: Session 7	Track C: Session 7	Track C: Session 7
5:55 -8:00 p.m.	FRIDAY NIGHT PARTY			

SATURDAY

	TRACK A	TRACK B	TRACK C	TRACK D
8:00 a.m.	Exhibit Hall Open	Exhibit Hall Open	Exhibit Hall Open	Exhibit Hall Open
9:00 a.m.	Welcome	Welcome	Welcome	Welcome
9:05 -10:05 a.m.	Track A: Session 1	Track B: Session 1	Track C: Session 1	Track D: Session 1
10:05 -11:05 a.m.	Track A: Session 2	Track B: Session 2	Track C: Session 2	Track D: Session 2
11:05 -11:20 a.m.	Break/ Exhibit Hall Open	Break/ Exhibit Hall Open	Break/ Exhibit Hall Open	Break/ Exhibit Hall Open
11:20 -12:20 p.m.	Track A: Session 3	Track B: Session 3	Track C: Session 3	Track D: Session 3
12:20 -1:35 p.m.	Lunch on your own/ Exhibit Hall Open	Lunch on your own/ Exhibit Hall Open	Lunch on your own/ Exhibit Hall Open	Lunch on your own/ Exhibit Hall Open
1:35 -2:35 p.m.	Track A: Session 4	Track B: Session 4	Track C: Session 4	Track C: Session 4
2:35 -3:35 p.m.	Track A: Session 5	Track B: Session 5	Track C: Session 5	Track C: Session 5
3:35 -3:55 p.m.	Break/ Exhibit Hall Open	Break/ Exhibit Hall Open	Break/ Exhibit Hall Open	Break/ Exhibit Hall Open
3:55 -4:55 p.m.	Track A: Session 6	Track B: Session 6	Track C: Session 6	Track C: Session 6
4:55 -5:55 p.m.	Track A: Session 7	Track B: Session 7	Track C: Session 7	Track C: Session 7
5:55 -8:00 p.m.	FRIDAY NIGHT PARTY			



February 5, 2019

TO: Each Member
Board of Retirement

FOR: Board of Retirement Meeting of February 14, 2019

SUBJECT: National Association of Corporate Directors - Advanced Director Professionalism
June 17–18, 2019 in Chicago, Illinois.

The National Association of Corporate Directors (NACD) - Advanced Director Professionalism Program will take place on June 17–18, 2019 at the JW Marriot Hotel in Chicago, Illinois. The NACD Advanced Director Professionalism foundation course will convene experienced directors looking to position themselves as lead directors, board and/or committee chairs through panel discussions, committee chair/lead director training, workshops, and case studies with seasoned board leaders. You will benefit from real-world and real-time insights to help you navigate critical board leadership challenges, build a high performance board, and effectively lead your board and committees.

The main conference highlights include the following:

- Prepare for Emerging Disruptions, Including Cyber Risk and Shareholder Activism, Through Interactive Simulations and Case-Studies—Take Actionable Insights Back to your Board
- Review a Step-By-Step Process for Successful M&A Transactions from Directors Who Have Navigated the Path to a Successful New Company
- Deep Dive Into Why and How Boards Should Reassess Their Role in Strategy, Including a Framework for Board Engagement in Strategic Activities and Processes

The conference meets LACERA's policy of an average of five (5) hours of substantive educational content per day. The standard hotel rate at the JW Marriot Hotel is \$329.00 per night plus applicable taxes and the registration fee to attend is \$5,395.00.

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 National Association of Corporate Directors – Advanced Director Professionalism Program on June 17–18, 2019 in Chicago, Illinois and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

Attachment

NACD *Advanced* Director Professionalism® Agenda

JUNE 17–18, 2019 | JW MARRIOTT | CHICAGO, IL

DAY 1. MONDAY, JUNE 17

7:30 a.m. – 8:30 a.m.

Registration and Breakfast

8:30 a.m. – 8:45 a.m.

Program Welcome and Introductions

You have recently or plan to take on a committee leadership or lead director role in your boardroom. You want to feel confident that you can lead your board into the future. The materials we will cover together over the next two days will equip you with the needed skills and expertise to enhance your board's performance. The NACD *Advanced* Director Professionalism® Course is built on 40 years of research and refreshed on a regular basis to ensure content is relevant. The course also follows NACD's Director Education Framework, which maps core responsibilities of the board to critical areas of director knowledge. Each session is led by experienced faculty who are corporate directors or subject-matter experts, and you have the opportunity to engage in small-group specialized training for lead director or committee chair roles.



Erin Essenmacher

Chief Programming Officer, NACD; Director, EILEEN FISHER, Inc.

8:45 a.m. – 9:45 a.m.

Onboarding Essentials

When a director joins a new board he or she will likely have many questions, despite previous board experience. In fact, savvy directors begin asking questions at the start of the recruiting process and continue to ask them through the onboarding process and beyond. This natural inquisitiveness will prove indispensable, since many challenges to new board members include receiving what seems like too much information and a lack of understanding around what truly matters for the health of the enterprise. In this session, nominating and governance chairs will share leading onboarding practices based on four cornerstones of an effective onboarding framework. Key topics include

- Boardroom practices and dynamics
- Role of the nominating and governance chair
- Clarifying your role on the board

9:45 a.m. – 10:00 a.m.

Networking Break

10:00 a.m. – 11:15 a.m.

A Year in the Life of Your Board: Planning and Pivoting

While it may sound cliché to say the work of a director is a part-time job with full-time responsibilities, most board members would be quick to nod their heads in agreement with that statement. And that list of responsibilities is growing continuously as the risks and opportunities that companies face evolve, underscoring how important your board meetings are to the health and sustainability of your company. How do you ensure your meetings are making appropriate use of available time, that you are covering the necessary topics, and that you have access to information and sources critical to decision making? Key topics include

- Building the agenda
- Setting board priorities
- Meeting efficiency



Robert Galford

Lead Independent Director, Forrester Research Inc.; Director, Sakonnet Point Club; Managing Partner, Center for Leading Organizations



Mary Beth Vitale

Chair, Nominating and Governance Committee, CoBiz Financial Inc.; Chair, Risk and Technology Committee, GEHA; Co-Chair, Women Corporate Directors: Colorado Chapter

11:15 a.m. – 11:30 a.m.

Networking Break

11:30 a.m. – 12:15 p.m.

Enhancing Compliance and Ethics Oversight

While there is no shortage of risks that require a high level of oversight, one that deserves increased attention is the company's corporate compliance and ethics program. A robust program is essential to preventing, detecting, and mitigating the risk of individual wrongdoing. This session will provide an overview of the role of the board in compliance oversight and outlines key questions directors can ask management which will help the board to assess whether their company's compliance and ethics programs have a real impact on business conduct. Key topics include

- Roles and responsibilities of a director in overseeing compliance and ethics
- Regulatory guidelines pertaining to corporate compliance and ethics programs
- How culture affects compliance

12:15 p.m. – 1:15 p.m.

Networking Lunch

1:30 p.m. – 2:15 p.m.

Workforce Transformation: Oversight of Human Capital Strategy

The role of the board in talent oversight has never been so crucial in ensuring long-term sustainability for the organization. While CEO succession planning is undoubtedly one of the most critical jobs a board has, there is a broader role for the board to play in talent programs. As globalization, digitization, and demographic shifts continue to reshape business, the gap between talent needs and talent resources often widens, and the board must ensure that the company's talent development efforts support its strategy and risk profile. Key topics include

- The role of the board and its standing committees in overseeing talent development and retention
- Elements of an effective talent development program
- Ongoing assessment and reporting on the company's talent development efforts
- CEO and C-level succession

2:15 p.m. – 2:30 p.m.

Networking Break

2:30 p.m. – 3:30 p.m.

Elements of an Effective Board-CEO Relationship

In an era where transparency is paramount and culture is king, the relationship between the board and CEO has moved from a “soft” function to major driver of long-term value. How do you as a board member capitalize on your CEO’s knowledge and ensure you are asking the right questions? How do you leverage the wisdom of your board to appropriately influence CEO decisions? How do you navigate a headstrong CEO or one that isn’t communicating effectively? How does the situation differ for a combined CEO and chair or lead director? Join this frank and engaging discussion and come away with practical insights on how to maximize board effectiveness.

3:30 p.m. – 3:45 p.m.

Networking Break

3:45 p.m. – 5:00 p.m.

Digital Transformation and Strategy

The number one influencer affecting strategy today is digital transformation—not just for startups in Austin, Boston, or Silicon Valley, but for organizations in every sector, size and lifecycle stage. What’s the difference between a “technology initiative” and a true digital strategy? What do directors need to know, and how does the board’s role in the strategy dialogue need to change? We’ll explore these and other questions in an interactive discussion featuring real-world examples from a range of industries.



Robyn Bew

Director of Strategic Content Development, NACD



D'Anne Hurd

Director, Peckham Industries, EILEEN FISHER, Inc.; Independent Trustee, Pax World Funds, Pax Ellevest

5:00 p.m. – 6:00 p.m.

Networking Reception

6:15 p.m. – 7:45 p.m.

OPTIONAL PEER EXCHANGE DINNERS

Space is limited. Onsite registration is required

Day 2. TUESDAY, JUNE 18

7:30 a.m. – 8:30 a.m.

Optional Breakfast – Shareholder Engagement

Breakfast is served beginning at 7:30 a.m., presentation begins at 7:40 a.m.

8:30 a.m. – 8:45 a.m.

Networking Break

8:45 a.m. – 8:55 a.m.

Day 2 Introduction

8:55 a.m. – 10:25 a.m.

Case Study: A Price Worth Paying?

Using the dramatic film, *A Price Worth Paying?* as a case study, we will walk through a series of governance crises facing a board. We will view the film in several parts, with a guided discussion after each segment. The film will serve as a shared example to illustrate those core boardroom operations and responsibilities that we will take a deeper dive into during this course. Key topics include

- Executive compensation
- Risk evaluation of acquisitions in emerging markets
- Scope of responsibilities of the audit committee
- Responding to whistleblower allegations

10:25 a.m. – 10:40 a.m.

Networking Break

10:40 a.m. – 12:10 p.m.

Lead Director and Key Committee Chair Training Breakouts

Serving as the lead director or key committee chair of the board is a tremendous responsibility and not one that should be taken lightly. These leaders must be objective, skilled in building relationships and facilitating dialogue, and be willing to address tough issues in a constructive manner.

LEAD DIRECTORS: Are you currently or soon-to-be a lead director? The right leadership is critical to board effectiveness. Explore recommendations from Report of the NACD Blue Ribbon Commission on The Effective Lead Director. Examine ways in which you can enhance communication and performance across the board and company, ensuring board independence, fortitude, and effectiveness along the way.

KEY COMMITTEE CHAIRS: Are you in line to become a committee chair? Learn directly from seasoned committee chairs how to get the most from the talent on your committee, what information you should share with the full board, how to establish a collegial committee environment, and other leading practices.

OPTION 1

Lead Director / Chair

OPTION 2

Audit

OPTION 3

Compensation

OPTION 4

Nominating and Governance



Mary Beth Vitale

Chair, Nominating and Governance Committee, CoBiz Financial Inc.; Chair, Risk and Technology Committee, GEHA; Co-Chair, Women Corporate Directors: Colorado Chapter

12:10 p.m. - 1:10 p.m.

Networking Lunch

1:15 p.m. – 2:15 p.m.

Applying ERM to Cyber Risk

In the aftermath of massive data breaches and heightened regulatory standards, boards increasingly consider cybersecurity as one of their top concerns. The scope, scale, and complexity of this challenge will continue to grow with the digital economy. However, cyber risk should not be addressed as a technology issue in isolation, but also in the context of enterprise risk management (ERM) and business opportunities. This session will provide a practical, solution-oriented discussion of the board’s role in cyber risk oversight. Key topics include:

- Evaluating the risks and opportunities of competing in the digital economy
- Applying ERM principles and tools to cyber risk, including the role of the board
- Implementing a more effective and proactive approach to cyber security



James Lam

Chair, Risk Oversight Committee, E*TRADE Financial Corp.; Director, RiskLens

2:15 p.m. - 2:30 p.m.

Networking Break

2:30 p.m. – 3:15 p.m.

Corporate Turnarounds and Transformations

Many companies will face a turnaround at some point in their life cycle. A turnaround can be brought on by a sudden crisis, a shift in the economic or competitive landscape, or simply the need to review and revamp internal processes. Seasoned directors and subject-matter experts who have experienced turnarounds discuss the critical role the board plays—through strategy oversight, planning, and key financial decision making—in helping the company through turbulent times. Their practical takeaways will not only give you tools to help you weather the storm once a turnaround begins, but also will help you to prepare your company for a turnaround while the skies are still clear. Key topics include

- How a board can act as an early alert system to management
- The role of a chief restructuring officer and how to determine if you need one
- Board composition moving forward

3:15 p.m.

Program Adjourns


RESERVE YOUR SEAT TODAY
NACDOnline.org/Education





January 29, 2019

TO: Each Member
Board of Retirement

FROM: Bernie Buenaflor 
Division Manager, Benefits Division

FOR: Meeting of February 14, 2019

SUBJECT: **Application of Earl Fred Leaf III Reinstatement to Active Membership Pursuant to Government Code Section 31680.4 and 31680.5**

Government Code Sections 31680.4 and 31680.5 permit a retired member to be re-employed by the County and reinstated as an active member of LACERA if the Board of Retirement, based upon medical examination, determines that the member is not incapacitated for the assigned duties. The member's retirement allowance would be suspended immediately upon re-employment. Reinstatement to active membership becomes effective the first day of the month following the date of re-employment. The returning member would only be eligible for a retirement plan that is currently available for the reinstated position, regardless of the member's prior retirement plan.

Earl Fred Leaf III retired from service March 31, 2017. On January 22, 2019, the Board of Supervisors appointed Mr. Leaf to the position of Interim Director, Los Angeles County Health Agency (UC) (Item #9962), subject to the approval of LACERA's Board of Retirement. The member's retirement benefit was suspended and prorated for January 2019.

Under Section 31680.5, all reinstated general members are entitled to a retirement allowance, upon subsequent retirement, "determined as if the member were first entering the system." Thus, this member is only eligible for Retirement Plan G General. Note that the member was in Plan E General for his past membership period and will be in Plan G General for his new membership period, if approved for reinstatement.

Attached are copies of documents prepared in support of the member's application for reinstatement:

- **The January 22, 2019 statement from the Chief Executive Office confirming the Board of Supervisors' Stamp of Approval of the request to re-employ the member. (Attachment 1)**





Each Member, Board of Retirement
January 29, 2019
Page 2

- **The member's letter to LACERA dated December 27, 2018, requesting reinstatement into active membership as the Interim Director, Los Angeles County Health Agency (UC). (Attachment 2)**
- **A Medical Evaluation dated January 3, 2019 from the County of Los Angeles Department of Human Resources | Occupational Health Programs certifying that the member is not incapacitated for the assigned duties. (Attachment 3)**

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

1. Determine, based upon medical evaluation conducted January 3, 2019, that Earl Fred Leaf III is not incapacitated for the duties assigned to him in the position of Interim Director, Los Angeles County Health Agency (UC); and
2. Grant the application of Earl Fred Leaf III for reinstatement to active membership.

REVIEWED AND APPROVED:

Robert Hill
Assistant Executive Officer

BB:mm
Div\ben\retstaff\Earl Fred Leaf III.doc

Attachments





SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

"To Enrich Lives Through Effective And Caring Service"

Board of Supervisors
HILDA L. SOLIS
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MARK RIDLEY-THOMAS
Second District

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JANICE HAHN
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KATHRYN BARGER
Fifth District

REVISED

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

21 January 22, 2019

CELIA ZAVALA
EXECUTIVE OFFICER

~~January 08, 2019~~ January 22, 2019

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

CHANGE OF EMPLOYMENT STATUS AND ESTABLISH THE SALARY FOR INTERIM DIRECTOR, LOS ANGELES COUNTY HEALTH AGENCY (UC) ALL DISTRICTS (3 VOTES)

SUBJECT

Recommendation to change the employment status and establish the salary for Earl Fred Leaf to continue to serve as Interim Director, Los Angeles County Health Agency (UC), for the County of Los Angeles. In addition, approve Earl Fred Leaf, a retired Los Angeles County Employees Retirement Association (LACERA) member, to suspend his retirement benefits and return to his full-time employment with the County of Los Angeles.

IT IS RECOMMENDED THAT THE BOARD:

1. Change the employment status and establish the salary for Earl Fred Leaf for the position of Interim Director, Los Angeles County Health Agency (UC), at an annual salary of ~~\$434,361.12~~ \$404,190.00, effective ~~January 17, 2019~~. Mr. Leaf, a currently retired employee, would be re-employed ~~January 17, 2019~~ January 22, 2019, subject to the approval of LACERA's Board of Retirement.
2. Instruct the Director of Personnel to execute an at-will employment contract for Mr. Leaf, which is approved as to form by County Counsel.

Attachment 1

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to approve the change of employment status for Mr. Leaf from a 120-day retiree to a full-time employee, and to establish the salary for Mr. Leaf as the Interim Director, Los Angeles County Health Agency (UC).

On January 9, 2018, the Board of Supervisors appointed Mr. Leaf to the position of Interim Director of the Health Agency. At that time, Mr. Leaf's employment status was a 120-day retired employee. Mr. Leaf wishes to rescind his retirement and resume permanent County employment status.

Mr. Leaf possesses over 30 years of professional experience in the County, including executive management experience in the Department of Health Services. Most recently, Mr. Leaf has been a 120-day retiree serving as the Interim Director, Los Angeles County Health Agency (UC), after the resignation of Dr. Mitchell Katz in December 2017. Preceding this, he was a 120-day retiree serving as a Senior Manager, CEO, working on a statewide replacement plan for health coverage, and the County's position on the repeal and replace health care bill entitled "American Health Care Act." Prior to those assignments, Mr. Leaf served as Supervisor Antonovich's Senior Health Policy Advisor, where he coordinated all policy matters related to the Department of Health Services, Public Health, Mental Health, and Homelessness. Additionally, Mr. Leaf successfully served as the Acting Director of Health Services, where he was responsible for the overall management and operations of the Department. As the Chief Deputy Director/Chief Operating Officer of Health Services, Mr. Leaf directed the administration of the County network of hospitals, comprehensive health centers, health centers, and network of public-private partners to ensure the provision of a broad array of health services.

Implementation of Strategic Plan Goals

Approval of these recommendations will further the County of Los Angeles' Strategy III.3, Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability to continually assess our efficiency and effectiveness, maximize and leverage resources, and hold ourselves accountable.

FISCAL IMPACT/FINANCING

The cost of the recommended salary will be absorbed within the Los Angeles County Health Agency's current budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The recommended salary will provide appropriate compensation to Mr. Leaf to perform the duties of Interim Director, Los Angeles County Health Agency (UC).

LACERA is governed by the County Employees Retirement Law of 1937. This action is in compliance with Government Code Sections 31680.4 and 31680.5, pertaining to retired members returning to active membership.

Prior to 1991, retired County employees were prohibited from returning to County employment, except temporarily and under limited circumstances. Government Code Section 31680.4 now permits retirees to return to work on a permanent basis. The Board's adoption of the policy on July 6, 1993, made this Government Code provision operative in Los Angeles County.

The Board letter has been reviewed and approved as to form by County Counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Implementation of these recommendations will provide leadership for the Los Angeles County Health Agency.

Respectfully submitted,

A handwritten signature in black ink that reads "Sachi A. Hamai". The signature is written in a cursive, flowing style.

SACHI A. HAMAI
Chief Executive Officer

SAH:JJ:MM:MTK
NV:LR:mst

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Health Agency
Human Resources

December 27, 2018

LACERA,
Manager, Claims Processing Division
Post Office Box 7060
Pasadena, California 91109

Dear Manager:

I wish to be re-employed as a permanent employee. This letter is to request that my monthly retirement benefit be suspended and that I be re-employed as a Director, Los Angeles County Health Agency (UC) with the County of Los Angeles pursuant to Government Code Section 31680.4.

The Los Angeles County Chief Executive Office would like to re-employ me as a permanent Director, Los Angeles County Health Agency (UC), in accordance with Government Code Section 31680.4. We have secured all the necessary approvals from the Chief Executive Office and the Board of Supervisors to rehire me.

Pending is a medical evaluation stating that I am not incapacitated for the duties I will be performing.

Sincerely,


Earl Fred Leaf, #052615

RECEIVED
DEC 28 2018
SCANNINGROOM



CONFIDENTIAL HEALTHCARE PROVIDER'S FINDINGS REPORT

*Applicant Name: Eard Fred Leaf
 *Department Name: LA County Health Agency *Department Number: 19900
 *Job Title: Director, Health Agency *Item Number: 9962
 *Email Address: _____ *Last Four Digits of SSN: _____
 *Address: _____ *City, State: _____ *Zip: _____
 *Date of Birth: _____ *Date of Evaluation: 03/15/2018
 Applicant seen at: Westchester Glendale Irwindale Other PRIVATE OFFICE
(This Name)

The above-named applicant was evaluated in our clinic, and the following additional information was used to evaluate if this applicant is able to perform the essential functions of the position, from a medical perspective (check all that apply):

- Applicant-completed Health History Questionnaire dated yes 1/3/2019
- Respirator Questionnaire dated _____
- Essential Functions Job Analysis
- Job Description
- Other _____

Physician's determination (please initial your choice):

- The applicant has no work restrictions. The applicant is able to perform the essential functions of the position.
- I am unable to make a determination due to the following (do not list any private or protected medical information, including diagnosis, condition or treatment information):

- The applicant was issued the following work restrictions:

The work restrictions are: Permanent Temporary through _____ (date)

Physician's Name: Debra Zweifel-Poehlmann FNP-BC
 Physician's Signature: [Signature] FNP-BC Date: 1/3/2019

RETURN ONLY THIS PAGE TO OHP VIA FAX AT (213) 784-1713



February 1, 2019

TO: Each Member,
Board of Retirement *Bosa*

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

FOR: February 14, 2019 Board of Retirement Meeting

SUBJECT: COST-OF-LIVING INCREASES EFFECTIVE APRIL 1, 2019

CONSUMER PRICE INDEX CHANGE

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

Information concerning the Bureau of Labor Statistics CPI for All Urban Consumers for the Los Angeles-Long Beach-Anaheim, CA area is as follows:

CPI Index for Year Ended December 2018	267.63
CPI Index for Year Ended December 2017	259.22
CPI Index Change	<u>8.41</u>
CPI Percentage Change	3.24%
LACERA 2019 COLA Award (rounded to nearest one-half of 1.00%)	3.00%

MAXIMUM ALLOWABLE COST-OF-LIVING CHANGES

Every retirement allowance, optional death allowance, or annual death allowance payable to or on account of any member, who retires or dies or who has retired or died shall, as of April 1 of each year, be increased or decreased by a percentage of the total allowance to approximate to the nearest one-half of 1.00%, the percentage of annual increase or decrease in the cost-of-living as of January 1 of each year subject to the following limitations:

- Section 31870.1 of the California Government Code governing cost-of-living increases for retired Plan A members and beneficiaries provides that such change shall not exceed 3.00% per year.
- Section 31870 of the California Government Code governing cost-of-living increases for retired Plans B, C, and D, as well as PEPRA Plans C and G, members and beneficiaries provides that such change shall not exceed 2.00% per year.

- Section 31495.5 of the California Government Code governing cost-of-living increases for retired Plan E members and beneficiaries provides that such change shall not exceed 2.00% per year for Plan E members who retire on and after June 4, 2002. Plan E members with service *prior* to adoption of the resolution will have their COLA benefit reduced.

ACCUMULATED COST-OF-LIVING INCREASES

The above Code sections also provide that the amount of any CPI cost-of-living increase or decrease in any year, which is not met by the maximum annual change of 3.00% or 2.00% in allowances, shall be accumulated to be met by increases or decreases in allowances in future years. The accumulated percentage carryover is known as the *COLA Accumulation*.

COST-OF-LIVING INCREASES EFFECTIVE APRIL 1, 2019

Based on the LACERA COLA award of 3.00% and applicable Government Code provisions, cost-of-living increases for retired members and beneficiaries, which may be approved to be effective April 1, 2019 based on retirement plan and date of retirement or death, are as follows:

- **PLAN A MEMBERS AND ELIGIBLE BENEFICIARIES**

- ALL DATES: 3.00%

The 3.00% increase equals the maximum allowable increase of 3.00%.

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

- ALL DATES: 2.00%

The 2.00% COLA increase equals the maximum allowable increase of 2.00%.

- **PLAN E MEMBERS AND ELIGIBLE BENEFICIARIES**

- BEGINNING JUNE 4, 2002 TO MARCH 31, 2019: UP TO 2.00%

Plan E COLA increases apply only to service credit earned on and after June 4, 2002. Plan E members who retire on and after June 4, 2002 will receive up to a 2.00% COLA increase. The portion of the 2.00% COLA is based upon a ratio defined as the months of service earned on and after June 4, 2002 divided by the total months of service.

ADJUSTMENTS TO THE COLA ACCUMULATION FOR 2019

Based on the LACERA COLA award of 3.00% and applicable Government Code provisions, COLA Accumulation adjustments for retired members and beneficiaries, which may be approved to be effective April 1, 2019 based on retirement plan and date of retirement or death, are as follows:

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

- ALL DATES: 0.00% INCREASE

As the LACERA COLA award is 3.00%, there is no change in the COLA Accumulation balance.

- **PLANS B, C, & D AND PEPRA PLANS C & G MEMBERS AND ELIGIBLE BENEFICIARIES (ATTACHMENTS 1 & 2)**
 - ALL DATES: 1.00% INCREASE
As the LACERA COLA award is 3.00%, the excess of 1.00% was added to the COLA Accumulation balance.

- **PLAN E MEMBERS AND ELIGIBLE BENEFICIARIES (ATTACHMENT 3)**
 - JUNE 4, 2002 TO MARCH 31, 2019: 1.00% INCREASE
As the COLA award is 3.00%, the excess of 1.00% was added to the COLA Accumulation balance.

The COLA Accumulation percentages as of April 1, 2019 are shown in the Attachments and reflect the above adjustments.

THEREFORE, IT IS RECOMMENDED THAT THE BOARD OF RETIREMENT:

For the year ended December 2018, determine the Consumer Price Index changed by 3.24% (or when rounded to the nearest one-half of 1.00% as the COLA benefit rules require, 3.00%: the LACERA 2019 COLA Award), and approve cost-of-living increases and respective COLA Accumulation adjustments for retired LACERA members and beneficiaries, based on retirement plan and date of retirement or death, to become effective April 1, 2019 in accordance with applicable California Government Code Sections.

LL:BSA:cl:ay
COLA BOR Memo 2019_FINAL.doc

Attachments

REVIEWED AND APPROVED:



Lou Lazatin
Chief Executive Officer

2/4/19

Date

Cost-of-Living Accumulation Chart
 Percentages as of April 1, 2019

Retirement Date	Plan A				Plan B, C, or D			
	COLA % Accumulation 1-Apr-18	STAR Benefit Adjustment in 2019	COL Adjustment 1-Apr-19	COLA % Accumulation 1-Apr-19	COLA % Accumulation 1-Apr-18	STAR Benefit Adjustment in 2019	COL Adjustment 1-Apr-19	COLA % Accumulation 1-Apr-19
Before 4/1/77	6.5	0.0	0.0	6.5	-	-	-	-
4/1/1977 - 3/31/1978	6.5	0.0	0.0	6.5	16.5	0.0	1.0	17.5
4/1/1978 - 3/31/1979	6.5	0.0	0.0	6.5	16.5	0.0	1.0	17.5
4/1/1979 - 3/31/1980	6.5	0.0	0.0	6.5	16.5	0.0	1.0	17.5
4/1/1980 - 3/31/1981	6.5	0.0	0.0	6.5	16.5	0.0	1.0	17.5
4/1/1981 - 3/31/1982	0.5	0.0	0.0	0.5	16.5	0.0	1.0	17.5
4/1/1982 - 3/31/1983	0.5	0.0	0.0	0.5	16.5	0.0	1.0	17.5
4/1/1983 - 3/31/1984	0.5	0.0	0.0	0.5	16.5	0.0	1.0	17.5
4/1/1984 - 3/31/1985	0.5	0.0	0.0	0.5	16.5	0.0	1.0	17.5
4/1/1985 - 3/31/1986	0.5	0.0	0.0	0.5	16.5	0.0	1.0	17.5
4/1/1986 - 3/31/1987	0.5	0.0	0.0	0.5	16.5	0.0	1.0	17.5
4/1/1987 - 3/31/1988	0.5	0.0	0.0	0.5	16.5	0.0	1.0	17.5
4/1/1988 - 3/31/1989	0.5	0.0	0.0	0.5	16.5	0.0	1.0	17.5
4/1/1989 - 3/31/1990	0.5	0.0	0.0	0.5	16.5	0.0	1.0	17.5
4/1/1990 - 3/31/1991	0.5	0.0	0.0	0.5	13.9	0.0	1.0	14.9
4/1/1991 - 3/31/1992	0.5	0.0	0.0	0.5	9.3	0.0	1.0	10.3
4/1/1992 - 3/31/1993	0.5	0.0	0.0	0.5	8.7	0.0	1.0	9.7
4/1/1993 - 3/31/1994	0.5	0.0	0.0	0.5	8.7	0.0	1.0	9.7
4/1/1994 - 3/31/1995	0.5	0.0	0.0	0.5	8.7	0.0	1.0	9.7
4/1/1995 - 3/31/1996	0.5	0.0	0.0	0.5	8.7	0.0	1.0	9.7
4/1/1996 - 3/31/1997	0.5	0.0	0.0	0.5	8.7	0.0	1.0	9.7
4/1/1997 - 3/31/1998	0.5	0.0	0.0	0.5	8.7	0.0	1.0	9.7
4/1/1998 - 3/31/1999	0.5	0.0	0.0	0.5	8.7	0.0	1.0	9.7
4/1/1999 - 3/31/2000	0.5	0.0	0.0	0.5	8.7	0.0	1.0	9.7
4/1/2000 - 3/31/2001	0.5	0.0	0.0	0.5	8.4	0.0	1.0	9.4
4/1/2001 - 3/31/2002	0.5	0.0	0.0	0.5	6.7	0.0	1.0	7.7
4/1/2002 - 3/31/2003	0.5	0.0	0.0	0.5	6.6	0.0	1.0	7.6
4/1/2003 - 3/31/2004	0.5	0.0	0.0	0.5	4.9	0.0	1.0	5.9
4/1/2004 - 3/31/2005	0.5	0.0	0.0	0.5	4.9	0.0	1.0	5.9
4/1/2005 - 3/31/2006	0.5	0.0	0.0	0.5	2.5	0.0	1.0	3.5
4/1/2006 - 3/31/2007	0.5	0.0	0.0	0.5	1.5	0.0	1.0	2.5
4/1/2007 - 3/31/2008	0.5	0.0	0.0	0.5	1.5	0.0	1.0	2.5
4/1/2008 - 3/31/2009	0.5	0.0	0.0	0.5	1.5	0.0	1.0	2.5
4/1/2009 - 3/31/2010	0.5	0.0	0.0	0.5	1.5	0.0	1.0	2.5
4/1/2010 - 3/31/2011	0.5	0.0	0.0	0.5	1.5	0.0	1.0	2.5
4/1/2011 - 3/31/2012	0.5	0.0	0.0	0.5	1.5	0.0	1.0	2.5
4/1/2012 - 3/31/2013	0.5	0.0	0.0	0.5	1.5	0.0	1.0	2.5
4/1/2013 - 3/31/2014	0.5	0.0	0.0	0.5	1.5	0.0	1.0	2.5
4/1/2014 - 3/31/2015	0.5	0.0	0.0	0.5	1.5	0.0	1.0	2.5
4/1/2015 - 3/31/2016	0.5	0.0	0.0	0.5	1.5	0.0	1.0	2.5
4/1/2016 - 3/31/2017	0.5	0.0	0.0	0.5	1.5	0.0	1.0	2.5
4/1/2017 - 3/31/2018	0.5	0.0	0.0	0.5	1.5	0.0	1.0	2.5
4/1/2018 - 3/31/2019	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0

Cost-of-Living Accumulation Chart
 Percentages as of April 1, 2019

Retirement Date	PEPRA Plans C and G			
	COLA % Accumulation 1-Apr-18	STAR Benefit Adjustment in 2019	COL Adjustment 1-Apr-19	COLA % Accumulation 1-Apr-19
1/1/2013 - 3/31/2013	1.5	0.0	1.0	2.5
4/1/2013 - 3/31/2014	1.5	0.0	1.0	2.5
4/1/2014 - 3/31/2015	1.5	0.0	1.0	2.5
4/1/2015 - 3/31/2016	1.5	0.0	1.0	2.5
4/1/2016 - 3/31/2017	1.5	0.0	1.0	2.5
4/1/2017 - 3/31/2018	1.5	0.0	1.0	2.5
4/1/2018 - 3/31/2019	0.0	0.0	1.0	1.0

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

Cost-of-Living Accumulation Chart
 Percentages as of April 1, 2019

Retirement Date	Plan E		
	COLA % Accumulation 01-Apr-18	COL Adjustment 01-Apr-19	COLA % Accumulation 01-Apr-19
6/4/2002 - 3/31/2003	6.6	1.0	7.6
4/1/2003 - 3/31/2004	4.9	1.0	5.9
4/1/2004 - 3/31/2005	4.9	1.0	5.9
4/1/2005 - 3/31/2006	2.5	1.0	3.5
4/1/2006 - 3/31/2007	1.5	1.0	2.5
4/1/2007 - 3/31/2008	1.5	1.0	2.5
4/1/2008 - 3/31/2009	1.5	1.0	2.5
4/1/2009 - 3/31/2010	1.5	1.0	2.5
4/1/2010 - 3/31/2011	1.5	1.0	2.5
4/1/2011 - 3/31/2012	1.5	1.0	2.5
4/1/2012 - 3/31/2013	1.5	1.0	2.5
4/1/2013 - 3/31/2014	1.5	1.0	2.5
4/1/2014 - 3/31/2015	1.5	1.0	2.5
4/1/2015 - 3/31/2016	1.5	1.0	2.5
4/1/2016 - 3/31/2017	1.5	1.0	2.5
4/1/2017 - 3/31/2018	1.5	1.0	2.5
4/1/2018 - 3/31/2019	0.0	1.0	1.0

Note: Plan E COLA benefit is effective for members who retire on and after June 4, 2002.



February 5, 2019

TO: Each Member
Board of Retirement

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: February 14, 2019 Board of Retirement Meeting

SUBJECT: **LACERA ELECTION FOR SEVENTH MEMBER AND ALTERNATE
SAFETY MEMBER: STATEMENT OF POWERS AND DUTIES OF
RETIREMENT BOARD MEMBERS**

Recommendation

Approve the attached ballot insert entitled "Powers and Duties of Retirement Board Members," which will be included with the ballot materials for the election of the Seventh Member and the Alternate Safety Member of the Board of Retirement and posted on lacera.com.

Legal Authority

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

Background

Each year, the Board of Supervisors adopts a resolution to govern that year's LACERA election. The Board of Retirement election this year will include the Seventh Member (currently held by Shawn Kehoe) and the Alternate Safety Member (currently held by William R. Pryor) for a three-year term commencing January 1, 2020.

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

are available to stakeholders and the public to communicate the responsibilities of Board members.

The proposed Powers and Duties is attached. The document is based on a restated template reviewed and approved by the Board for the elections conducted in 2018. No changes have been made this year, except for the addition of language elaborating on members' responsibilities in the area of Involvement in public policy matters (page 3 of attachment). The new language is redlined.

Discussion

The proposed Powers and Duties complies with best practices to fully and clearly describe the responsibilities and duties of Board members. The Powers and Duties is generally based on a template recommended in a report issued by The Stanford Institutional Investors' Forum Committee on Fund Governance. *The Clapman Report 2.0 Model Governance Provisions to Support Pension Fund Best Practice Principles*, at pages 9-10 (Clapman Report).

The proposed Powers and Duties includes the following information:

Introduction. This section states the general responsibilities of Board of Retirement members. The section states that, under the law, LACERA duties are included as part of an elected Board member's County or public employment and shall normally take precedence over any other duties. This section also addresses the time commitment required of Board members. The Clapman Report recommends that an estimated time commitment be provided. Last year, the Board approved an overall estimate of 120-140 hours per months to discharge all of their duties to the system. Staff requests the Board review this estimate and provide direction as to whether it is still accurate or should be changed.

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

1. Board and Committee Meetings;
2. General Management;
3. Payment of Retirement Pension Benefits;
4. Disability Retirement Applications;

5. Retiree Healthcare Benefits;
6. Claims and Litigation;
7. Retention of Vendors, Consultants, and Experts;
8. Delegation;
9. Legal Compliance;
10. Education; and
11. Involvement.

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

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

Conclusion

The proposed Powers and Duties provides additional information that will be helpful to voters, candidates, and the public in understanding the responsibilities of members of the Board of Retirement.

THEREFORE, IT IS RECOMMENDED THE BOARD:

Approve the attached ballot insert entitled "Powers and Duties of Retirement Board Members," which will be included with the ballot materials for the election of the Seventh Member and the Alternate Safety Member of the Board of Retirement and posted on lacera.com.

Attachment

c: Lou Lazatin
John Popowich
Cynthia Martinez
Barry Lew

POWERS AND DUTIES OF RETIREMENT BOARD MEMBERS

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

INTRODUCTION

The overall responsibility of the Board of Retirement is to oversee the administration of the retirement pension system and the retiree health care program to ensure that members are provided with the promised benefits upon completion of their public service with Los Angeles County and other participating public employers. In total, members of the Board of Retirement can expect to commit approximately 120-140 hours of their time each month to discharging their duties to the retirement system.

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

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

BOARD MEMBER RESPONSIBILITIES

A Board member's duties include:

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

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

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

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

FIDUCIARY DUTIES

Board members have the following fiduciary duties:

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

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

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

CONFLICTS OF INTEREST

Board members must be free of conflicts of interest in compliance with applicable legal requirements and LACERA’s Conflict of Interest Code and Code of Ethical Conduct. Board members must disclose conflicts of interest when they arise, and they cannot participate in decisions that will impact, positively or negatively, their own financial interests or the interests of certain of their related persons and entities. Board members are public officials under California conflict of interest laws, and they must be familiar with and follow those laws. Board members are subject to public disclosure of their economic interests and annual reporting requirements under the Political Reform Act and Fair Political Practices Commission regulations. Violation of conflict of interest laws and regulations can result in civil and criminal penalties. Conflict of interest laws and regulations are complex, and Board members should seek legal advice when appropriate. See <http://www.fppc.ca.gov/> for more information.

| APPROVED BY THE BOARD OF RETIREMENT ON FEBRUARY 15__, 20189.

FOR INFORMATION ONLY

January 28, 2019

TO: Each Member
Board of Investments

Each Member
Board of Retirement

FROM: Jonathan Grabel 
Chief Investment Officer

FOR: Board of Investments Meeting of February 13, 2019
Board of Retirement Meeting of February 14, 2019

SUBJECT: *Trustees United*

The following is an update to the memo to each member of the Board of Investments and the Board of Retirement, dated January 16, 2019, and distributed for the January 17, 2019, Joint Meeting of the Board of Retirements and the Board of Investments, entitled “Statement of Principles and Press Release by Trustees United.”

As reported in the January 16, 2019 memo, on January 14, 2019, a group of pension fund trustees, acting in their individual capacity and affiliated with various California public funds, including several trustees serving on LACERA’s Board of Investments and Board of Retirement, announced in a press release and website launch the “Trustees United Principles” (the “Principles”) (see www.trusteesunited.com). Per the publicly-available materials, the Principles seek to address human capital risks at portfolio companies, specifically those related to sexual harassment and workplace misconduct. The website states, “We, the undersigned, support these principles as individuals.”

LACERA’s policies and practices are generally aligned with the Principles, as exhibited in its *Corporate Governance Principles*, due diligence practices of external asset managers, and internal human resources guidelines. However, at their initial launch, the Principles’ public materials included reference to LACERA as a sponsoring organization and other language that may infer to a reader that LACERA had formally reviewed and endorsed the Principles in advance of the press release and website launch. After learning of the initiative, LACERA contacted the website administrator to request clarification in the initiative’s public materials that clarify the Principles as an effort organized by the signatory trustees. The website has been adjusted accordingly and now includes a more clear delineation between the trustees acting as individuals and the organizations to which they are affiliated.



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

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



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