

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., WEDNESDAY, SEPTEMBER 4, 2019

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

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Regular Meeting of August 7, 2019
- IV. OTHER COMMUNICATIONS
 - A. For Information
 - 1. July 2019 All Stars
 - 2. Chief Counsel's Report
(Memo dated August 26, 2019)
- V. PUBLIC COMMENT
- VI. CONSENT ITEMS
 - A. Ratification of Service Retirement and Survivor Benefit Application Approvals. (Memo dated August 26, 2019)
 - B. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits, and Legislative Committee: That the Board 1) Not approve submission of a legislative proposal for inclusion in the SACRS 2020 Legislative Platform that would preclude the reduction of a nonservice-connected disability retirement allowance if the member's disability was due to the intemperate use of alcoholic liquor or drugs; and 2) Alternatively, not sponsor legislation that would preclude the reduction of a nonservice-connected disability retirement allowance if the member's disability was due to the intemperate use of alcoholic liquor or drugs. (Memo dated August 15, 2019)

VI. CONSENT ITEMS (Continued)

- C. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board 1) Adopt Resolutions, Nos. 2019-BR009, No. 2019-BR010, and No. 2019-BR011, specifying pay items as “compensation earnable” and “pensionable compensation;” and 2) Instruct staff to coordinate with the County of Los Angeles to establish necessary reporting mechanism and procedures to permit LACERA to include the qualifying items in the calculation of final compensation. (Memo dated August 26, 2019)

VII. NON-CONSENT ITEMS

- A. Recommendation that the Board approve ratifying the attendance of Board Members at the SACRS Modern Investment Theory & Practice for Retirement Systems on July 22-24, 2019 in Berkeley, California and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy and determine whether this conference will count toward the number limits of Section 705.00.A.1. (Memo dated August 29, 2019)
- B. Recommendation that the Board Approve ratifying the attendance of Board Members at the CALAPRS Principles of Pension Management on August 26-29, 2019 in Malibu, California and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy and determine whether this conference will count toward the number limits of Section 705.00.A.1. (Memo dated August 29, 2019)
- C. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board consider and provide guidance to staff regarding whether to pursue legislation to add a statute to the County Employees Retirement Law of 1937 (CERL) that lists and clearly states the Board’s responsibilities in a single provision. (Memo dated August 27, 2019)
- D. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board review its current Teleconference Meeting Policy and the Board of Investments’ Policy and determine whether to revise the current Policy. (Memo dated August 27, 2019)

VII. NON-CONSENT ITEMS (Continued)

- E. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board 1) approve the critical need appointment of retired LACERA employee Jan Tran under Government Code Section 7522.56(f)(1) for up to 960 hours, or equivalent, in the 2019-20 fiscal year to support Systems projects, and 2) authorize staff to take the steps necessary with the County of Los Angeles to implement the appointment at a rate of pay pursuant to Section 7522.56(d) consistent with her final salary as an employee.
(Memo dated August 28, 2019)
- F. Recommendation as submitted by JJ Popowich, Assistant Executive Officer: That the Board approve the issuance of 1) A Request for Proposal (RFP) to printing and mailing service for all LACERA member benefit checks and 1099-Rs; 2) Approve the RFP draft; and 3) Approve the RFP Evaluation Process. (Memo dated August 26, 2019)

VIII. REPORTS

- A. Update on Additional LACERA Positions and Salaries as submitted by Steven P. Rice, Chief Counsel. (Memo dated August 27, 2019)
- B. For Information Only as submitted by Beulah S. Auten, Chief Financial Officer, regarding the 2020 STAR COLA Program.
(Memo dated August 20, 2019)
- C. For Information Only as submitted by Beulah S. Auten, Chief Financial Officer, regarding the Semi-Annual Interest Crediting for Reserves as of June 30, 2019 (Unaudited). (Memo dated July 25, 2019)
- D. For Information Only as submitted by Beulah S. Auten, Chief Financial Officer, regarding the Monthly Board and Staff Education and Travel Report for July. (Public Memo dated August 28, 2019)
(Confidential Memo dated August 28, 2019 – Includes Anticipated Travel)
- E. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding the Monthly Status Report on Legislation.
(Memo dated August 26, 2019)
- F. For Information Only as submitted by Steven P. Rice, Chief Counsel regarding an Update on External Review of Education and Travel Expenses, the Education and Travel Policy, and Implementation Practices for FY's 2016, 2017, 2018, and 2019. (Memo dated August 27, 2019)

VIII. REPORTS (Continued)

- G. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the August 2019 Fiduciary Counsel Contact and Billing Report. (Memo dated August 27, 2019) (Privileged and Confidential Attorney-Client Communication/Attorney Work Product)

IX. ITEMS FOR STAFF REVIEW

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

XI. EXECUTIVE SESSION

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

- 1. Administrative Appeal of Kenneth Collins
- 2. One Other Matter

XII. ADJOURNMENT

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

Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling 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.

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

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

9:00 A.M., WEDNESDAY, AUGUST 7, 2019

PRESENT: Alan Bernstein, Chair
Les Robbins, Vice Chair
Gina Zapanta-Murphy, Secretary
JP Harris (Alternate Retired)
Shawn R. Kehoe
Keith Knox
Ronald Okum (Left the meeting at 12:21 p.m.)
Herman Santos
Thomas Walsh

ABSENT: William Pryor (Alternate Safety)
Vivian H. Gray

STAFF ADVISORS AND PARTICIPANTS

Steven P. Rice, Chief Counsel
John Popowich, Assistant Executive Officer
Harvey Leiderman, Fiduciary Counsel
Reed Smith LLP
Barry W. Lew, Legislative Affairs Officer
Ted Granger, Assistant Financial Officer

STAFF ADVISORS AND PARTICIPANTS

Fern M. Billingsy, Senior Staff Counsel

Jill P. Rawal, Staff Counsel

Elaine K. Salon, Staff Counsel

Robert L. Schmidt, Milliman

Janet O. Jennings, Milliman

Brent A. Banister, Cavanaugh Macdonald Consulting

Victoria Hwang, LACERA Member

Stanja C. Powell, LACERA Member

Sandra Romero, LACERA Member

Kurt Scott, SEIU Representative

I. CALL TO ORDER

The meeting was called to order by Mr. Bernstein at 9:03 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

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

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of July 11, 2019

Mr. Santos made a motion, Mr. Kehoe seconded, to approve the minutes of the regular meeting of July 11, 2019. The motion passed unanimously.

IV. OTHER COMMUNICATIONS

A. For Information

1. June 2019 All Stars

Mr. Popowich announced the eight winners for the month of June: Mel Tsao, Michael Huang, Brittini Haile, Scott Zdrazil, Richard Creamer, Chad Timko, Melissa Mooc, and Courtney Cook for the Employee Recognition Program and Gordon Pacana for Web Watcher. Angela Ward, Amy Lim, Elda Villarroel, and Penelope Huerta were the winners of LACERA's RideShare Program

2. Service Awards

Mr. Rice recognized Beulah Auten, Chief Financial Officer, for her 30 years of service with the County.

3. Chief Counsel's Report (Memo dated July 31, 2019)

Mr. Rice provided a brief overview of the Chief Counsel's Report.

V. PUBLIC COMMENT

Kurt Scott with SEIU addressed the Board regarding Item VI. F. as it pertains to Assembly Bill 343. Furthermore, Sandra Romero addressed the Board regarding her retiree healthcare. Lastly, Victoria Hwang and Stanja C. Powell addressed the Board regarding their administrative appeal.

VI. CONSENT ITEMS

Mr. Pryor made a motion, Mr. Robbins seconded, to approve Items A-C. The motion passed unanimously by all members present.

VI. CONSENT ITEMS (Continued)

- A. Ratification of Service Retirement and Survivor Benefit Application Approvals. (Memo dated July 30, 2019)

Mr. Rice shared the retirement of Richard Creamer from the Communications Division and Eric Lo who worked in the Systems Division and thanked them for their service.

- B. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits, and Legislative Committee: That the Board adopt the revised Legislative Policy. (Memo dated July 23, 2019)
- C. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits, and Legislative Committee: That the Board 1) Approve submission of a legislative proposal for inclusion in the SACRS 2020 Legislative Platform regarding service retirements with pending civil service appeals; or 2) Alternatively, if the legislative proposal is not approved by the SACRS membership for inclusion in the SACRS 2020 Legislative Platform, sponsor legislation regarding service retirements with pending civil service appeals. (Memo dated July 22, 2019)
- D. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits, and Legislative Committee: That the Board adopt a “Support” position on Assembly Bill 199, which would enact the California Online Notary Act of 2019. (Memo dated July 22, 2019)

Mr. Kehoe made a motion, Mr. Harris seconded, to approve an “Oppose” position. The motion passed unanimously by all members present.

- E. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits, and Legislative Committee: That the Board adopt a “Watch” position on Assembly Bill 1400, which relates to expanding the cancer presumption under workers’ compensation for civilian employees in firefighting operations. (Memo dated July 11, 2019) (Supplemental Memo dated July 24, 2019)

Mr. Okum made a motion, Mr. Harris seconded, to adopt no position on the bill. The motion passed unanimously by all members present.

VI. CONSENT ITEMS (Continued)

- F. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits, and Legislative Committee: That the Board adopt no position on Senate Bill 343, which relates to healthcare data disclosure. (Memo dated July 22, 2019)

Mr. Kehoe made a motion, Mr. Robbins seconded, to approve a “Watch” position. The motion passed unanimously by all members present.

VII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Beulah S. Auten, Chief Financial Officer: That the Board approve the July 1, 2018 Los Angeles County Other Postemployment Benefits Program (OPEB) Actuarial Valuation prepared by LACERA’s consulting actuary, Milliman. (Memo dated July 29, 2019)

Milliman - July 1, 2018 OPEB Program Actuarial Valuation

Robert L. Schmidt, FSA, EA, MAAA - Principal and Consulting Actuary

Janet O. Jennings, ASA, MAAA - Associate Actuary

Cavanaugh Macdonald Consulting- Actuarial Review of the July 1, 2018 OPEB Program Actuarial Valuation

Brent A. Banister, PH.D., FSA, EA, MAAA, FCA - Chief Actuary

Mr. Granger and actuaries from Milliman and Cavanaugh Macdonald Consulting provided a brief presentation and answered questions from the Board.

Mr. Santos made a motion, Mr. Bernstein seconded, to approve staff’s recommendation. The motion passed unanimously by all members present.

- B. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits, and Legislative Committee: That the Board consider whether to 1) Approve submission of a legislative proposal for inclusion in the SACRS 2020 Legislative Platform relating to board self-evaluations held in closed session; or 2) Alternatively, if the legislative proposal is submitted to but not approved by the SACRS membership for inclusion in the SACRS 2020 Legislative Platform, sponsor legislation relating to board self-evaluations held in closed session. (Memo dated July 24, 2019)

VII. NON-CONSENT ITEMS (Continued)

Mr. Kehoe made a motion, Mr. Robbins seconded, to approve submission of the legislative proposal and, alternatively, sponsorship of the legislative proposal. The motion passed unanimously by all members present.

- C. Recommendation as submitted by Alan Bernstein, Chair, Joint Organization Governance Committee: That the Board approve the revised Education and Travel Policy. (Memo dated July 31, 2019)

Mr. Kehoe made a motion, Mr. Robbins seconded, to approve the revised Education and Travel Policy with minor revisions. The motion passed (roll call) with Messrs. Knox, Okum, Walsh, Santos, Robbins, Kehoe, Bernstein and Mrs. Zapanta-Murphy voting yes.

- D. Discussion and possible action regarding the processing, ordinance, budgeting, and hiring of the outstanding previously Board approved positions including the Deputy Chief Investment Officer, Deputy Chief Executive Officer, Principal Staff Counsel, Information Technology Items, and any other pending classifications. (Memo dated July 31, 2019)
(Request by Mr. Kehoe)

Mr. Kehoe made a motion, Mr. Robbins seconded, to work with the County CEO's office regarding the implementation of the pending ordinance and report back in 30 days. The makers of the motion withdrew their motion.

The Board requested that staff work with the County CEO's office on implementing the required ordinance for these positions and to report back to the Board at the next Administrative Board meeting.

VII. NON-CONSENT ITEMS (Continued)

- E. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board consider potential legislation regarding responsibilities of Board of Retirement. (Memo dated July 31, 2019)

This Item was pulled from the agenda and will be placed on the next Administrative Board meeting agenda.

- F. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board provide direction in connection with a grant of authority to staff, through the Chief Counsel, to issue a Request for Proposals for an external consultant to review LACERA's education and travel expenses, the Education and Travel Policy, and policy implementation practices during Fiscal Years (FY) 2016, 2017, 2018, and 2019, evaluate proposals, select a vendor, enter into a contract, and manage the vendor's review to completion and presentation of results and findings within 60 days, provided that notice of the selection of the vendor and key contract terms will be provided to the Board at its next meeting. (Memo dated July 31, 2019)

Mr. Kehoe made a motion, Mr. Okum seconded, to approve staff's recommendation. The motion passed with Mrs. Zapanta-Murphy voting no.

VIII. REPORTS

The following items were received and filed.

- A. For Information Only as submitted by Fern M. Billingsy, Senior Staff Counsel, regarding the Report of Pensionable Compensation and Compensation Earnable Items. (Memo dated July 24, 2019)
- B. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding the Monthly Status Report on Legislation. (Memo dated July 29, 2019)
- C. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding an update on the Chief Executive Officer Executive Recruiter Selection. (Memo dated July 31, 2019)

VIII. REPORTS (Continued)

- D. For Information Only as submitted by Steven P. Rice, Chief Counsel regarding Enhancing Transparency. (Memo dated July 31, 2019)
- E. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the July 2019 Fiduciary Counsel Contact and Billing Report. (Memo dated July 29, 2019) (Privileged and Confidential Attorney-Client Communication/Attorney Work Product)

IX. ITEMS FOR STAFF REVIEW

The Board requested that staff look into the current vendor issuing member checks to ensure LACERA is using the best vendor for LACERA's business and member needs, as well as evaluating the process of encouraging members to transition into an automated delivery of benefit payments.

The Board also requested that staff agendaize at a future Operations, Oversight Committee the topic of administrative meals between Board members and Board members and staff.

In addition, the Board requested Fiduciary Counsel, Harvey Leiderman, to provide written suggestions to consider regarding the Travel Policy and any questions from Board members can be directed to Mr. Rice for further discussion at the Joint Organizational Governance Committee (JOGC).

Lastly, Mr. Rice will provide a Green Folder item to the Board of Investments regarding the BOR requested changes to the Travel Policy and the pending JOGC items that will be discussed at a future meeting.

August 7, 2019

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

Mrs. Zapanta-Murphy expressed her continued interest in ensuring the Board is being prudent with the pension fund and how funds are used.

Mr. Harris requested that staff look into providing the members who pick up their

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

retirement check at LACERA every month with information of County services available for assistance.

Lastly, Mr. Knox shared that the global ratings agency, Standard & Poor, raised Los Angeles County's credit rating to AAA, the highest possible credit rating available in the financial markets.

XI. EXECUTIVE SESSION

(Mr. Okum left the Board meeting at 12:21 p.m.)

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

1. Administrative Appeal of Victoria Hwang

The Board met in Executive Session with counsel pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9. The Board unanimously by all members present voted, on a motion made by Mr. Bernstein, seconded by Mr. Walsh, to deny Mrs. Hwan's appeal.

2. Administrative Appeal of Muoi T. Martin

The Board met in Executive Session with counsel pursuant to Paragraph (2) of

August 7, 2019

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XI. EXECUTIVE SESSION (Continued)

Subdivision (d) of California Government Code Section 54956.9. The Board unanimously by all members present voted, on a motion made by Mr. Santos, seconded by Mr. Bernstein, to deny Mrs. Martin's appeal.

3. Administrative Appeal of Stanja C. Powell

The Board met in Executive Session with counsel pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9. The Board unanimously by all members present voted, on a motion made by Mr. Bernstein, seconded by Mr. Santos, to deny Ms. Powell's appeal.

XII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:45 p.m.

GINA ZAPANTA-MURPHY, SECRETARY

ALAN BERNSTEIN, CHAIR



August 26, 2019

TO: Each Member,
Board of Retirement
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

SUBJECT: **CHIEF COUNSEL'S REPORT**

I am pleased to present the Chief Counsel'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.

Focusing on Leadership & Employee Engagement

Each month the management team at LACERA meets to discuss current events, compliance issues, and new and innovative ideas on how we can continue to move LACERA forward and remain focused on our mission and values. From time to time, I may comment about these meetings, and this month we had an exceptional meeting focused on inclusionary communication, leadership, employee engagement, and what we hope will be an inspiring new recognition program at LACERA.

The monthly management team meeting consists of the executive team, division managers, and assistant division managers. Recently we received feedback that the entire supervisory team would like to be included as well so they could have a chance to share the same information at the same time and contribute to the process. This excellent suggestion towards fostering inclusionary dialogue was implemented this month and will continue to be implemented on at least a quarterly basis. Adding the supervisory team to the mix generated excellent feedback and input to the meeting's initiatives and we look forward to continuing this dialogue.

We started the meeting off with a tremendous discussion on leadership. The entire team contributed to this discussion and we delved deeper into how we can all work to be better leaders within LACERA. The team agreed we are committed to being open, communicative, innovative, compassionate leaders who lead by example and exhibit transparency and fairness in all that we do. At the same time, we all acknowledged that we have to hold each other and our staff members accountable for our actions and our promises. The discussion was lively and productive.

We also discussed one of our current strategic plan goals to implement an employee engagement program. Engaged employees are enthusiastic about their jobs, care about the outcome of the work they do, feel they have a voice in the organization, actively engage in innovation and moving an organization ever forward towards fulfilling their mission. Engaged employees feel the organization's values create an environment where they are treated fairly and with respect and that they are valued. Engagement is about more than just employee satisfaction – it is about creating and maintaining an environment where the employee is an active collaborator in delivering on the mission. The Human Resources Division is leading an effort to create an employee engagement program to measure how well we do as an organization in this area and to find a way to systematically create and maintain an environment where engagement is the norm. We will share our progress for the developing plans for this program as we define it more.

We also began a discussion on LACERA's strategic planning and budget process, and ideas for how staff will show leadership in planning for the 2020-21 budget season.

Finally, we will initiate a new recognition program for LACERA employees. In keeping with our theme of inclusion, leadership, engagement, and innovation we announced the "Why?" award. The Why? Award will be a program that encourages staff members to ask why we do something and propose innovative solutions or recommendations that answer the question. The solutions must be actionable and have a positive impact on improving our processes, procedures, and work environment. We are still fleshing out the details on how we will evaluate the suggestions and select the awardees. Those that are chosen will be acknowledged at the Board of Retirement meeting with a Why? Trophy as we explain why they are being recognized. Stay tuned for more details.

Empower Relocation to LACERA

The County of Los Angeles recently concluded a competitive solicitation process for TPA services for their \$14 billion 457 and 401(k) plans. Empower was awarded a five year contract which includes moving their local office team from Glendale to LACERA's office in Suite 210. The move occurred last month. An Open House will be held on September 26. The County and Empower partnered with LACERA and building management to make this change happen. This really was a great collaborative effort and the project was completed on time!

The most obvious benefit of this move is that employees now have only one place to go to meet with service representatives for their 457, 401(k) and LACERA benefits. There are other efficiencies to be gained from being under the same roof, and the teams continue to explore those opportunities.

Please join me in welcoming the Empower team to 300 N. Lake Avenue.

CEO Dashboard Update – Quality Control Partial Month Data

The CEO Dashboard report includes metrics from throughout the organization, including Quality Assurance data on the number of cases tested and the accuracy results for the previous month. This month's data represents only a partial month from July 1, 2019 to approximately mid July 2019. All data collected after that point was lost when the Quality Assurance database became corrupted. This does not mean that the team was unable to conduct their normal quality audits, it just means that they lost measured productivity for about 30% of the month. We have used the data collected to generate this month's Quality Assurance report in the CEO Dashboard.

Quality Assurance has reverted to tracking their work via Excel and are working on a more robust short-term solution for the loss of the database. As with other databases throughout LACERA, the management team is evaluating permanent solutions.

Update on Upcoming Key Retirements

Chief Financial Officer: Beulah Auten, Chief Financial Officer, has provided a formal notification of her intent to retire by October 2019. Recruitment of her replacement will be initiated and updates will be provided to the Boards regularly.

Director of Human Resources: The search for a replacement for John Nogales, our retiring Director of Human Resources, is progressing on schedule. We have been working closely with our recruiter, EFL Associates, to curate a list of potential candidates to interview. We are excited that our pool of potential candidates seem to fulfill our focus on the recruitment of highly qualified, diverse individuals, with a proven record of accomplishment of employee engagement and development of internal staff members, and someone who can help grow the culture of LACERA. The team has scheduled the first round of selection interviews for the week of August 26, 2019.

In the meantime, beginning on September 2, Annette Clearly, Assistant Director for Human Resources, will serve as interim manager until the end of the selection process. Our recruiter will continue to handle all matters pertaining to the recruitment process.

Budget

The Executive team continues to make progress on our goal to develop a new Strategic Planning and Budgeting process for consideration by the Joint Organizational Governance Committee. We have been focusing on recommending a plan that will deliver on two pillars: (1) sound fiduciary management of budget resources that recognizes LACERA's duty under the California Constitution to "defray reasonable expenses of administering the system;" and (2) continued focus on business needs in member services and investments, and throughout the organization.

LACERA Chief Counsel's Report

August 26, 2019

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We have added a third pillar, which is critical to the successful adoption of any strategic plan and the subsequent budget – the inclusion of the Boards in the development of a strategic plan through the JOGC.

SR: jp
CEO report September 2019.doc
Attachments

Striving for Excellence in Service



Outreach Attendance
3,130

3,130 Year-to-Date



Outreach Events
45

45 Year-to-Date



Outreach Satisfaction
94.1%

0.9% Change Since Last Mo



Member Service Center
100.0%

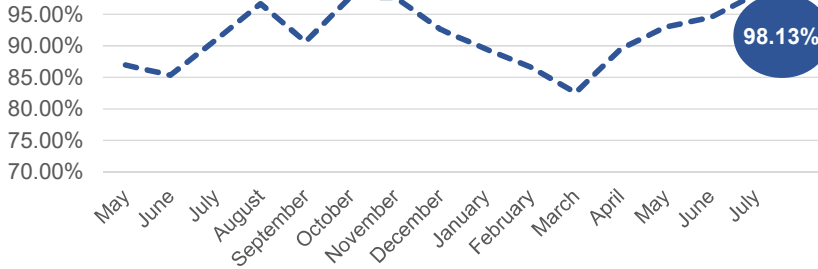
-0.2% Change Since Last Mo



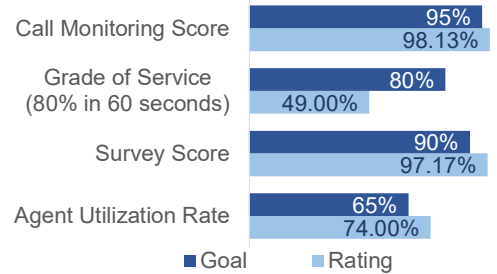
Member Services Calls
10,583

10,649 3 Mo. Avg.

Key Performance Indicator (Overall Performance)



Key Performance Indicator (Components)



Member Services



Top Calls

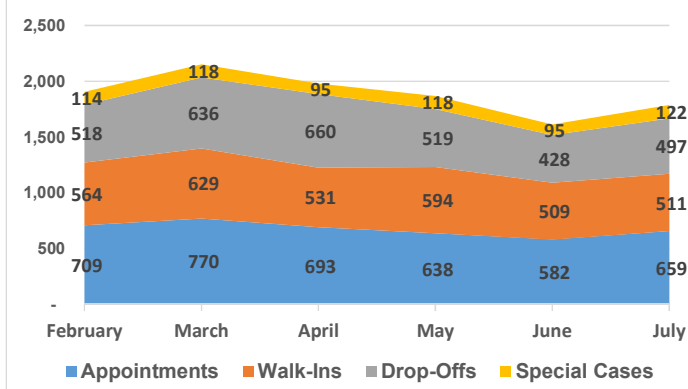
1. Workshop Info./Appointments: Inquiry
2. Benefit Payments: Gen. Inquiry/Payday Info
3. Retirement Counseling Estimate



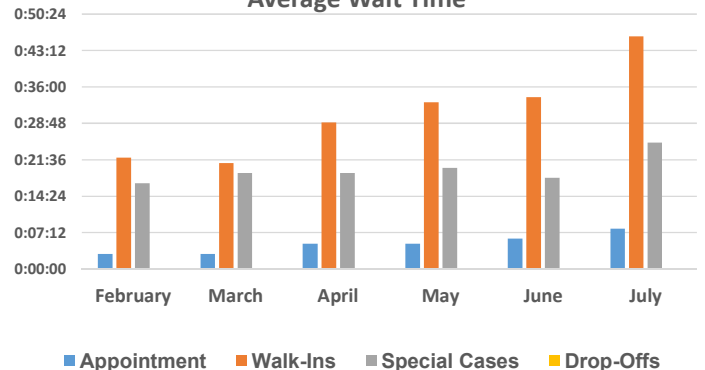
Emails 377
5:16 hours
Avg. Response Time (ART)

Secure Messages 174

Member Service Center Visits



Member Service Center Average Wait Time

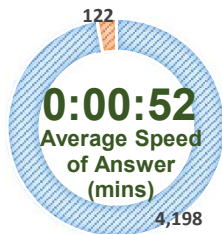


*Drop Off Wait Time: No Waiting



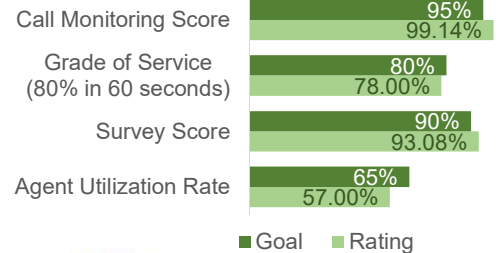
Total RHC Calls: 4,320

Retiree Healthcare



Top Calls

1. Med. Benefits - General Inquiries (RHC)
2. Medical-New Enrollment/Change/Cancel
3. General Inquiries (RHC)



Emails 250
1 Day
Avg. Response Time

Secure Messages n/a

Striving for Excellence in Service (Continued)

Applications

589

Pending

37 Received
 37 Year-to-Date
 0 Re-opened
 0 Year-to-Date
 45 To Board - Initial
 45 Year-to-Date
 2 Closed
 2 Year-to-Date
 589 In Process
 558 Year-to-Date

Appeals

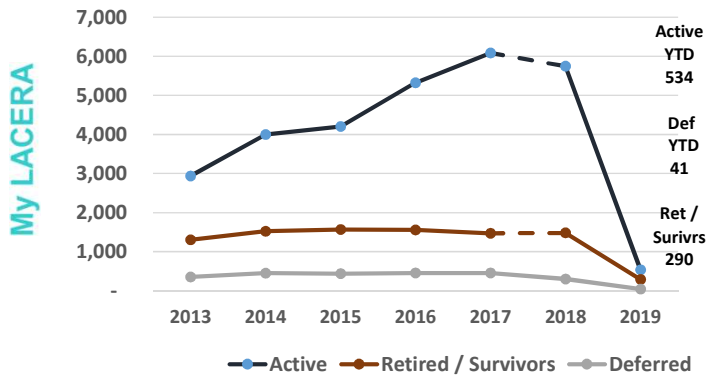
94

Pending

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

Disability

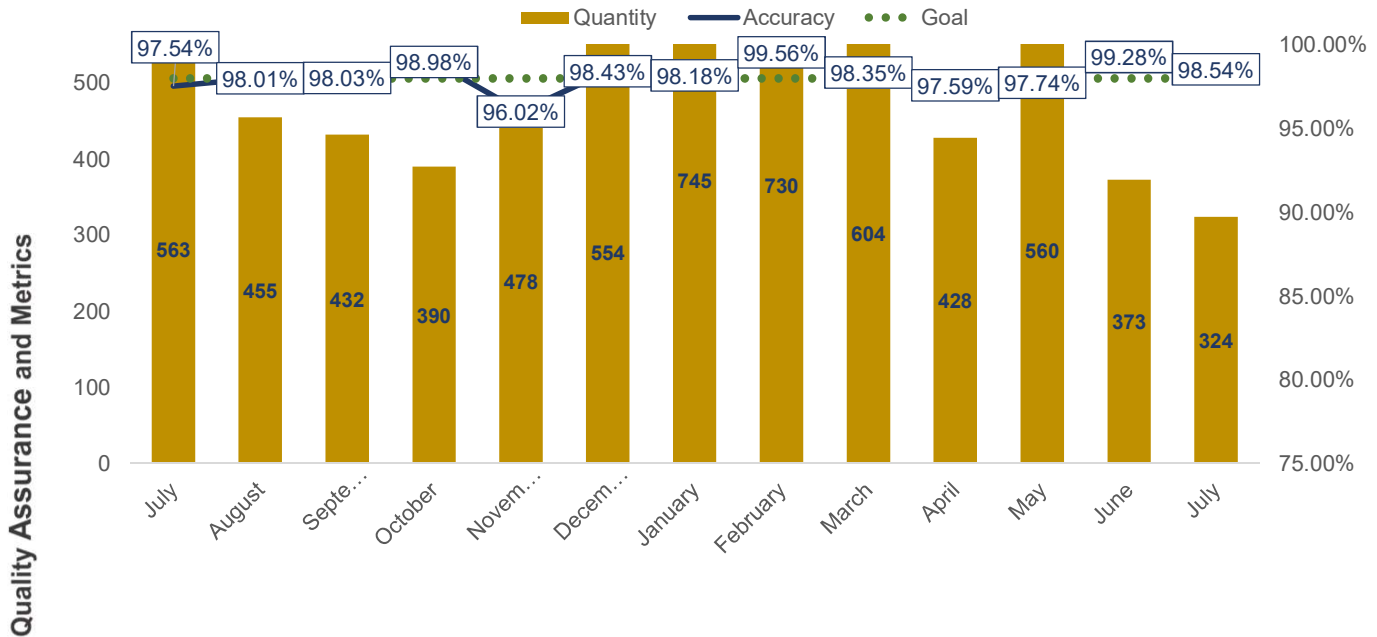
My LACERA Registrations



MORE COMING SOON!

Striving for Excellence in Quality

Audits of Retirement Elections, Payment Contracts, and Data Entry



July 2019



98.54%

Retirement Elections

129 Samples
99.24% Accuracy

Payment Contracts

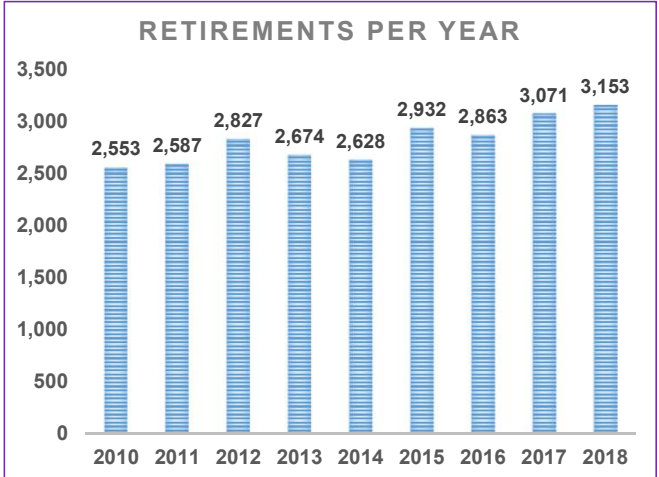
105 Samples
99.10% Accuracy

Data Entry

90 Samples
97.28% Accuracy

Member Snapshot

		Members as of 08/14/19				
		Plan	Active	Retired	Survivors	Total
General	Plan A		104	16,717	4,465	21,286
	Plan B		34	678	68	780
	Plan C		42	428	67	537
	Plan D		41,714	15,604	1,450	58,768
	Plan E		17,320	13,054	1,181	31,555
	Plan G		27,299	26	2	27,327
	Total General			86,513	46,507	7,233
Safety	Plan A		5	5,245	1,586	6,836
	Plan B		9,720	5,890	289	15,899
	Plan C		3,117	8	0	3,125
	Total Safety		12,842	11,143	1,875	25,860
TOTAL MEMBERS			99,355	57,650	9,108	166,113
% by Category			60%	35%	5%	100%

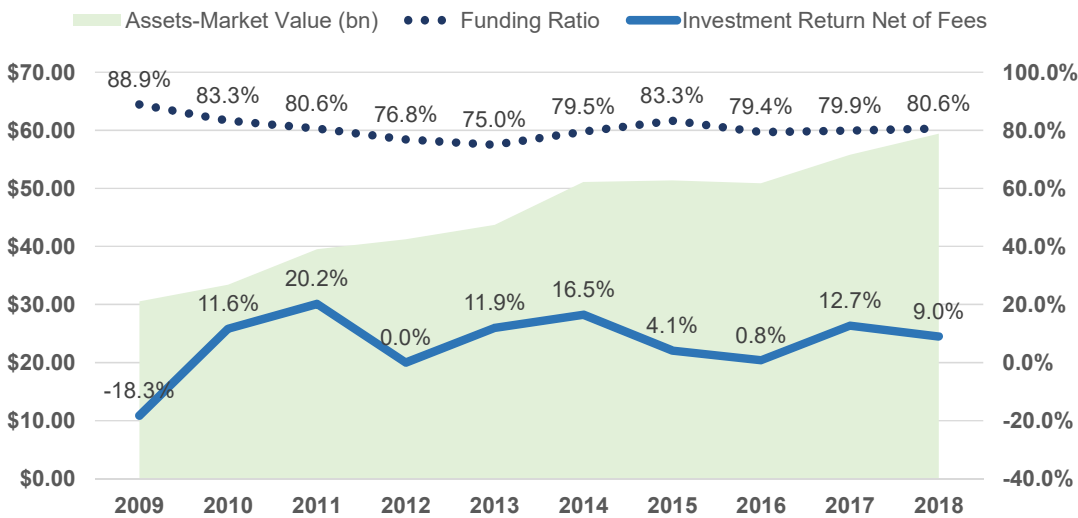


Average Monthly Benefit Allowance

	General	Safety	Total	%
\$0 to \$3,999	29,794	2,042	31,836	55.41%
\$4,000 to \$7,999	12,292	3,569	15,861	27.60%
\$8,000 to \$11,999	3,098	3,939	7,037	12.25%
\$12,000 to \$15,999	836	1,222	2,058	3.58%
\$16,000 to \$19,999	243	232	475	0.83%
\$20,000 to \$23,999	72	73	145	0.25%
\$24,000 to \$27,999	25	12	37	0.06%
> \$28,000	7	2	9	0.02%
Totals	46,367	11,091	57,458	100%

Healthcare Program (YTD)		Healthcare Enrollments (Monthly)	
	Employer	Member	
Medical	\$44.9m	\$3.7m	Medical 51,218
Dental	\$3.7m	\$373,721	Dental 52,502
Part B	\$5.7m	xxxx	Part B 34,487
Total	\$54.4m	\$4.1m	Total 138,841

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%

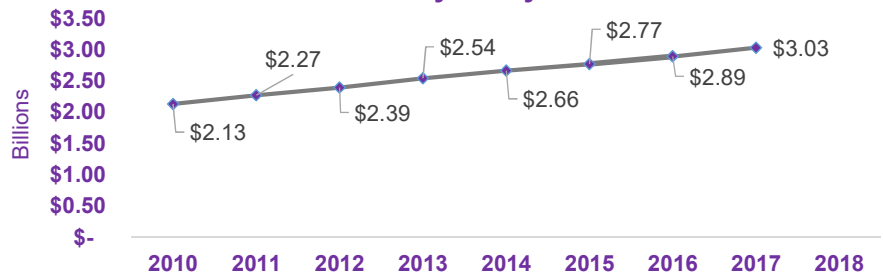
TOTAL FUND RETURN (Net of Fees)

5 YR: 8.5% 10 YR: 6.3%

Retired Members Payroll

Monthly Payroll	\$298.5m
Payroll YTD	.3b
New Retired Payees Added	277
Seamless %	99.28%
New Seamless Payees Added	277
Seamless YTD	99.28%
By Check %	4.00%
By Direct Deposit %	96.00%

Retiree Payroll by Year



Date	Conference
October, 2019	
16-17	INCA Investments Latin American Investment Conference Buenos Aires, Argentina
16-18	PREA (Pension Real Estate Association) Annual Institutional Investor Conference Washington D.C.
20-23	IFEBP (International Foundation of Employment Benefit Plans) Annual Employee Benefits Conference San Diego, CA
21-25	Investment Strategies & Portfolio Management (<i>prev. Pension Fund & Investment Mgmt.</i>) Wharton School, University of Pennsylvania
25	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees Hilton Oakland Airport
27-30	NCPERS (National Conference on Public Employee Retirement Systems) Public Safety Conference New Orleans, LA
28-30	CRCEA (California Retired County Employees Association) Fall Conference Rohnert Park, CA
November, 2019	
3-5	2019 PPI Executive Seminar Shanghai, China
6-7	Institutional Limited Partners Association (ILPA) General Partner Summit New York, NY
6-8	PPI's Asia Roundtable Shanghai, China
12-14	AVCJ Private Equity & Venture Forum Hong Kong
12-15	SACRS Fall Conference Monterey, CA
January, 2020	
26-28	NCPERS (National Conference on Public Employee Retirement Systems) Legislative Conference Washington D.C.
February, 2020	
12-14	Pacific Pension Institute (PPI) North American Winter Roundtable Rancho Palos Verdes, CA



August 26, 2019

TO: Each Member
Board of Retirement

FOR: Board of Retirement Meeting on September 4, 2019

SUBJECT: Ratification of Service Retirement and Survivor Benefit Application Approvals

The attached report reflects service retirements and survivor benefit applications received as of the date of this memo, along with any retirement rescissions and/or changes approved at last month's Board meeting. Any retirement rescissions or changes received after the date of this memo up to the date of the Board's approval, will be reflected in next month's report.

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

SAFETY MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
BERNARD J. AMENT J R	L A COUNTY FIRE DEPT Dept.#FR	08-30-2019	36 YRS 11 MOS
JUNE A. BACA	SHERIFF Dept.#SH	08-31-2019	27 YRS 03½ MOS
MICHAEL S. CADIZ	SHERIFF Dept.#SH	08-31-2019	30 YRS 07½ MOS
FREDRICK CHAVEZ	L A COUNTY FIRE DEPT Dept.#FR	07-31-2019	32 YRS ½ MOS
MARSHA L. CORLEY-KRAAL	SHERIFF Dept.#SH	08-27-2019	44 YRS 00 MOS
MARY D. CUEVA	SHERIFF Dept.#SH	08-31-2019	30 YRS 01 MOS
MARK A. GRIFFEN	L A COUNTY FIRE DEPT Dept.#FR	07-31-2019	25 YRS ½ MOS
EL L. GRIFFIN JR	SHERIFF Dept.#SH	10-31-2019	28 YRS 05½ MOS
MARIA R. GUTIERREZ	SHERIFF Dept.#SH	08-30-2019	27 YRS 11 MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

SAFETY MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
MICHAEL L. HENRY	L A COUNTY FIRE DEPT Dept.#FR	07-16-2019	33 YRS 08½ MOS
THOMAS L. LEWIS	SHERIFF Dept.#SH	08-30-2019	31 YRS 00 MOS
EVA C. MAUCK	L A COUNTY FIRE DEPT Dept.#FR	08-31-2019	27 YRS 05½ MOS
MARK A. ORTIZ	L A COUNTY FIRE DEPT Dept.#FR	07-31-2019	29 YRS 09½ MOS
TIMOTHY P. PANZA	L A COUNTY FIRE DEPT Dept.#FR	08-30-2019	31 YRS 00 MOS
WADE T. RICH	L A COUNTY FIRE DEPT Dept.#FR	08-15-2019	35 YRS 08½ MOS
ALEJANDRO SALINAS	SHERIFF Dept.#SH	07-31-2019	30 YRS 05½ MOS
JEFFREY L. SCROGGIN	SHERIFF Dept.#SH	08-31-2019	34 YRS 09 MOS
DENNIS S. STANGELAND	SHERIFF Dept.#SH	08-18-2019	29 YRS 04 MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

SAFETY MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
JON K. TEDDER	SHERIFF Dept.#SH	08-18-2019	30 YRS 07 MOS
RONALD D. WATTS	L A COUNTY FIRE DEPT Dept.#FR	08-15-2019	37 YRS 08½ MOS
DAVID N. WINN	SHERIFF Dept.#SH	08-31-2019	30 YRS 08½ MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
ZORAIDA ALAMO	HEALTH SERVICES ADMINISTRATION Dept.#HS	08-16-2019	33 YRS 00 MOS
JONI H. ALCARAZ	CHILDREN & FAMILY SERVICES Dept.#CH	08-31-2019	25 YRS ½ MOS
SHARONDA M. ANDERSON	PUBLIC HEALTH PROGRAM Dept.#PH	08-01-2019	25 YRS 02½ MOS
MILAGENE C. ANTONIO	CORRECTIONAL HEALTH Dept.#HC	08-31-2019	20 YRS ½ MOS
JESUS R. ARELLANO	RANCHO LOS AMIGOS HOSPITAL Dept.#HR	08-31-2019	12 YRS 10½ MOS
HAMID ATIGHI	CORRECTIONAL HEALTH Dept.#HC	08-13-2019	36 YRS 03 MOS
LINDA G. BANDA	COASTAL CLUSTER-HARBOR/UCLA MC Dept.#HH	08-31-2019	35 YRS 00 MOS
MERCEDES R. BARAJAS	CHILDREN & FAMILY SERVICES Dept.#CH	08-30-2019	19 YRS 06 MOS
JUDITH A. BARATTA	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	08-31-2019	11 YRS 06 MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
ROBERT M. BARKER	DISTRICT ATTORNEY Dept.#DA	08-31-2019	22 YRS 04½ MOS
HUMBERTO BARRERA	DEPARTMENT OF HUMAN RESOURCES Dept.#HM	09-28-2019	18 YRS ½ MOS
DOUGLAS R. BARRON	SHERIFF Dept.#SH	08-31-2019	15 YRS ½ MOS
LORETTA Y. BAXTER	CORRECTIONAL HEALTH Dept.#HC	08-31-2019	16 YRS ½ MOS
ANGELO J. BELLOMO	PUBLIC HEALTH PROGRAM Dept.#PH	08-24-2019	20 YRS 08 MOS
LINDA BOGAN	COASTAL CLUSTER-HARBOR/UCLA MC Dept.#HH	08-30-2019	16 YRS 04 MOS
MICHAEL BOOKER	HEALTH SERVICES ADMINISTRATION Dept.#HS	08-30-2019	49 YRS 11 MOS
RONALD BOURNES	PROBATION DEPARTMENT Dept.#PB	08-31-2019	25 YRS 02½ MOS
QUANDA BROUGHTON	PROBATION DEPARTMENT Dept.#PB	08-31-2019	17 YRS 01 MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
RAYMOND L. BROWN	L A COUNTY FIRE DEPT Dept.#FR	08-31-2019	25 YRS 06½ MOS
MARIA D. BUYNAK	CHILDREN & FAMILY SERVICES Dept.#CH	08-31-2019	27 YRS 08 MOS
MARISSA U. CAMANGA REYE	COASTAL CLUSTER-HARBOR/UCLA MC Dept.#HH	08-16-2019	35 YRS 10 MOS
MARY ANN L. CHANG	PROBATION DEPARTMENT Dept.#PB	08-31-2019	20 YRS ½ MOS
MAIVAN CHAU	COASTAL CLUSTER-HARBOR/UCLA MC Dept.#HH	08-16-2019	31 YRS 09 MOS
ANN CROCKER	SUPERIOR COURT/COUNTY CLERK Dept.#SC	08-31-2019	13 YRS 02½ MOS
JOAQUIN R. CRUZ	HEALTH SERVICES ADMINISTRATION Dept.#HS	08-31-2019	28 YRS 10½ MOS
EVE CRUZ	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	08-31-2019	32 YRS 09½ MOS
ESTANISLAO Q. DAVID	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	08-31-2019	14 YRS 07½ MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
JANE DETHRASAVONG	SUPERIOR COURT/COUNTY CLERK Dept.#SC	08-31-2019	30 YRS 09 MOS
CYNTHIA L. DOUCET	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	08-31-2019	40 YRS 11½ MOS
MARY DOYLE	RANCHO LOS AMIGOS HOSPITAL Dept.#HR	08-16-2019	31 YRS 11 MOS
ELEANOR DURAN	CHILD SUPPORT SERVICES Dept.#CD	08-31-2019	24 YRS 04½ MOS
JAMES E. FIGLEY	AMBULATORY CARE NETWORK Dept.#HN	08-31-2019	31 YRS 01 MOS
ANTONIO GARCIA SR	ALTERNATE PUBLIC DEFENDER Dept.#AD	08-05-2019	24 YRS 05½ MOS
RICARDO R. GAYOSO	SFV CLUSTER-OLIVE VIEW/UCLA MC Dept.#HO	08-31-2019	12 YRS 00 MOS
DAVID B. GOETZELMAN	PUBLIC WORKS Dept.#PW	08-31-2019	33 YRS 02½ MOS
JOSE R. GONZALEZ	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	08-31-2019	27 YRS 09 MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
OLIVIA J. GROSS	CORRECTIONAL HEALTH Dept.#HC	08-30-2019	21 YRS 01 MOS
ALBA L. HERNANDEZ	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	08-31-2019	13 YRS 04½ MOS
JANET M. HUBER	PUBLIC HEALTH PROGRAM Dept.#PH	08-30-2019	33 YRS 08 MOS
PAULINE P. JACKSON	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	07-31-2019	50 YRS 02½ MOS
CHERYL JACKSON	PROBATION DEPARTMENT Dept.#PB	08-31-2019	40 YRS 03½ MOS
JEAN S. JEON	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	08-31-2019	31 YRS 02½ MOS
DANILO J. JULAG-AY	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	07-31-2019	15 YRS 09½ MOS
SELPIE KASAMANIAN	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	08-01-2019	22 YRS 06½ MOS
SANDRA J. KELLY	PUBLIC HEALTH PROGRAM Dept.#PH	08-30-2019	38 YRS 05 MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
NASSOR B. KHALFANI	PROBATION DEPARTMENT Dept.#PB	09-28-2019	32 YRS 11 MOS
LAURA KIM	CHILDREN & FAMILY SERVICES Dept.#CH	08-31-2019	25 YRS ½ MOS
JAMES A. KNIGHT	INTERNAL SERVICES Dept.#IS	08-31-2019	20 YRS 02 MOS
PATRICIA J. KNOEBL-WOOD	LOCAL AGENCY FORMATION COMM. Dept.#LAF	07-05-2019	05 YRS 02½ MOS
EARL F. LEAF I II	HEALTH AGENCY Dept.#HA	07-23-2019	00 YRS 06 MOS
SYLVIA D. LEWIS	PROBATION DEPARTMENT Dept.#PB	08-31-2019	44 YRS 11 MOS
LYDIA LOZANO	SHERIFF Dept.#SH	08-30-2019	28 YRS 05 MOS
DEBBIE M. MADRID	SHERIFF Dept.#SH	08-30-2019	40 YRS 01 MOS
CARMEN A. MALDONADO	RANCHO LOS AMIGOS HOSPITAL Dept.#HR	08-08-2019	24 YRS 03 MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
GREGORY MALONE	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	08-02-2019	40 YRS ½ MOS
VICTORIA D. MANGOLD	BEACHES & HARBORS Dept.#BH	07-30-2019	10 YRS 07 MOS
GUSTAVO MARIN	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	08-20-2019	38 YRS 07 MOS
JOSEPHINE L. MARQUEZ	WORKFORCE DEV AGING & COMM SVC Dept.#CS	08-31-2019	46 YRS 11 MOS
MATTHEW B. MARTIN	AMBULATORY CARE NETWORK Dept.#HN	08-24-2019	34 YRS 00 MOS
SANDRA A. MCGOWAN	RANCHO LOS AMIGOS HOSPITAL Dept.#HR	08-31-2019	31 YRS 04 MOS
CARLO D. MEJIA	PROBATION DEPARTMENT Dept.#PB	08-31-2019	34 YRS 08½ MOS
ETHEL MOODY	SUPERIOR COURT/COUNTY CLERK Dept.#SC	08-31-2019	33 YRS 01 MOS
SALVADOR MORA	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	07-25-2019	19 YRS 05½ MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
CORI MORENO	PROBATION DEPARTMENT Dept.#PB	08-31-2019	29 YRS 08 MOS
DEBORA NEELY	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	08-15-2019	39 YRS 02½ MOS
JOHN J. NOGALES	LACERA Dept.#NL	09-17-2019	27 YRS 04 MOS
CHARLES M. NOJANG	AMBULATORY CARE NETWORK Dept.#HN	07-16-2019	25 YRS 07 MOS
BETTY OLSEN	SUPERIOR COURT/COUNTY CLERK Dept.#SC	08-06-2019	20 YRS 05 MOS
CAMILLE PARKER	MENTAL HEALTH Dept.#MH	08-31-2019	44 YRS 08 MOS
LINDA PENG	PUBLIC WORKS Dept.#PW	08-30-2019	15 YRS 02 MOS
JESUS B. PERDOMO	INTERNAL SERVICES Dept.#IS	08-30-2019	39 YRS 02 MOS
LEND A. POTTS	CHILDREN & FAMILY SERVICES Dept.#CH	08-15-2019	11 YRS 01½ MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
KORY L. RAMELLI	SFV CLUSTER-OLIVE VIEW/UCLA MC Dept.#HO	08-24-2019	26 YRS 10½ MOS
JOSEFINA A. RECLUSADO-CR	COASTAL CLUSTER-HARBOR/UCLA MC Dept.#HH	08-31-2019	31 YRS 09½ MOS
JUDY L. RENO	SFV CLUSTER-OLIVE VIEW/UCLA MC Dept.#HO	08-30-2019	28 YRS 03 MOS
ALMA E. REYES	PROBATION DEPARTMENT Dept.#PB	08-31-2019	40 YRS 05½ MOS
VIRGINIA RIVERA	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	08-01-2019	27 YRS 09½ MOS
REBECCA L. ROBERTS	CHILDREN & FAMILY SERVICES Dept.#CH	08-31-2019	30 YRS ½ MOS
EVELYN C. RODRIGUEZ	SFV CLUSTER-OLIVE VIEW/UCLA MC Dept.#HO	08-30-2019	10 YRS 02½ MOS
GINA L. ROGERS	SUPERIOR COURT/COUNTY CLERK Dept.#SC	08-03-2019	21 YRS 03½ MOS
RAMON S. ROSALES	TREASURER AND TAX COLLECTOR Dept.#TT	08-31-2019	18 YRS 01½ MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
ZORAIDA M. RUELAS	AMBULATORY CARE NETWORK Dept.#HN	08-31-2019	15 YRS 10½ MOS
HERIBERTO SANDOVAL	PARKS AND RECREATION Dept.#PK	05-17-2019	20 YRS 11 MOS
CYNTHIA M. SHECKELLS	SHERIFF Dept.#SH	08-30-2019	45 YRS 00 MOS
KATHY E. SIETSEMA	COASTAL CLUSTER-HARBOR/UCLA MC Dept.#HH	08-01-2019	25 YRS ½ MOS
MILTON K. SMITH	PROBATION DEPARTMENT Dept.#PB	08-31-2019	31 YRS 04½ MOS
MIA SMITH	COUNTY COUNSEL Dept.#CC	08-14-2019	35 YRS 05½ MOS
EUGENIA M. SNEED	CHILDREN & FAMILY SERVICES Dept.#CH	08-30-2019	22 YRS 04 MOS
SONIA E. SOTO-BONILLA	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	07-31-2019	21 YRS ½ MOS
NANCY J. STAPLES	SHERIFF Dept.#SH	08-31-2019	08 YRS 07½ MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
ANTHONY W. TAN	COASTAL CLUSTER-HARBOR/UCLA MC Dept.#HH	08-31-2019	36 YRS 01½ MOS
D C TARVIN III	BEACHES & HARBORS Dept.#BH	07-30-2019	31 YRS 11 MOS
STEPHANIE C. TAYLOR	PUBLIC HEALTH PROGRAM Dept.#PH	08-15-2019	28 YRS 07 MOS
STEPHEN R. THAYER	SHERIFF Dept.#SH	07-25-2019	24 YRS 04 MOS
EDITH V. THORNE	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	08-31-2019	30 YRS 05½ MOS
PHUONG DUNG TRAN	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	08-31-2019	20 YRS 03½ MOS
CECILIA TRAN	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	08-28-2019	19 YRS 05 MOS
MELINDA L. VILLARREAL	MENTAL HEALTH Dept.#MH	09-28-2019	05 YRS 01 MOS
MARY E. VILLEGAS	INTERNAL SERVICES Dept.#IS	08-31-2019	41 YRS 08 MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
HSI-PING N. WANG	WORKFORCE DEV AGING & COMM SVC Dept.#CS	09-16-2019	12 YRS ½ MOS
ANDREA WASHINGTON-C	PROBATION DEPARTMENT Dept.#PB	08-31-2019	36 YRS 10 MOS
AMY WATANABE	CHILDREN & FAMILY SERVICES Dept.#CH	08-31-2019	32 YRS 01½ MOS
KAREN WEINER	COUNTY COUNSEL Dept.#CC	08-31-2019	28 YRS 05½ MOS
PATRICIA WILKINSON	DISTRICT ATTORNEY Dept.#DA	08-31-2019	34 YRS 07 MOS
ELVRIDGE O. WILLIAMS	SUPERIOR COURT/COUNTY CLERK Dept.#SC	08-31-2019	43 YRS ½ MOS
KIMBERLY H. WILSON	PROBATION DEPARTMENT Dept.#PB	08-31-2019	32 YRS 02½ MOS
YU MEI WU	PUBLIC HEALTH PROGRAM Dept.#PH	08-31-2019	16 YRS 10 MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL SURVIVOR APPLICATIONS

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
SOFIYA GANTMAN WIFE of ARKADIY GANTMAN dec'd on 07-14-2019, Sect. #31781.1	PUBLIC HEALTH PROGRAM Dept.#PH	07-15-2019	19 YRS 04½ MOS
KAYLA JOHNSON DAUGHTER of BRIDGET L JOHNSON dec'd on 07-20-2017, Sect. #31781.3	PUBLIC DEFENDER Dept.#PD	07-21-2017	22 YRS 05 MOS
KAMARIA SPANN DAUGHTER of VICTOR R WILLIS dec'd on 05-13-2011, Sect. #31781.1	PROBATION DEPARTMENT Dept.#PB	05-14-2011	06 YRS 05½ MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

SAFETY MEMBER APPLICATIONS FOR: SERVICE RETIREMENT FROM DEFERRED

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
GREGORY N. KAUFMAN	SHERIFF Dept.#SH	06-20-2019	02 YRS 10 MOS
PATRICK MCKINNEY	SHERIFF Dept.#SH	07-01-2019	11 YRS 03 MOS
KAHLIL G. VINCSON	SHERIFF Dept.#SH	07-17-2019	16 YRS 10½ MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT FROM DEFERRED

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
JULIANNE BALLON CASEM	MENTAL HEALTH Dept.#MH	07-17-2019	11 YRS 10 MOS
MARY ANN BENNETT	PUBLIC WORKS Dept.#PW	08-09-2019	10 YRS ½ MOS
MARSHA E. BONNER	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	04-01-2019	16 YRS 04 MOS
GRACE BRIGANTI	RANCHO LOS AMIGOS HOSPITAL Dept.#HR	07-01-2019	10 YRS 02 MOS
EVA M. BUGHER	PUBLIC WORKS Dept.#PW	08-20-2019	14 YRS 09 MOS
CORRINE CANIZALES	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	07-10-2019	45 YRS 11½ MOS
CARMEN G. CARRILLO	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	07-16-2019	29 YRS 01 MOS
MICHAEL D. CARTER	SUPERIOR COURT/COUNTY CLERK Dept.#SC	07-04-2019	12 YRS 04 MOS
ROBERTA M. DAVIS	CHILDREN & FAMILY SERVICES Dept.#CH	07-28-2019	29 YRS 03½ MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT FROM DEFERRED

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
GRANT R. DEROSE JR	L A COUNTY FIRE DEPT Dept.#FR	09-05-2019	11 YRS 02 MOS
EVELYN M. ESCATIOLA	PUBLIC LIBRARY Dept.#PL	07-03-2019	17 YRS 09 MOS
VICTOR H. FLORES	PUBLIC WORKS Dept.#PW	07-01-2019	13 YRS 04 MOS
CHARLES E. GALE JR	AMBULATORY CARE NETWORK Dept.#HN	07-31-2019	10 YRS 02½ MOS
YOLANDA GOMEZ	AMBULATORY CARE NETWORK Dept.#HN	07-06-2019	39 YRS 07½ MOS
KATHLEEN M. GRAY	COASTAL CLUSTER-HARBOR/UCLA MC Dept.#HH	04-01-2019	17 YRS 05 MOS
EVELYN B. IGUIDEZ	PARKS AND RECREATION Dept.#PK	04-01-2018	17 YRS 01 MOS
KEITH E. JOHNSON	PROBATION DEPARTMENT Dept.#PB	07-05-2019	30 YRS 09½ MOS
GILDA A. JONES	SFV CLUSTER-OLIVE VIEW/UCLA MC Dept.#HO	08-03-2019	15 YRS 02½ MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT FROM DEFERRED

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
DEBORAH E. JONES	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	06-04-2019	34 YRS 02 MOS
KARLA D. KERLIN	SUPERIOR COURT/COUNTY CLERK Dept.#SC	07-12-2019	17 YRS 11 MOS
HELEN KULBEL	PUBLIC HEALTH PROGRAM Dept.#PH	07-30-2019	18 YRS 02½ MOS
ALEX P. LEE	SUPERIOR COURT/COUNTY CLERK Dept.#SC	07-20-2019	04 YRS 10 MOS
LINDA K. LEE MAEWEATH	PUBLIC HEALTH PROGRAM Dept.#PH	07-31-2019	35 YRS 03½ MOS
SABRENAH N. LOCKRIDGE	PROBATION DEPARTMENT Dept.#PB	07-28-2019	15 YRS 01 MOS
DIANE L. LUDLOW	RANCHO LOS AMIGOS HOSPITAL Dept.#HR	07-30-2019	08 YRS 02 MOS
JERRY P. LUNA	PUBLIC WORKS Dept.#PW	07-25-2019	14 YRS 11 MOS
DIANE T. MILLAN	SUPERIOR COURT/COUNTY CLERK Dept.#SC	07-01-2019	09 YRS 03 MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT FROM DEFERRED

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
RUNGRAT PIYAMAN	SUPERIOR COURT/COUNTY CLERK Dept.#SC	08-17-2019	14 YRS 00 MOS
BLANCA E. RAMIREZ	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	07-30-2019	19 YRS 03 MOS
ERNEST M. SANCHEZ	PUBLIC WORKS Dept.#PW	07-26-2019	21 YRS 11½ MOS
E W. SCHOEBERGER	RANCHO LOS AMIGOS HOSPITAL Dept.#HR	07-01-2019	11 YRS 09 MOS
MARION C. SCHONEBERGER	RANCHO LOS AMIGOS HOSPITAL Dept.#HR	07-01-2019	14 YRS 08 MOS
CLEANTE M. STAIN	MENTAL HEALTH Dept.#MH	07-09-2019	02 YRS 03 MOS
PERDITA L. STEWARD	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	07-06-2019	45 YRS ½ MOS
BEVERLY J. STOBIN	SUPERIOR COURT/COUNTY CLERK Dept.#SC	07-25-2019	33 YRS 08 MOS
BENJAMIN A. UZOWURU	CORRECTIONAL HEALTH Dept.#HC	07-29-2019	20 YRS 08½ MOS

BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT FROM DEFERRED

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
STACY L. VANDERVORT	PUBLIC LIBRARY Dept.#PL	07-15-2019	05 YRS 03½ MOS
MICHELLE A. WHITNEY	PUBLIC HEALTH PROGRAM Dept.#PH	07-06-2019	15 YRS 06 MOS
CONSTANCE C. YOUNG	SUPERIOR COURT/COUNTY CLERK Dept.#SC	04-01-2018	12 YRS 07 MOS

**BOARD OF RETIREMENT MEETING OF SEPTEMBER 4, 2019
RESCISSIONS/CHANGES FROM BENEFIT APPROVAL LIST
APPROVED ON AUGUST 7, 2019**

No applications to report.

August 15, 2019

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
Shawn R. Kehoe, Vice Chair
Vivian H. Gray
Ronald A. Okum
J.P. Harris, Alternate

FOR: September 4, 2019 Board of Retirement Meeting

SUBJECT: **Legislative Proposal—Nonservice-connected Disability Retirement Benefits**

RECOMMENDATION

That the Board of Retirement:

1. Not approve submission of a legislative proposal for inclusion in the SACRS 2020 Legislative Platform that would preclude the reduction of a nonservice-connected disability retirement allowance if the member's disability was due to the intemperate use of alcoholic liquor or drugs; and
2. Alternatively, not sponsor legislation that would preclude the reduction of a nonservice-connected disability retirement allowance if the member's disability was due to the intemperate use of alcoholic liquor or drugs.

BACKGROUND

At the Disability Procedures and Services Committee (DPSC) meeting on July 3, 2019, Senior Staff Counsel Francis J. Boyd presented a memorandum to explain the determination of whether a member's disability is due to the intemperate use of alcoholic liquor or drugs. Board of Retirement members were interested in how to make this determination when there were multiple factors leading to a member's incapacity. If a member is granted a nonservice-connected disability retirement, there may be instances when such a member's disability retirement allowance is limited to an annuity based on the member's contributions only.

The DPSC expressed concerns regarding the public policy behind this limitation of a member's disability benefit due to the intemperate use of alcoholic liquor or drugs. Consequently, the DPSC expressed a desire for a legislative proposal to delete the provisions in the County Employees Retirement Law of 1937 (CERL) that relate to this determination of a member's disability.

LEGISLATIVE POLICY STANDARD

Although the Board of Retirement's legislative policy standard is to support proposals that provide clarification, technical updates, or conforming changes to CERL, this proposal is a substantive change to the benefit structure of CERL that is subject to determination by the Board.

CURRENT LAW

Government Code Sections 31726 (which applies to general members) and 31726.5 (which applies to safety members) provide for the calculation of a disability retirement allowance for members who are granted a nonservice-connected disability retirement. Specifically, for general members under age 65 and safety members under age 55, the disability retirement allowance (if the member is not entitled to a larger service retirement amount) is limited to an annuity that is the actuarial equivalent of the member's accumulated contributions if the member's disability is due to the intemperate use of alcoholic liquor or drugs, willful misconduct, violation of law of the member's part, or (for those who became members on or after January 1, 1988) conviction of a felony or criminal activity that caused or resulted in the member's disability.

Government Code Section 31728 provides that if the disability is due to intemperate use of alcoholic liquor or drugs, willful misconduct, or violation of law on the member's part and the member's annuity is less than \$240 a year, the board may pay the member his accumulated contributions in one lump sum in lieu of his annuity.

Government Code Section 31838 provides for the calculation of a disability retirement allowance for reciprocal members who are granted a nonservice-connected disability retirement and similarly limits the allowance to an annuity that is the actuarial equivalent of the member's accumulated contributions if the member's disability is due to the intemperate use of alcoholic liquor or drugs, willful misconduct, or violation of law of the member's part.

(Sections 31728 and 31838 do not contain a limitation due to conviction of a felony or criminal activity that caused or resulted in the member's disability.)

ISSUE

Government Code Sections 31726 and 31726.5 were added to CERL in 1937¹ and 1951, respectively. Those sections limited a member's nonservice-connected disability retirement allowance to an annuity that is the actuarial equivalent of his accumulated contributions if the member's disability is due to intemperate use of alcoholic liquor or drugs, willful misconduct, or violation of law on the member's part.

In the successive decades since 1937 and 1951, views on alcohol and drug use have evolved from a legal and moral perspective to a medical, scientific, and public health

¹ Government Section 31726 was a new section added in 1947 (Statutes of 1947, Ch. 434, Sec. 1) through a renumbering of Sections 133, 134, and 135 from the initial version of CERL (Statutes of 1937, Ch. 677).

perspective—from temperance and prohibition to treatment, recovery, and counseling. The public policy underlying the limitation on nonservice-connected disability retirement allowances due to intemperate use of alcoholic liquor or drugs may no longer reflect contemporary views of alcohol and drug use. The discussion at the DPSC meeting noted that if alcohol and drug use were viewed from a disease perspective rather than as a moral failure, the benefit limitation as a consequence would be financially punitive and discriminatory for members.

PROPOSED SOLUTION

If the Board desires to remove the intemperate use of alcoholic liquor or drugs as a fact that it must find in the determination of nonservice-connected disability retirements, then Government Code Sections 31726, 31726.5, 31728, and 31838 must be amended to remove that element in those sections.

CONSIDERATIONS

SACRS Legislative Committee

Staff raised the possibility of amending the relevant sections at the July 19, 2019 meeting of the State Association of County Retirement Systems (SACRS) Legislative Committee. The Committee noted that it was a proposal worth exploring and would consider the proposal if submitted for the SACRS legislative platform.

Other California Public Retirement Systems

Staff reviewed the disability retirement provisions of other public retirement systems in California such as the Public Employees' Retirement System, State Teachers' Retirement System, Los Angeles City Employees' Retirement System, and San Diego City Employees' Retirement System. The provisions in those systems contain similar limitations to the disability retirement benefit if the member's disability was caused by intemperance, willful misconduct, violation of law on the member's part, voluntary action on the member's part, willful substance abuse, or moral turpitude.

County of Los Angeles

The County of Los Angeles' State Legislative Agenda is to oppose legislation that mandates or authorizes compensation or benefit changes without approval of the Board of Supervisors; it would also oppose legislation that would remove the Board of Supervisors' control over benefit increases or decreases in the Los Angeles County Retirement System that increase County cost. The County will evaluate any proposed legislation under these standards.

Prior Legislative Proposal

Although there may have been other proposals in the past 70 years of legislative history to amend the sections relating to intemperate use of alcoholic liquor or drugs, in 1974, Senate Bill 875 proposed to preclude CERL counties from denying nonservice-connected disability retirement benefits solely because of the intemperate use of alcoholic liquor. The bill was opposed by the County Supervisors Association of

California, the former name of the current California State Association of Counties, and vetoed by Governor Reagan.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

1. Not approve submission of a legislative proposal for inclusion in the SACRS 2020 Legislative Platform that would preclude the reduction of a nonservice-connected disability retirement allowance if the member's disability was due to the intemperate use of alcoholic liquor or drugs; and
2. Alternatively, not sponsor legislation that would preclude the reduction of a nonservice-connected disability retirement allowance if the member's disability was due to the intemperate use of alcoholic liquor or drugs.

Attachments


Government Code Sections 31276 and 31726.5 (Memo dated June 19, 2019)
SACRS 2020 Legislative Platform

cc: Steven P. Rice
JJ Popowich
Frank Boyd
Bernie Buenaflor
Allan Cochran
Ricki Contreras
Vincent Lim
Joe Ackler, Acker & Associates

**FOR INFORMATION ONLY**

June 19, 2019

To: Disability Procedures & Services Committee
J.P. Harris, Chair
Herman Santos, Vice Chair
Ronald A. Okum
Gina Zapanta-Murphy
William Pryor, Alternate

From: Francis J. Boyd, 
Senior Staff Counsel

For: July 3, 2019, Disability Procedures & Services Committee Meeting

Subject: **GOVERNMENT CODE SECTIONS 31726 and 31726.5 AND THE
INTEMPERATE USE OF ALCOHOL OR DRUGS**

INTRODUCTION

Several Board members have requested that the Legal Office provide a legal opinion in regard to the application of Government Code sections 31726 and 31726.5 when determining whether or not a member's nonservice-connected incapacity is related to the intemperate use of alcohol or drugs. The Board is particularly interested in how to apply these statutes when there are multiple factors leading to a member's incapacity. The purpose of this memorandum is to explain the application of these two statutes.

RULE

Government Code section 31726 applies to general members under age 65, and Section 31726.5 applies to safety members under age 55. Members whose nonservice-connected incapacity is the **exclusive** result of the members' intemperate use of alcohol or drugs are restricted to an annuity based on the members' own contributions instead of a nonservice-connected disability retirement.

LAW AND ANALYSIS**Sections 31726 and 31726.5**

There are two statutes in the Government Code that apply when a member is found incapacitated for a nonservice-connected disability involving the intemperate use of alcohol or drugs. Section 31726 applies to general members and Section 31726.5 applies to safety members. These two statutes are almost identical in language with the exception of the age applicability for general versus safety members. Section 31726

applies to general members under age 65, while Section 31726.5 applies to safety members under age 55. Both statutes restrict the member to an annuity based on the member's own contributions instead of a nonservice-connected disability retirement when the incapacity is due to the intemperate use of alcohol and drugs, willful misconduct, or violation of law.¹ The restriction in each statute is found in subsection (b)(2) which states the following in pertinent part:

Every member . . . shall receive a disability retirement allowance which shall be the greater of the following:

- (a) The sum to which he or she would be entitled as service retirement.
- (b) A sum which shall consist of any of the following:
 - (1) An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.
 - (2) If, in the opinion of the board, his or her disability is not due to intemperate use of alcoholic liquor or drugs, willful misconduct, or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district.

Legislative History is Not Necessary to Interpret Section 31726 and 31726.5

Government Code section 31726 was enacted in 1947 and Section 31726.5 was enacted in 1951. The Legal Office's electronic library resources, Lexis Nexis and Westlaw, do not have legislative history available this far back in time. However, in 1990, the Third District Court of Appeal issued a decision that addresses Section 31726.5, *Keith v. San Bernardino Retirement Bd.*² wherein the court based its decision on the plain meaning of the statute and provided a discussion of the policy objective behind the law. This decision provides the Board sufficient information as to how to apply Sections 31726 and 31726.5, so no further attempts were made to obtain the legislative history.

Keith v. San Bernardino Retirement Bd.

*Keith v. San Bernardino Retirement Bd.*³ is the only court decision that addresses Section 31726.5. Keith was a county deputy marshal who sustained permanently incapacitating injuries in an off-duty motorcycle accident. The Board of Retirement found that the accident was due to Keith's intemperate use of alcohol.

In its interpretation of the statute, the court stated the following:

¹ This memorandum will only address the intemperate use of alcohol and drugs.

² *Keith v. San Bernardino County Ret. Bd.* (1990) 222 Cal.App.3d 411.

³ *Keith v. San Bernardino County Ret. Bd.*, *supra*, 222 Cal.App.3d 411.

We conclude that the Legislature meant nothing more than what it said: an applicant, such as Keith, may receive a retirement pension paid for with county contributions 'if, in the opinion of the board, his or her disability is not due to intemperate use of alcoholic liquor.'⁴

Keith argued that Section 31726.5 did not apply to him because the phrase "intemperate use of alcoholic liquor" meant "habitual intemperance," not the intemperate use of alcohol on a particular occasion. In addressing this argument, the court first addressed the plain meaning of the statute and then discussed the policy objectives behind the statute.

- **Plain meaning**

The *Keith* court concluded that the plain meaning of the statute was clear and that "[t]he intemperate use of alcohol on even a single occasion is such an 'intemperate use' if the words of the statute are given their 'usual, ordinary import.'"⁵

- **Policy Objective**

The *Keith* court then went on to discuss the policy objective behind Section 31726.5 and stated the following:

The Legislature has determined that certain categories of public employees, because of the nature of their public employment and service, should receive disability pensions paid for with public funds even though the disability is not job related. Where, however, the disability is not only not job related, **but also is exclusively the result of the public employee's own excessive, illegal or willfully improper conduct**, no public benefit is obtained by requiring the public to 'pick up the tab.'⁶

The above language from the *Keith* decision limits the application of Section 31726.5, and Section 31726 *in pari materia*,⁷ to circumstances where the incapacity is the exclusive result of the members' intemperate use of alcohol or drugs. If the members' nonservice-connected permanent incapacity is not *exclusively* the result of alcohol or drug abuse, Government Code section 31726(b)(2) is not applicable.

⁴ *Id.* at 416-417.

⁵ *Id.* at 417.

⁶ *Id.* at 417 (Emphasis added.)

⁷ *In pari materia*: "on like subject matter. Statutes or document provisions that are 'in pari materia' are those that relate to the same person or subject." (Barron's Law Dict. (3rd ed.1991) p. 239, col. 2.)

Re: Intemperate Use of Alcohol and Drugs

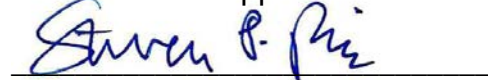
June 19, 2019

Page 4 of 4

CONCLUSION

Government Code section 31726 applies to general members under age 65, and Section 31726.5 applies to safety members under age 55. Members whose nonservice-connected incapacity is the **exclusive** result of the members' intemperate use of alcohol or drugs are restricted to an annuity based on the members' own contributions instead of a nonservice-connected disability retirement.

Reviewed and approved.

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

Steven P. Rice, Chief Counsel

c: Each Member, Board of Retirement

SACRS 2020 Legislative Platform Submission Information

- **Title of Issue**
Nonservice-connected Disability Retirement and Intemperate Use of Alcoholic Liquor or Drugs
- **Retirement Association/Name**
Los Angeles County Employees Retirement Association
- **Contact Name**
Barry Lew, Legislative Affairs Officer
- **Contact Phone Number**
626-564-2370
- **Contact Email Address**
blew@lacera.com
- **Description of Issue**
Government Code Sections 31726 and 31726.5 were added to CERL in 1937 and 1951, respectively. These sections limit a member's nonservice-connected disability retirement allowance to an annuity that is the actuarial equivalent of his accumulated contributions if the member's disability is due to intemperate use of alcoholic liquor or drugs, willful misconduct, or violation of law on the member's part.

In the successive decades since 1937 and 1951, views on alcohol and drug use have evolved from a legal and moral perspective to a medical, scientific, and public health perspective—from temperance and prohibition to treatment, recovery, and counseling. The public policy underlying the limitation on nonservice-connected disability retirement allowances due to intemperate use of alcoholic liquor or drugs may no longer reflect contemporary views of alcohol and drug use. If alcohol and drug use were viewed from a disease perspective rather than a moral failure, the benefit limitation as a consequence would be financially punitive and discriminatory for members.
- **Recommended Solution**
Amend the CERL sections related to nonservice-connected disability retirement to remove the element related to intemperate use of alcoholic liquor or drugs.
- **Specific language changed or added to the 1937 Act and suggested code section number(s)**

Section 31726

Upon retirement for nonservice-connected disability a member who has attained age 65 shall receive his or her service retirement allowance.

Every member under age 65 who is retired for nonservice-connected disability and who is not simultaneously retired as a member on deferred retirement of the ~~State-Public~~ Employees' Retirement System or a retirement system established under this chapter in another county shall receive a disability retirement allowance which shall be the greater of the following:

- (a) The sum to which he or she would be entitled as service retirement.
- (b) A sum which shall consist of any of the following:
 - (1) An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.
 - (2) If, in the opinion of the board, his or her disability is not due to ~~intemperate use of alcoholic liquor or drugs, willful misconduct, willful misconduct~~ or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district.
 - (3) If, in the opinion of the board, his or her disability is not due to conviction of a felony or criminal activity which caused or resulted in the member's disability, a disability retirement pension purchased by contributions of the county or district. This paragraph shall only apply to a person who becomes a member of the system on or after January 1, 1988.

Section 31726.5

Upon retirement for nonservice-connected disability a safety member who has attained age 55 shall receive his or her service retirement allowance. Every safety member under age 55 who is retired for nonservice-connected disability and who is not simultaneously retired as a member on deferred retirement of the Public Employees' Retirement System or a retirement system established under this chapter in another county shall receive a disability retirement allowance which shall be the greater of:

- (a) The sum to which he or she would be entitled to as service retirement; or
- (b) A sum which shall consist of:
 - (1) An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

(2) If, in the opinion of the board, his or her disability is not due to ~~intemperate use of alcoholic liquor or drugs, willful misconduct, willful misconduct~~ or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district.

(3) If, in the opinion of the board, his or her disability is not due to conviction of a felony or criminal activity which caused or resulted in the member's disability, a disability retirement pension purchased by contributions of the county or district. Paragraph (3) shall only apply to a person who becomes a member of the association on or after January 1, 1988

Section 31728

If, in the opinion of the board, the disability is due to ~~intemperate use of alcoholic liquor or drugs, willful misconduct, willful misconduct~~ or violation of law on the part of the member, and his annuity is less than two hundred forty dollars (\$240) a year, the board may pay the member his accumulated contributions in one lump sum in lieu of his annuity.

Section 31838

Every safety member under age 55 years and every other member under age 65 years who is retired for nonservice-connected disability and who is retired simultaneously under a disability retirement allowance from the Public Employees' Retirement System or a retirement system established under this chapter in another county shall receive a retirement allowance equal to the greater of the following amounts:

(1) The sum to which he would be entitled as service retirement; or

(2) A sum which shall consist of:

(a) An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

(b) If, in the opinion of the board, his disability is not due to ~~intemperate use of alcoholic liquor or drugs, willful misconduct, willful misconduct~~ or violation of law on his part, a disability retirement pension purchased by contributions of the county or district, all computed as provided in Sections 31727 or 31727.2.

- **Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association/system?**

The nonservice-connected disability retirement provisions apply to all SACRS systems.

- **Do you anticipate the proposed legislation would create any major problems such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations/systems?**

As plan administrators, the other SACRS systems may not be amenable to this proposal that would substantively change the policy underlying the benefit structure for nonservice-connected disability retirements. This proposal may put a plan administrator at odds with its plan sponsor.

- **Who will support or oppose this proposed change in the law?**

SACRS systems that view the benefit limitation as financially punitive and discriminatory may support this proposal. Plan sponsors may oppose this proposal because it is a substantive change to the benefit structure of a nonservice-connected disability retirement allowance.

- **Who will be available from your association/system to testify before the Legislature?**

Barry Lew, Legislative Affairs Officer

Joe Ackler, Ackler & Associates



August 26, 2019

TO: Each Member
Board of Retirement

FROM: Steven P. Rice *SPR*
Chief Counsel

DATE: Meeting of September 4, 2019

SUBJECT: **COMPENSATION EARNABLE & PENSIONABLE COMPENSATION**

INTRODUCTION

The Board of Retirement is charged with determining which items of compensation qualify as pensionable earnings includable in the member's retirement allowance. The Chief Executive Office of the County of Los Angeles recently requested determination of the pensionability of several pay items.

Before the Board are 3 pay items with recommendations regarding inclusion or exclusion within the definition of "final compensation" when calculating a member's benefit. The analysis of each of these items is attached as Exhibit A for review.

COMPENSATION EARNABLE

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

Section 31461 defines "compensation earnable." It states:

- (a) "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member

at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.

- (b) "Compensation earnable" does not include, in any case, the following:
- (1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:
 - (A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.
 - (B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.
 - (C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period regardless of when reported or paid.
 - (2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.
 - (3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
 - (4) Payments made at the termination of employment, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.

- (c) The terms of subdivision (b) are intended to be consistent with and not in conflict with the holdings in *Salus v. San Diego County Employees Retirement Association* (2004) 117 Cal.App.4th 734 and *In re Retirement Cases* (2003) 110 Cal.App.4th 426.

PENSIONABLE COMPENSATION

On January 1, 2013, with the enactment of PEPRA, new members are subject to the definition of "pensionable compensation" in Section 7522.34(a), which states:

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

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

Subdivision (c) states:

- (c) "Pensionable compensation" does not include the following:
- (1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.
 - (2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
 - (3) Any one-time or ad hoc payments made to a member.
 - (4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

- (5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
- (6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
- (7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
- (8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.
- (9) Employer contributions to deferred compensation or defined contribution plans.
- (10) Any bonus paid in addition to the compensation described in subdivision (a).
- (11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).
- (12) Any other form of compensation a public retirement board determines should not be pensionable compensation.

ITEMS OF COMPENSATION

1. Obstetrics/Labor & Delivery Assignment – Item 393

This additional compensation should be included for our legacy members as it is paid to all similarly situated members based on the average number of days worked by persons in the same grade or class of positions and at the same rate of pay.

This additional compensation should be excluded for PEPRA members as it is inconsistent with base pay and not found on publicly available pay schedules.

Recommendation: Include under 31461

Exclude under 7522.34

2. Medical Hub Clinic Assignment – Item 394

This additional compensation should be included for our legacy members as it is paid to all similarly situated members based on the average number of days worked by persons in the same grade or class of positions and at the same rate of pay.

This additional compensation should be excluded for PEPRA members as it is inconsistent with base pay and not found on publicly available pay schedules.

Recommendation: Include under 31461
Exclude under 7522.34

3. License Reimbursement – Item 591

This additional compensation should be excluded for legacy members as it is an ad-hoc payment made to some members but not to all similarly situated members.

This additional compensation should be excluded for PEPRA members as it is inconsistent with base pay and not found on publicly available pay schedules.

Recommendation: Exclude under 31461
Exclude under 7522.34

CONCLUSION

Consistent with the foregoing, the attached Resolutions of the Board of Retirement specifying pay items as "Compensation Earnable" under Government Code section 31461 and "Pensionable Compensation" under Government Code section 7522.34 are submitted for approval by the Board.

IT IS THEREFORE RECOMMENDED THAT THE BOARD:

1. Adopt attached Resolution Nos. 2019-BR009, BR010, and BR011, specifying pay items as "compensation earnable" and "pensionable compensation."
2. Instruct staff to coordinate with the County of Los Angeles to establish necessary reporting mechanism and procedures to permit LACERA to include the qualifying items in the calculation of final compensation.

Attachments

BEFORE THE BOARD OF RETIREMENT
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

RESOLUTION NO. 2019-BR009

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

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

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

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

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

NOW THEREFORE, BE IT RESOLVED, AS FOLLOWS:

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

BOARD OF RETIREMENT,
LOS ANGELESCOUNTY EMPLOYEES
RETIREMENT ASSOCIATION

Alan J. Bernstein
Chair, Board of Retirement

Approved as to Form:

ATTEST:

Steven P. Rice
Chief Counsel

Les Robbins
Vice Chair, Board of Retirement

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

<u>EARNINGS CODE NO.</u>	<u>ITEMS</u>
099	PATROL STATION RETENTION BONUS
232	AGRICULTURAL WEIGHTS & MEASURE (AWM) INSPECTOR ASSIGNMENT BONUS
249	AGRICULTURE INSPECTORS AID ROVER BONUS
253	HEALTHCARE FACILITY BONUS
254	FORENSIC ATTENDANT FIELD TRAINING BONUS
255	BEACHES & HARBORS ASSIGNMENT BONUS
259	TRAILS UNIT ASSIGNMENT BONUS
262	UNDERWATER RECOVERY – BEACHES AND HARBORS
262Y3	UNDERWATER RECOVERY – BEACHES AND HARBORS
262Y4	UNDERWATER RECOVERY – BEACHES AND HARBORS
334	CUSTODY ASSISTANT ACADEMY DRILL INSTRUCTOR
336	PUBLIC RESPONSE DISPATCHER BONUS
341	IN-FLIGHT BONUS
346	HAZARDOUS MATERIALS II EMERGENCY OPERATIONS ASSIGNMENT
347	WELLNESS/FITNESS FOR LIFE BONUS – 1%
348	WELLNESS/FITNESS FOR LIFE BONUS – 2%

349 WELLNESS/FITNESS FOR LIFE BONUS

350 "PILOT PAY" – FIRE DEPARTMENT

355 FIREFIGHTER - PARAMEDIC

355Y2 FIREFIGHTER – PARAMEDIC

355Y3 FIREFIGHTER – PARAMEDIC

358 TEMPORARY PROMOTION BONUS

359 LIFEGUARD PARAMEDIC CATALINA BONUS

359Y2 LIFEGUARD PARAMEDIC CATALINA BONUS

362 PARAMEDIC COORDINATOR/EMS CAPTAIN

363 PEER SUPPORT BONUS

364 DECKHAND/BOAT OPERATOR/RESCUE WATER CRAFT BONUS

366 ADVANCED EDUCATIONAL DEGREE BONUS

369 ADVANCED EDUCATION DEGREE BONUS

381 DENTAL PROFESSIONALS BOARD CERTIFICATION BONUS

384 HIGH DESERT HEALTH ASSIGNMENT BONUS

388 SHERIFF DETENTION FACILITY ASSIGNMENT BONUS

389 MENTAL HEALTH PSYCHIATRIST BOARD CERTIFICATION –
MORE THAN ONE SPECIALTY

391 COUNTY LIBRARY DIFFICULT TO RECRUIT ASSIGNMENT
BONUS

393 OBSTETRICS/LABOR & DELIVERY ASSIGNMENT

394 MEDICAL HUB CLINIC ASSIGNMENT

424 ABDMI REGISTRY CERTIFICATION BONUS

425 ABDMI BOARD CERTIFICATION BONUS

439 CUSTODY TRAINING OFFICER

445 SPECIAL ENFORCEMENT DETAIL/CANINE SERVICES DETAIL
(TACTICAL DUTY)

452 SUPERVISORY BONUS

457 PATROL STATION RETENTION BONUS

463 DRINKING WATER TREATMENT AND DISTRIBUTION

497 INSTITUTIONS BONUS

503 UNIFORM ALLOWANCE

504 NIGHT SHIFT DIFFERENTIAL

505 CORONER'S INQUEST REPORTER

506 VEHICLE USE ALLOWANCE

507 CO-GENERATION MAINTENANCE

508 HENNINGER FLATS WATCHMAN

509 FREEZER WORK

510 DEPARTMENT HEAD MERIT

511 BOARD OF SUPERVISORS PERFORMANCE LUMP SUM

512 FIRE SUPPRESSION TRANSPORTATION TRUCK DRIVER

514 BACKHOE OPERATOR

515 WEEKEND BONUS

516 EXPLOSIVES WORK

517 EVENING SHIFT DIFFERENTIAL

518 POWER EQUIPMENT REPAIR, SNOW CONDITIONS

519 ENGINEERING EMPLOYEES, HAZARD PAY

520 HOME CARE COMPENSATION

522 CUSTODIAN ACTING AS WATCHMAN

523 HYDROELECTRIC OPERATIONS

525 CONTRACTING AND PRODUCTIVITY IMPROVEMENT INCENTIVE
FOR MANAGERS

528 WEBCOM PRESS OPERATOR

529 POWER EQUIPMENT OPERATOR, FIRE SUPPRESSION

530 RN EXTRA WEEKENDS WORKED

531 STANDBY

532 ADDITIONAL RESPONSIBILITIES OR EXCEPTIONAL
PERFORMANCE

533 POWER SWEEPER OPERATOR IN EMERGENCY CONDITIONS

534 POWER PLANT RELIEF ENGINEER

535 CLINIC PHYSICIAN, FIRST HOUR AND ONE-HALF

536 CONSULTING SPECIALIST, MD, & MENTAL HEALTH
CONSULTANT, MD, FIRST AND FIFTH HOURS

538 RN ASSIGNED AS ACTING OR RELIEF CHARGE NURSE

539 RN WEEKEND DIFFERENTIAL

540 RELIEF NURSE HOLIDAY DIFFERENTIAL (HOURLY ITEM)

541 RELIEF NURSE WEEKEND DIFFERENTIAL (HOURLY ITEM)

544 APPRAISERS LAUNDRY AND DRY CLEANING ALLOWANCE

545 HEAVY DUTY TOW TRUCK DRIVER

546 SLURRY SEAL TRUCK DRIVER

547 LIFEGUARD PARAMEDIC – SHIFT

548 LIFEGUARD PARAMEDIC – HOURLY

550 INCENTIVE AWARDS FOR MEDI-CAL REIMBURSEMENTS,
HEALTH SERVICES

551 GROUP INCENTIVE AWARD, TREASURER TAX COLLECTOR

552 STANDBY – EMERGENCY ROLLOUT PROGRAM

553 PIONEER EXCAVATION, TUNNEL OPERATIONS, FIRE
SUPPRESSION, AND SNOW REMOVAL - CONSTRUCTION
INSPECTION AND SURVEYING GROUPS

554 PIONEER EXCAVATION, TUNNEL OPERATIONS, FIRE
SUPPRESSION, AND SNOW REMOVAL

555 SCAFFOLD OR SWING STAGE, 30 FEET ABOVE GRADE

556 HIGH SCALE AND RIGGING OPERATIONS, GENERAL

557 EVENING SHIFT, MED TECH

558 NIGHT SHIFT, MED TECH

565 PARAMEDIC RECERTIFICATION BONUS

567 DEPUTY SHERIFF RESERVE ANNUAL COMPENSATION

570 HOME CARE PROGRAM STANDBY

571 CSW LICENSURE SUPERVISION

572 MOU LUMP SUM BONUS

575 WASTEWATER PLANT RELIEF BONUS

576 “SOLO DAILY” PAY – COURT REPORTERS

577 INTERPRETER HALF DAY BONUS – SUP. CT.

581 SWIM PROFICIENCY BONUS

585 ISA TREE WORKER CERTIFICATION

586 ISA CERTIFIED ARBORIST CREDENTIAL

587 ISA CERTIFIED QUALIFIED TREE RISK ASSESSOR CREDENTIAL

588 ISA MUNICIPAL SPECIALIST CREDENTIAL

589 MENTAL HEALTH SPECIALITY FIELD BASED BONUS

590 CONT EDUCATION/EQUIPMENT/TRAINING BONUS

601 LIFEGUARD PARAMEDIC, RELIEF

602 SUPERVISING TRANSPORTATION DEPUTY PERFORMING
DISPATCHER DUTIES

603 AUTOMOTIVE SERVICE EXCELLENCE CERTIFICATES

604 RN MOBILE INTENSIVE CARE CERTIFICATION

605 CUSTODIAN FLOOR WAXING BONUS

606 FIRE EQUIPMENT MECHANIC ASSIGNED FIELD REPAIR DUTIES

606A FIRE EQUIPMENT MECHANIC ASSIGNED FIELD REPAIR DUTIES
– ELIGIBILITY INDICATOR

607 SDPO ASSIGNED ACTING DIRECTOR IN A CAMP

608 BILINGUAL BONUS

609 RN ASSIGNED TO EMERGENCY ROOM

610 ANTELOPE VALLEY FIREFIGHTING CREW

611 TREE TRIMMER SUPERVISOR, POWER OPERATIONS

612 SHOOTING BONUS, EXPERT

613 SHOOTING BONUS, DISTINGUISHED EXPERT

614 SHOOTING BONUS, MARKSMAN

615 SHOOTING BONUS, SHARPSHOOTER

616 ANTELOPE VALLEY QUARTERS, ON FIRE CALL

617 CLINIC NURSE ASSIGNED TO PROBATION CAMP

618 TRANSPORTATION BUS DRIVER, SHERIFF

619 CERTIFIED ACCESS SPECIALISTS

620 SAN GABRIEL DAM OPERATOR

621 NURSE RETENTION INCENTIVE

622 ADVANCED APPRAISER CERTIFICATION

623 PROBATION TRANSCRIBER TYPIST PRODUCTION INCENTIVE

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

648	DEFIBRILLATION AIRWAY BONUS
649	MAMMOGRAPHY BONUS
650	PRESIDING JUDGE 4% BONUS
653	EQUINE HANDLERS PAY
653	K-9 HANDLERS PAY
694	PARK, TAXABLE
695	TRANSPORTATION ALLOW
696	TRAFFIC MITIGATION
700	“OVERNIGHT TRIP” PAY - SHERIFF’S STATEWIDE UNIT
730	PREMIUM OVERNIGHT TRIP
782	FLSA PREMIUM PAY FOR REGULARLY SCHEDULED WORK ASSIGNMENT
903	NON-ELECTIVE LEAVE BUYBACK
910	SICK BUYBACK
911	VACATION BUYBACK
912	HOLIDAY BUYBACK
913	SICK PRE-71 BUYBACK
914	SICK BUYBACK –PROBATION 56 – HOUR
915	VACATION BUYBACK - 56 HOUR
930	SPECIAL PAID LEAVE BUYBACK
931	APPRAISERS LEAVE BUYBACK
932	INTERN/RESIDENT LEAVE BUYBACK
PP046	EMPLOYEE SUGGESTION
NONE	PARK, NONTAXABLE

NONE	PRIOR SALARY
NONE	56 HOUR TO 40 HOUR ASSIGNMENT BONUS
NONE	REGISTERED NURSE ASSIGNED TO CRITICAL CARE UNIT

BEFORE THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

RESOLUTION NO. 2019-BR010

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

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

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

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

WHEREAS, the Board of Retirement adopted various Resolutions specifying additional items of remuneration qualify as “compensation” and “compensation earnable” under Government Code sections 31460 and 31461, respectively;

NOW THEREFORE, BE IT RESOLVED, AS FOLLOWS:

1. The items of remuneration set forth in Attachment 1 do not qualify as “compensation earnable” as defined in Government Code section 31461, for purposes of calculating a member’s retirement allowance.

BOARD OF RETIREMENT,
LOS ANGELESCOUNTY EMPLOYEES
RETIREMENT ASSOCIATION

Alan J. Bernstein
Chair, Board of Retirement

Approved as to Form:

ATTEST:

Steven P. Rice
Chief Counsel

Les Robbins
Vice Chair, Board of Retirement

ITEMS OF COUNTY REMUNERATION WHICH DO NOT QUALIFY AS
“COMPENSATION,” AS DEFINED BY GOVERNMENT CODE SECTION 31460,
AND/OR “COMPENSATION EARNABLE,” AS DEFINED BY GOVERNMENT CODE
SECTION 31461.

<u>EARNINGS</u> <u>CODE NO.</u>	<u>ITEMS</u>
036	ESP SEVERANCE
075	UNION HALL HIRING VACATION/HOLIDAY BENEFIT
076	FAMILY LEAVE
090	ENHANCED VOLUNTARY TIME OFF LESS THAN 60 DAYS
091	ENHANCED VOLUNTARY TIME OFF GREATER THAN 60 DAYS
094	VACATION IN LIEU OF PAY
095	ENHANCED VOLUNTARY TIME OFF-SUPERIOR COURT
128	MILEAGE EARNINGS
129	PARKING
130	SHORT TERM DISABILITY – 60%
131	SHORT-TERM DISABILITY – 40%
140	SHORT TERM DISABILITY – 60% RDO
141	SHORT TERM DISABILITY – 40% RDO
151	INDUSTRIAL ACCIDENT – 100%
152	INDUSTRIAL ACCIDENT – 100% RDO
153	INDUSTRIAL ACCIDENT – 70%
154	INDUSTRIAL ACCIDENT – 70% RDO

158 LIMITED DUTY INDUSTRIAL ACCIDENT – 100%

159 LIMITED DUTY INDUSTRIAL ACCIDENTS – 70%

388 PSYCHIATRY JAIL BONUS

500 RELOCATE NON TAXABLE

502 RELOCATION ALLOWANCE

521 IRS PENALTY REIMBURSEMENT

524 ON-CALL FOR COURT APPEARANCE

527 RELIEF DAM OPERATOR, ON CALL

543 CALL BACK EXTRA COMPENSATION

559 MISCELLANEOUS LUMP SUM INCLUDED IN REG. OT

560 RECRUITMENT INCENTIVE PROGRAM

561 HOURS PAID BUT NOT WORKED, CALL-BACK

562 MENTAL HEALTH ALERT & PSYCH MOB RESP TEAM
STANDBY

563 RELIEF DAM OPERATIONS STAND-BY

564 TUITION REIMBURSEMENT

566 QUALIFIED FOR HAZARDOUS MATERIALS OVERTIME
CALC.

568 ASSESSMENT APPEALS FULL DAY INCREMENT (HOURLY
ITEM)

569 PHYSICIANS LOAN REPAYMENT PROGRAM

574 STANDBY – INS WITNESS PROGRAM

591 LICENSE REIMBURSEMENT

650 PRESIDING JUDGE 4% BONUS

651 MEAL REIMBURSEMENT – RESIDENTS

652 MEAL REIMBURSEMENT – PLANT ENGINEERS

690 CELLULAR PHONE STIPEND – VOICEMAIL

691 CELLULAR PHONE STIPEND – DATA ONLY

692 CELLULAR PHONE STIPEND – VOICE AND DATA

699W FLEXIBLE WORK TIME EARNED

701 PAID OVERTIME

702 PAID OVERTIME – ACCRUE FLSA PREMIUM

703 FLSA COMP TIME EARNED-ACCRUE FLSA PREMIUM

705 COMPENSATORY TIME EARNED

707 FY93 COMPENSATORY TIME EARNED

708 FY93 FLSA COMP TIME EARNED – ACCRUE FLSA PREMIUM

709 FY93 FLSA COMP TIME EARNED OVRD – ACCRUE FLSA PREMIUM

710 DISASTER RELATED PAID OVERTIME

711 DISASTER COMP TIME EARNED (ACCRUED)

712 CONTRACT RELATED PAID OVERTIME

713 ER PHYSICIAN OVERTIME – DAY RATE

714 ER PHYSICIAN OVERTIME – WKDY EVE/WKND HOL DAY

715 ER PHYSICIAN OVERTIME – WKDY NITE/WKND HOL EVE NITE

716 GUARANTEED PREMIUM

717 PAID OVERTIME – GUARANTEED ACCRUED FLSA PREMIUM

718 FLSA COMP TIME EARNED – GUARANTEED ACCRUED FLSA PREM

719 FLSA COMP TIME EARNED – GUARANTEED PAID PREMIUM

720 SPECIAL EVENTS OVERTIME

731 PREMIUM OVERTIME – SYSTEM

733 PREMIUM OVERTIME – MANUAL

735 FY93 ACCRUED FLSA PREMIUM OVERTIME (SYSTEM)

736 FY93 ACCRUED FLSA PREMIUM OVERTIME (MANUAL)

746 CALL BACK ACTUAL

747 CALL BACK GUARANTEED

761 STRAIGHT TIME AND ONE-HALF

775 SECONDARY OVERTIME

776 ALTERNATE OVERTIME

777 SECONDARY ASSIGNMENT OVERTIME

778 OVERTIME – FIRE DEPT. 56 HOUR

779 SECONDARY OVERTIME – FIRE DEPT. 56 HOUR

780 WORKDOWN OVERTIME – FIRE DEPT.

781 OVERTIME – FIRE DEPT. 40 HOUR

782 PLATOON/40/HOUR/DISPATCHER SCHED PREMIUM –
SYSTEM

783 DISPATCHER BRIEFING TIME

784 40 HOUR CAMP-GUARANTEED PREMIUM

791 ORDERED OVERTIME

792 UNCOMPENSATED BRIEFING TIME

793 COMPENSATED BRIEFING TIME – SYSTEM

794 COMPENSATED BRIEFING TIME – MANUAL

795 FY93 ORDERED FLSA COMP TIME EARN – ACCR FLSA
PREM

796 ORDERED FLSA COMP TIME EARN-ACCR FLSA PREM

799 FLEX REG HOURS BETWEEN 181 AND 192 FOR 40HR FIRE
FIGHTERS

901 COMPENSATORY TIME BUYBACK

902 PROTECTED COMPENSATORY TIME BUYBACK

904 ELECTIVE-LEAVE BUYBACK

905 FLSA COMP TIME BUYBACK – PREMIUM

906 FLSA COMP TIME BUYBACK – STRAIGHT

907 FY93 COMPENSATORY TIME BUYBACK

908 FY93 FLSA COMP TIME BUYBACK – PREMIUM

909 FY93 FLSA COMP TIME BUYBACK – STRAIGHT

916 VACATION IN LIEU OF PAY – BUYBACK

917 DISASTER COMP TIME BUYBACK

918 FY93-56 HOUR COMP TIME BUYBACK – FIRE DEPT.

919 ACCRUED PREMIUM BUYBACK – SYSTEM

920 FY93 FLSA COMP TIME BUYBACK – PREMIUM (MANUAL)

951 ESP VACATION PAYOUT

952 FINAL PAY LEAVE PAYOUT (SICK, HOLIDAY, OT)

953 ESP LEAVE PAYOUT

954 VACATION PAYOUT

955 VACATION IN LIEU OF PAY – PAYOUT

957 56-HOUR LEAVE PAYOUT

958 56-HOUR TC VACATION

961 ESP DEFERRED VACATION PAYOUT

962 DEFERRED LEAVE PAYOUT
963 ESP DEFERRED LEAVE PAYOUT
964 DEFERRED VACATION PAYOUT
967 56-HOUR DEFERRED LEAVE PAYOUT
968 56-HOUR DEFERRED VACATION PAYOUT
970 FLSA PREMIUM COMPENSATORY TIME – PAYOUT
971 FY93 COMP TIME PAYOUT (EXCLUDING PREMIUMS)
PA099 ROUNDING ADJUSTMENT
PE803 EXCESS STRAIGHT – FLSA COMP TIME TAKEN
PE804 EXCESS PREMIUM – FLSA COMP TIME TAKEN
PE806 EXCESS STRAIGHT – FY93 FLSA COMP TIME TAKEN
PE807 EXCESS PREMIUM – FY93 FLSA COMP TIME TAKEN
PE813 CAPE – EXCESS STRAIGHT – FY93 FLSA COMP TIME
TAKEN
PE814 CAPE - EXCESS PREMIUM – FY93 FLSA COMP TIME TAKEN
PFA36 FLEX EARNINGS ADVANCE
PK094 VACATION IN LIEU OF PAY
PK096 SUPERIOR COURT VACATION IN LIEU OF PAY
PK801 COMPENSATORY TIME TAKEN
PK802 PROTECTED COMPENSATORY TIME TAKEN
PK803 FLSA COMP TIME TAKEN – STRAIGHT
PK804 FLSA COMP TIME TAKEN – PREMIUM
PK805 FY93 COMPENSATORY TIME TAKEN
PK806 FY93 FLSA COMP TIME TAKEN – STRAIGHT

PK807 FY93 FLSA COMP TIME TAKEN – PREMIUM

PK808 DISASTER COMP TIME TAKEN

PK810 CALL BACK ACCRUE – STRAIGHT TAKEN

PK811 CALL BACK GUARANTEED CTO – BUY BACK

PK812 DFR 1 YR - NON-FLSA COMPENSATORY STRT TIME –
USAGE

PK813 CAPE-FY93 FLSA COMP TIME TAKEN – STRAIGHT

PK814 CAPE-FY93 FLSA COMP TIME TAKEN – PREMIUM

PK815 DFR 1 YR – FLSA COMPENSATORY STRT TIME – USAGE

PK816 DFR 2 YRS – FLSA COMPENSATORY STRT TIME – USAGE

PK818 DFR 1 YR – FLSA PREMIUM OVERTIME USAGE

PK819 DFR 2 YR – FLSA PREMIUM OVERTIME USAGE

PK821 DFR 1 YR – CALL BACK - STRAIGHT USAGE

PO002 ELECTIVE LEAVE TERM PAY OFFSET

PO699 FLEXIBLE WORK SCHEDULE

PO703 STRAIGHT PAY OFFSET-FLSA COMP TIME EARNED –
ACCRUE

PO705 STRAIGHT PAY OFFSET – COMPENSATORY TIME EARNED

PO711 STRAIGHT PAY OFFSET – DISASTER COMP TIME EARNED
ACC

PO796 STRAIGHT PAY OFFSET-ORDERD FLSA COMP TM EARN –
ACCR

PT002 ELECTIVE LEAVE

PT003 NON-ELECTIVE LEAVE

PT006 DONATED SICK 100% LEAVE – USAGE

PT008 SICK LEAVE EARNED AT MTA/ATTORNEY

PT011	SICK – 100%
PT012	HOLIDAY
PT021	VACATION
PT030	SPECIAL PAID LEAVE
PT031	APPRAISERS LEAVE
PT032	INTERN/RESIDENT LEAVE
PT046	JUDICIAL ASSISTANT SPECIAL PAID LEAVE
PT081	BANK HOLIDAY
PT082	BANK VACATION
PT094	VACATION IN LIEU OF PAY
PT096	SUPERIOR COURT VACATION IN LIEU OF PAY
PT099	REGULAR EARNINGS – MID PAY PERIOD TERMINATION
PT113	SICK PRE-71
PT699	FLEXIBLE WORK TIME EARNED
PT801	COMPENSATORY TIME TAKEN
PT802	PROTECTED COMPENSATORY TIME TAKEN
PT803	FLSA COMP TIME TAKEN – STRAIGHT
PT804	FLSA COMP TIME TAKEN – PREMIUM
PT805	FY93 COMPENSATORY TIME TAKEN
PT806	FY93 FLSA COMP TIME TAKEN – STRAIGHT
PT807	FY93 FLSA COMP TIME TAKEN – PREMIUM
PT808	DISASTER COMP TIME TAKEN
PT810	CALL BACK ACCRUE - STRAIGHT TAKEN
PT811	CALL BACK GUARANTEED CTO – TERMINATION

PT812	DFR 1 YR – NON-FLSA COMPENSATORY STRT TIME – USAGE
PT813	CAPE – FY93 FLSA COMP TIME TAKEN – STRAIGHT
PT814	CAPE – FY93 FLSA COMP TIME TAKEN – PREMIUM
PT815	DFR 1 YR – FLSA COMPENSATORY STRT TIME – USAGE
PT816	DFR 2 YRS – FLSA COMPENSATORY STRT TIME – USAGE
PT817	YTD – FLSA PREMIUM OVERTIME USAGE
PT818	DFR 1 YR – FLSA PREMIUM OVERTIME USAGE
PT819	DFR 2 YR – FLSA PREMIUM OVERTIME USAGE
PT820	YTD – CALL BACK – STRAIGHT USAGE
PT821	DFR 1 YR – CALL BACK – STRAIGHT USAGE
PTNHT	HOLD CURRENT ACCRL – NON-ELECTIVE LVE – TERMINATION US
PTVAT	SUPERIOR COURT, RESERVE VACATION – TERMINATION USAG
PTVPT	SUPERIOR CT, PRIOR YR RSRV VACATION – TERMINATION US
NONE	MEGAFLEX INDUSTRIAL ACCIDENT
NONE	COUNTY CAR (IMPUTED INC)
NONE	IMPUTED INCOME (DOMESTIC PARTNER)
NONE	IMPUTED INC (LIFE INSURANCE)
NONE	SECTION 170 OVERTIME
NONE	EARNED SALARY ADVANCE
NONE	VACATION PAY ADVANCE
NONE	56 HOUR OVERTIME
NONE	ADJUSTMENT NON-TAX

NONE	RETRO PAY
NONE	EARNED INCOME CREDIT
NONE	UNDERPAYMENT ADVANCE
NONE	O/S SICK PAY
NONE	RETRO ADVANCE
NONE	T/A MILEAGE
NONE	ADVANCED DISABILITY RETIREMENT
NONE	STD REFUND
NONE	LTD REFUND
NONE	LTDH REFUND
NONE	SIB REFUND
NONE	56 VILOP PAY
NONE	VOLUNTARY DEFERRED PAY
NONE	RETRO FLEX BASE
NONE	NR DEFERRED PAY
NONE	F.MF DEFERRED PAY
NONE	DEF LUMP SUM
NONE	DEFERRED PAY
NONE	VOLUNTARY SEPARATION PLAN
NONE	STOP PAYMENT
NONE	FIRE SUPPRESSION CAMP ASSIGNMENT – PREMIUM
NONE	FIRE SUPPRESSION CAMP ASSIGNMENT – COMPENSATORY TIME EARNED
OP100	CORRECTIVE PAYMENT, REINSTATED EMPLOYEE – HORIZONS PLAN

- OP101 CORRECTIVE PAYMENT, ADMINISTRATIVE ERROR –
HORIZONS PLAN
- OP102 CORRECTIVE PAYMENT, REINSTATED EMPLOYEE –
SAVINGS PLAN
- OP103 CORRECTIVE PAYMENT, ADMINISTATIVE ERROR –
SAVINGS PLAN

BEFORE THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

RESOLUTION OF THE BOARD OF
RETIREMENT SPECIFYING ITEMS OF
REMUNERATION AS "PENSIONABLE
COMPENSATION"

RESOLUTION NO. 2019-BR011

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

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

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

WHEREAS, Government Code section 7522.34 defines "pensionable compensation" as:

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

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

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

NOW THEREFORE, BE IT RESOLVED, AS FOLLOWS:

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

BOARD OF RETIREMENT,
LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION

Alan J. Bernstein
Chair, Board of Retirement

Approved as to Form

ATTEST:

Steven P. Rice
Chief Counsel

Les Robbins
Vice Chair, Board of Retirement

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

<u>EARNINGS</u>	<u>ITEMS</u>
<u>CODE NO.</u>	
200	76-INCH MOWER BONUS
201	ACTING DEPARTMENT HEAD
202	ACTING MEDICAL DIRECTOR
203	ADDITIONAL RESPONSIBILITIES
204	AMERICAN MEDICAL ASSOCIATION BOARD CERT 8.25%
205	AMERICAN MEDICAL ASSOCIATION BOARD CERT 5.50%
209	MANPOWER SHORTAGE RANGE
210	MEDICAL DIRECTOR'S BONUS - 2.75
211	MEDICAL DIRECTOR'S BONUS - 5.50%
212	MEDICAL DIRECTOR'S BONUS - 8.25%
214	OUT OF CLASS BONUS
215	POST BONUS - ADVANCE/EXECUTIVE
217	POST BONUS - INTERMEDIATE
219	SUPERIOR SUBORDINATE PAY
220	WATCHMAN - CUSTODIAN
221	WELFARE RECIPIENT SUPERVISOR
222	OUT OF CLASS BONUS SCHEDULE/LEVEL/PERCENT
223	TEMPORARY CLERICAL & OFFICE SERVICES EMPLOYEES

224 PBP NON-BASE MERIT SALARY ADJUSTMENT
225 EXECUTIVE SECRETARY ADDED SALARY SCHEDULES
227 PBP TO SCHEDULE SALARY ADJUSTMENT
228 ADDITIONAL RESPONSIBILITIES – REPRESENTED
229 TEMPORARY SPECIAL MAP ACHIEVEMENT – FLAT
230 TEMPORARY SPECIAL MAP ACHIEVEMENT – PERCENT
231 TEMPORARY ASSIGNMENT MAP EMPLOYEE – FLAT
240 AGRICULTURAL INSPECTOR BONUS
243 CAREER DEVELOPMENT INTERN BONUS
248 REGIONAL PLANNING AICP CERTIFICATION BONUS
249 AGRICULTURE INSPECTORS AID ROVER BONUS
250 ACCOUNTING CERTIFICATE
252 6TH AND 7TH STEP FINANCIAL SPECIALIST
254 FORENSIC ATTENDANT FIELD TRAINING BONUS
256 ANIMAL CONTROL MGR-BOARD LIAISON BONUS
257 HALF STEP-01
258 HALF STEP-02
263 AUDITOR-CONTROLLER MERIT - ONE SCHEDULE
264 AUDITOR-CONTROLLER MERIT - TWO SCHEDULES
265 AUDITOR-CONTROLLER MERIT - THREE SCHEDULES
266 AUDITOR-CONTROLLER MERIT - FOUR SCHEDULES
267 AUDITOR-CONTROLLER MERIT - FIVE SCHEDULES
268 AUDITOR-CONTROLLER MERIT - SIX SCHEDULES
270 BOARD OF SUPERVISOR SPECIAL ASSIGNMENT

271 ASSESSMENT APPEALS BOARD ASSIGNMENT
272 HEAD BOARD SPECIALIST ADDITIONAL STEPS
273 MAPP TIER II STEP 13
274 MAPP TIER II STEP 14
275 MAPP TIER II STEP 15
276 MAPP TIER II STEP 16
277 MAPP TIER II STEP 17
278 MAPP TIER II STEP 18
281 MAPP TO SCHEDULE FLAT AMOUNT
282 MAPP TO SCHEDULE PERCENTAGE
283 PERM PHYSICIAN TRANSITION RATE – PERCENT
285 COURT CLERK - GREATER SKILLS
291 INTERGOVERNMENTAL RELATIONS
293 LEGISLATIVE REPRESENTATIVE-CAO
295 MANAGEMENT TRAINEE
300 CURATOR BONUS
310 LEGISLATIVE ADVOCATE - COUNTY COUNSEL
320 ACCOUNTING CERTIFICATE - DA
321 DISTRICT ATTORNEY - OUT OF CLASS BONUS
322 RECLASSIFIED INVESTIGATOR
323 ANTELOPE VALLEY ASSIGN. 30 MILES FROM RESIDENCE
332 JOURNEY EMPLOYEES BONUS
334 CUSTODY ASSISTANT ACADEMY DRILL INSTRUCTOR
336 PUBLIC RESPONSE DISPATCHER BONUS

338 ELEVATOR ADJUSTOR
340 A OR B MOTOR VEHICLE LICENSE BONUS
347 WELLNESS/FITNESS FOR LIFE BONUS – 1%
348 WELLNESS/FITNESS FOR LIFE BONUS – 2%
349 WELLNESS/FITNESS FOR LIFE BONUS
356 FIRE SAFETY PERSONNEL BONUS
357 HELICOPTER INSPECTION LICENSE
358 TEMPORARY PROMOTION BONUS
361 TEMPORARY PROMOTION BONUS - NON SCHEDULE
366 ADVANCED EDUCATIONAL DEGREE BONUS
367 MEDICAL STAFF CREDENTIALING ASSIGNMENT BONUS
368 RN ASSIGNED TO SHERIFFS DEPT
369 RN ADVANCED EDUCATIONAL DEGREE BONUS
370 CLINIC NURSE - STAND BY
371 CLINICAL INSTRUCTOR - GENERAL
372 CLINICAL INSTRUCTOR - LAC+USC MEDICAL CENTER
373 EMERG MEDICINE - BOARD CERTIFICATION
374 EMERG MEDICINE - BOARD CERT
375 EMERG MEDICINE - BOARD CERTIFICATION 8.25%
376 HIGH DESERT HOSPITAL - PHYSICIAN BONUS
377 JOURNEY EMPLOYEES BONUS
379 SUPERVISING NURSE - ICU
380 SUPVG RAD TECHN - DIAGNOSTIC ULTRASOUND
381 DENTAL PROFESSIONALS BOARD CERTIFICATION BONUS

- 383 VETERINARY MEDICINE- BOARD CERTIFICATION
- 384 HIGH DESERT HEALTH ASSIGNMENT BONUS
- 385 PSYCHIATRY SPECIALTY BONUS
- 386 PHYSICIAN SPECIALTY BONUS
- 387 PHARMACIST SPECIALTY ASSIGNMENTS
- 388 SHERIFF DETENTION FACILITY ASSIGNMENT BONUS
- 389 MENTAL HEALTH PSYCHIATRIST BOARD CERTIFICATION –
MORE THAN ONE SPECIALTY
- 391 COUNTY LIBRARY DIFFICULT TO RECRUIT ASSIGNMENT
BONUS
- 392 LIBRARIAN BONUS
- 393 OBSTETRICS/LABOR & DELIVERY ASSIGNMENT
- 394 MEDICAL HUB CLINIC ASSIGNMENT
- 395 PHYSICIAN SPECIALTY BONUS - 5.75%
- 396 PHYSICIAN ADDITIONAL COMPENSATION
- 397 PHYSICIAN FORENSIC PATHOLOGY BONUS
- 398 HOSPITAL ADMINISTRATOR - ADDITIONAL COMPENSATION
- 400 DEPUTY COURT ADMINISTRATOR - OPINION/ADVISOR
- 401 DEPUTY MARSHALL - LEVEL I BONUS
- 402 DEPUTY MARSHALL - LEVEL II BONUS
- 403 DEPUTY MARSHALL TRAINEE
- 404 ELECTRONIC RECORDING EQUIPMENT
- 405 MARSHALL SUPERVISING BONUS
- 406 DEPUTY MARSHAL SPECIAL TRAINING - 6TH STEP
- 407 SKILL & RESPONSIBILITY BONUS
- 408 DEPUTY CLERK III OUT OF CLASS BONUS

409 STENOGRAPHIC SKILLS
410 SUPERVISING DEPUTY CLERK
411 ADVISOR-COURT ADMINISTRATOR AND JUDGES
412 NIGHT SHIFT AND WEEKEND BONUS
413 DEPUTY CLERK IV - GREATER SKILLS
414 RECORDING EQUIPMENT-DEPUTY CLERK IV M.C.
424 ABDMI REGISTRY CERTIFICATION BONUS
425 ABDMI BOARD CERTIFICATION BONUS
430 ASST. DIRECTOR - PUBLIC SOCIAL SERVICES
432 DEPUTY DISTRICT DIRECTOR TRAINEE
439 CUSTODY TRAINING OFFICER
441 CATALINA ISLAND LIVING - SHERIFF
445 SPECIAL ENFORCEMENT DETAIL/CANINE SERVICES
DETAIL (TACTICAL DUTY)
450 SHERIFF OUT OF CLASS BONUS
453 SERGEANT-AT-ARMS BOARD OF SUPERVISOR
456 TRAINING OFFICER/INVESTIGATOR/K-9 BONUS
458 ACTING CAPACITY BONUS
461 SHERIFF BUSINESS MACHINE TECHNICIAN
464 STATE OF CALIF STRUCTURAL ENGINEER LICENSE BONUS
465 REHABILITATION INSPECTOR-PUBLIC WORKS
468 LICENSED LAND SURVEYOR BONUS
469 LICENSED REGISTERED TRAFFIC ENGINEER BONUS
470 BUSINESS LICENSE LIAISON
475 CERTIFICATION BONUS - LACERA

480 SUPERIOR COURT CLERK BONUS

481 COURT REPORTERS REALTIME CERTIFICATION

482 JUDICIAL ASSISTANT BONUS

483 REALTIME WRITING BONUS

485 SUP CRT EXEC OFFICER ADDITIONAL COMPENSATION

493 SENIOR PROBATION DIRECTOR-CENTRAL JUVENILE HALL

494 SENIOR PROB DIR-LOS PADRINOS/SAN FERNANDO JUV
HALL

495 PROBATION DIRECTOR-ADMIN RESP./FOOTHILL JUV AREA

498 PROBATION DIRECTOR-CHALLENGER YOUTH CENTER

501 BOARD OF RETIREMENT CASE REVIEW

503 UNIFORM ALLOWANCE

504 NIGHT SHIFT DIFFERENTIAL

505 CORONER'S INQUEST REPORTER

506 ALLOWANCE IN LIEU OF VEHICLE USE

507 CO-GENERATION MAINTENANCE

508 HENNINGER FLATS WATCHMAN

509 FREEZER WORK

510 DEPARTMENT HEAD MERIT

511 BOARD OF SUPERVISORS PERFORMANCE LUMP SUM

512 FIRE SUPPRESSION TRANSPORTATION TRUCK DRIVER

513 MOU LUMP SUM BONUS

514 BACKHOE OPERATOR

515 WEEKEND BONUS

516 EXPLOSIVES WORK

517 EVENING SHIFT DIFFERENTIAL

518 POWER EQUIPMENT REPAIR, SNOW CONDITIONS

519 ENGINEERING EMPLOYEES, HAZARD PAY

520 HOME CARE COMPENSATION

522 CUSTODIAN ACTING AS WATCHMAN

523 HYDROELECTRIC OPERATIONS

525 CONTRACTING & PRODUCTIVITY IMPROVE INCNTV FOR
MNGR

528 WEBCOM PRESS OPERATOR

529 POWER EQUIPMENT OPERATOR, FIRE SUPPRESSION

531 STANDBY

532 ADDITIONAL RESPONSIBILITIES AND EXCEPTIONAL
PERFORMANCE

533 POWER SWEEPER OPERATOR IN EMERGENCY
CONDITIONS

534 POWER PLANT RELIEF ENGINEER

535 CLINIC PHYSICIAN FIRST HOUR

536 CONSULTING SPEC, MD & MNTL HEALTH CONSLT, 1st & 5th

538 RN ASSIGNED AS ACTING OR RELIEF CHARGE NURSE

539 RN WEEKEND DIFFERENTIAL

540 RELIEF NURSE HOLIDAY DIFFERENTIAL

541 RELIEF NURSE WEEKEND DIFFERENTIAL

544 APPRAISERS LAUNDRY AND DRY CLEANING ALLOWANCE

545 HEAVY DUTY TOW TRUCK DRIVER

546 SLURRY SEAL TRUCK_DRIVER

548 LIFEGUARD PARAMEDIC - RELIEF

550 INCENTIVE AWARDS FOR MEDICAL REIMBURSEMENTS/ HEALTH
SR

551 GROUP INCENTIVE AWARD, TREASURER TAX COLLECTOR

552 STANDBY - EMERGENCY ROLL OUT PROGRAM

553 PIONEER EXCAVATION, TUNNEL OPERATIONS, FIRE SUPP,
SNOW

554 PIONEER EXCAVATION, TUNNEL OPERATIONS, FIRE SUPP, SNOW

555 SCAFFOLD OR SWING STAGE, 30 FEET ABOVE GRADE

556 HIGH SCALE AND RIGGING OPERATIONS, GENERAL

557 EVENING SHIFT, MED TECH

558 NIGHT SHIFT, MED TECH

560 PHYSICIAN RECRUITMENT PROGRAM

565 PARAMEDIC RECERTIFICATION BONUS

565A PARAMEDIC RECERTIFICATION BONUS-ELIGIBILITY
INDICATOR

567 DEPUTY SHERIFF RESERVE ANNUAL COMPENSATION

568 ASSESSMENT APPEALS FULL DAY INCREMENT

569 PHYSICIAN LOAN PAYMENT PROGRAM

570 HOME CARE PROGRAM STANDBY

571 CHILDREN'S SOCIAL WORKERS LICENSURE SUPERVISION

572 MOU LUMP SUM BONUS

574 STANDBY - INS WITNESS PROGRAM

575 WASTEWATER PLANT RELIEF BONUS

576 SOLO DAILY EARNINGS

577 INTERPRETER HALF DAY BONUS - SUP CT

578 ER ATTENDING PHYSICIAN - DAY RATE

579 ER ATTENDING PHY/-WKDY EVE/WKND HOLIDAY

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

581 SWIM PROFICIENCY BONUS

582 INTERPRETER REGULAR MULTIPLE LANGUAGE SAME DAY

583 INTERPRETER-HOURLY/DAILY MULT LANG SAME DAY

584 PHYSICIAN STIPENDS

585 ISA TREE WORKER CERTIFICATION

586 ISA CERTIFIED ARBORIST CREDENTIAL

587 ISA CERTIFIED QUALIFIED TREE RISK ASSESSOR
CREDENTIAL

588 ISA MUNICIPAL SPECIALIST CREDENTIAL

589 MENTAL HEALTH SPECIALITY FIELD BASED BONUS

590 CONT EDUCATION/EQUIPMENT/TRAINING BONUS

591 LICENSE REIMBURSEMENT

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

602 SUPERVISING TRANSPORTATION DEPT PERFORMING
DISPATCHER DUTIES

603 AUTOMOTIVE SERVICE EXCELLENCE CERTIFICATE

604 REGISTERED NURSE MOBILE INTENSIVE CARE
CERTIFICATION

605 CUSTODIAN FLOOR WAXING BONUS

606 FIRE EQUIPMENT MECHANIC ASSIGNED FIELD REPAIR
DUTY

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

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

608 BILINGUAL BONUS

609 REGISTERED NURSE ASSIGNED TO EMERGENCY ROOM

610 ANTELOPE VALLEY FIREFIGHTING CREW

611 TREE TRIMMER SUPERVISOR, POWER OPERATIONS

612 SHOOTING BONUS, EXPERT

613 SHOOTING BONUS, DISTINGUISHED EXPERT

614 SHOOTING BONUS, MARKSMAN

615 SHOOTING BONUS, SHARPSHOOTER

616 ANTELOPE VALLEY QUARTERS, ON FIRE CALL

617 CLINIC NURSE ASSIGNED TO PROBATION CAMP

618 TRANSPORTATION BUS DRIVER, SHERIFF

619 CERTIFIED ACCESS SPECIALIST

620 SAN GABRIEL DAM OPERATOR

621 NURSE RETENTION INCENTIVE

622 ADVANCED APPRAISER CERTIFICATION

624 BILINGUAL ADDITIONAL BONUS, CHILDREN'S SOCIAL
WORK

625 AGRICULTURE INSPECTORS ASSIGNED TO
STANDARDIZATION

627 DETENTION & TRANSPORTATION EXTRA SUPERVISION
BONUS

628 BILINGUAL BONUS FOR OTHER THAN MONTHLY

628A BILINGUAL BONUS FOR OTHER THAN MONTHLY-
ELIGIBILITY INDICATOR

629 MORTUARY ATTENDANT AT LAC+USCMC

630 SERVICE PAY BONUS

631 BILINGUAL BONUS-SUB D

- 632 MENTAL HEALTH WORKERS ASSIGNED SHERIFF DETENTION FACILITY
- 633 RN ASSIGNED TO EMERGENCY ROOM SUB D
- 634 SUPERVISING DETENTION SERVICES OFFICER OF THE DAY
- 635 TRANSPORTATION DEPUTY BUS DRIVER, PROBATION
- 636 INCIDENTAL EXPENSE ALLOWANCE
- 637 PROFESSIONAL DEVELOPMENT EXPENSES
- 638 PROBATION TELECOM EQUIPMENT BONUS
- 640 CHILDREN'S SERVICES ERCP RETENTION
- 641 SHOOTING BONUS, EXPERT – RESERVE
- 642 SHOOTING BONUS, DISTINGUISHED EXPERT – RESERVE
- 643 SHOOTING BONUS, MARKSMAN – RESERVE
- 644 SHOOTING BONUS, SHARPSHOOTER – RESERVE
- 645 EMERGENCY ROOM BONUS/PAT FIN SVCS WKR/PAT RES WKR
- 646 EMERGENCY ROLL OUT PROGRAM & SHIFT BONUS
- 647 BILINGUAL ADDITIONAL BONUS, PSYCH SOCIAL WORK
- 648 DEFIBRILLATION AIRWAY BONUS
- 649 MAMMOGRAPHY BONUS
- 690 CELLULAR PHONE STIPEND - VOICEMAIL
- 691 CELLULAR PHONE STIPEND - DATA ONLY
- 692 CELLULAR PHONE STIPEND - VOICE AND DATA
- 694 CIVIC CENTER COMMUTER ALLOWANCE
- 695 DEPARTMENT HEAD TRANSPORTATION ALLOWANCE
- 696 DEPARTMENT HEAD TRAFFIC MITIGATION ALLOWANCE

700	PENSIONABLE OVERTIME
730	PREMIUM OVERTIME - SYSTEM PENSIONABLE
PF004	MEGAFLEX PENSIONABLE CONTRIBUTION
PF007	FLEX PENSIONABLE CONTRIBUTION
PF010	CHOICES PENSIONABLE CONTRIBUTION
PF013	OPTIONS PENSIONABLE CONTRIBUTION
PK003	NON-ELECTIVE LEAVE
PK011	SICK - 100%
PK012	HOLIDAY
PK021	VACATION
PK030	SPECIAL PAID LEAVE
PK031	APPRAISERS LEAVE
PK032	INTERN/RESIDENT LEAVE
PK113	SICK PRE-71
PKP11	SICK LEAVE BUYBACK 100%
PKP21	VACATION BUYBACK
PP046	EMPLOYEE SUGGESTION
NONE	REGISTERED NURSE ASSIGNED TO CRITICAL CARE UNITS
NONE	FIRE SUPPRESSION CAMP ASSIGNMENT – PREMIUM
NONE	FIRE SUPPRESSION CAMP ASSIGNMENT – COMPENSATORY TIME EARNED
NONE	POST, SUPERVISORY BONUS
OP100	CORRECTIVE PAYMENT, REINSTATED EMPLOYEE – HORIZONS PLAN
OP101	CORRECTIVE PAYMENT, ADMINISTRATIVE ERROR – HORIZONS PLAN

- OP102 CORRECTIVE PAYMENT, REINSTATED EMPLOYEE – SAVINGS PLAN
- OP103 CORRECTIVE PAYMENT, ADMINISTRATIVE ERROR – SAVINGS PLAN

Exhibit A

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

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
INCLUDED under Section 31461					
393	OBSTETRICS/LABOR & DELIVERY ASSIGNMENT	<p><u>BU 324</u> Effective March 1, 2019, employees eligible for this additional compensation include all Department of Health Services Physician Specialist Ob/Gyn – General, permanently assigned to work in a Los Angeles County Hospital when privileged by the hospital to provide care in Inpatient Obstetrics and Labor & Delivery and/or Inpatient Gynecology and Gynecological Surgery. The additional compensation received is 10% of the base salary on the appropriate D table.</p> <p><u>Non-Rep. County Code 6.08.450 L</u> Effective March 1, 2019, employees eligible for this additional compensation include a Department of Health Services Physician specializing in OB/GYN – General, permanently assigned to work in a Los Angeles County Hospital when privileged by the hospital to provide care in Inpatient Obstetrics and Labor & Delivery and/or Inpatient Gynecology and Gynecological Surgery. The additional Compensation received is 10% of the step on the appropriate E schedule to which the Physician is assigned.</p>	(a)	—	This additional compensation applies to all similarly situated Physician Specialist Ob/Gyn – General, privileged to provide care in Inpatient Obstetrics and Labor & Delivery and/or Inpatient Gynecology and Gynecological Surgery, it is paid based on the "average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay," and is included as "compensation earnable" under 31461(a).
394	MEDICAL HUB CLINIC ASSIGNMENT	<p><u>BU 324</u> Effective March 1, 2019, employees eligible for this additional compensation include all Department of Health Services (DHS) physician permanently assigned to work in a Los Angeles County Medical Hub Clinic when privileged to provide care in Forensic Pediatrics at the respective DHS facility. The additional compensation received is 5.5% of the base salary on the appropriate D table.</p> <p><u>Non-Rep. County Code 6.08.450 M</u> Effective March 1, 2019, employees eligible for this additional compensation include any Department of Health Services Physician permanently assigned to work in a Los Angeles County Medical Hub Clinic, when privileged to provide care in Forensic Pediatrics. The additional compensation received is 5.5% of the step on the appropriate E schedule to which the physician is assigned.</p>	(a)	—	This additional compensation applies to all similarly situated physicians, privileged to provide care in in Forensic Pediatrics in a Los Angeles County Medical Hub Clinic, it is paid based on the "average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay," and is included as "compensation earnable" under 31461(a).

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

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
EXCLUDED under Section 7522.34					
393	OBSTETRICS/LABOR & DELIVERY ASSIGNMENT	<p><u>BU 324</u> Effective March 1, 2019, employees eligible for this additional compensation include all Department of Health Services Physician Specialist Ob/Gyn – General, permanently assigned to work in a Los Angeles County Hospital when privileged by the hospital to provide care in Inpatient Obstetrics and Labor & Delivery and/or Inpatient Gynecology and Gynecological Surgery. The additional compensation received is 10% of the base salary on the appropriate D table.</p> <p><u>Non-Rep. County Code 6.08.450 L</u> Effective March 1, 2019, employees eligible for this additional compensation include a Department of Health Services Physician specializing in OB/GYN – General, permanently assigned to work in a Los Angeles County Hospital when privileged by the hospital to provide care in Inpatient Obstetrics and Labor & Delivery and/or Inpatient Gynecology and Gynecological Surgery. The additional Compensation received is 10% of the step on the appropriate E schedule to which the Physician is assigned.</p>	—	(c)(10) (c)(11)	<p>Additional compensation to Physician Specialist Ob/Gyn – General, to provide care in Inpatient Obstetrics and Labor & Delivery and/or Inpatient Gynecology and Gynecological Surgery.</p> <p>This assignment compensation is paid in addition to the normal monthly rate of pay and is excluded as "pensionable compensation" under 7522.34(c)(10). This additional compensation applies to all similarly situated Physician Specialist Ob/Gyn – General, privileged to provide care in Inpatient Obstetrics and Labor & Delivery and/or Inpatient Gynecology and Gynecological Surgery; however, the form of compensation is not found in the public pay schedule and it is excluded under 7522.34(c)(11).</p>
394	MEDICAL HUB CLINIC ASSIGNMENT	<p><u>BU 324</u> Effective March 1, 2019, employees eligible for this additional compensation include all Department of Health Services (DHS) physician permanently assigned to work in a Los Angeles County Medical Hub Clinic when privileged to provide care in Forensic Pediatrics at the respective DHS facility. The additional compensation received is 5.5% of the base salary on the appropriate D table.</p> <p><u>Non-Rep. County Code 6.08.450 M</u> Effective March 1, 2019, employees eligible for this additional compensation include any Department of Health Services Physician permanently assigned to work in a Los Angeles County Medical Hub Clinic, when privileged to provide care in Forensic Pediatrics. The additional compensation received is 5.5% of the step on the appropriate E schedule to which the physician is assigned.</p>	—	(c)(10) (c)(11)	<p>Additional compensation to physicians permanently assigned to work in a Los Angeles County Medical Hub Clinic and to provide care in Forensic Pediatrics at the respective DHS clinic.</p> <p>This assignment compensation is paid in addition to the normal monthly rate of pay and is excluded as "pensionable compensation" under 7522.34(c)(10). This additional compensation applies to all similarly situated physicians, privileged to provide care in in Forensic Pediatrics in a Los Angeles County Medical Hub Clinic; however, the form of compensation is not found in the public pay schedule and it is excluded under 7522.34(c)(11).</p>

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

Event	Description	Earnings Code Description	31461 Reference	7522.34 Reference	Analysis
EXCLUDED under Section 31461 and 7522.34					
591	LICENSE REIMBURSEMENT	<p><u>BU 401</u> - Effective October 1, 2018, this reimbursement is for full-time permanent employees in the following classifications within the Internal Services Department:</p> <ul style="list-style-type: none"> - Stationary Engineer (Item No. 7198) - Stationary Engineer Controls Specialist (Item No. 7200) - Wastewater Treatment Plant Operator (Item No. 7224) <p>Employees shall receive reimbursement for renewing the following professional licenses:</p> <ul style="list-style-type: none"> - Wastewater Treatment Plant Operator Grades I, II, III, IV & V - Drinking Water Operator Certification Renewal - City of Los Angeles Department of Building & Safety Unlimited Steam Engineer License <p>The additional compensation provided shall not constitute a base rate.</p> <p><u>BU 331</u> - Effective January 1, 2019, this reimbursement is provided to all employees holding the following classifications within this MOU:</p> <ul style="list-style-type: none"> - Environmental Health Specialist II (Item No. 5671) - Environmental Health Specialist III (Item No. 5672) - Environmental Health Specialist IV (Item No. 5673) - Environmental Health Staff Specialist (Item No. 5675) - Industrial Hygienist (Item No. 4832) <p>The lump sum payment of \$103.50, for the renewal of the California State License as a Registered Environmental Health Specialist (REHS) will be paid between January 1 and January 15 on a separate pay warrant.</p> <p>The lump sum reimbursement of eligible REHS licenses are only for those required to use these licenses within their scope of their assignment. This reimbursement does not constitute a base rate.</p>	(b)(1)(A)	(c)(7)	<p>Reimbursement for renewing the professional licenses:</p> <p><u>MOU 401</u></p> <ul style="list-style-type: none"> - Wastewater Treatment Plant Operator Grades I, II, III, IV & V - Drinking Water Operator Certification Renewal - City of Los Angeles Department of Building & Safety Unlimited Steam Engineer License <p><u>MOU 331</u></p> <p>California Registered Environmental Health Specialist (REHS) License</p> <p>Employer-provided reimbursement, which was converted to and received by the member in the form of a cash payment in the final average salary period is excluded as "compensation earnable" under 31461(b)(1)(A).</p> <p>Employer-provided reimbursement is excluded as "pensionable compensation" under 7522.34(c)(7).</p>



August 28, 2019

TO: Each Member
Board of Retirement

FOR: Board of Retirement Meeting of September 12, 2019

SUBJECT: Travel Ratification: SACRS Modern Investment Theory & Practice for Retirement Systems – July 22-24, 2019 in Berkeley, CA

The SACRS Modern Investment Theory & Practice for Retirement Systems took place on July 22-24, 2019 in Berkeley, California. The three-day program covered current investment theory and practice. The program agenda is attached.

The main conference highlights included the following:

- Fixed Income and Real Estate in Pension Portfolio Strategy
- The Rise of Defined Contribution Plans
- Fiduciary Duties: What is New?

At its August meetings, the Boards approved a revised Travel and Education Policy. Per Section 705.00 A.2., educational conferences where the total cost of attendance is no more than \$2,000 are pre-approved for attendance and reimbursement. The conference meets LACERA's policy on an average of five (5) hours of substantive educational content per day; however, it exceeded the total cost of attendance of no more than \$2,000 and therefore needs Board approval. Two Board members, Vivian Gray and Gina Zapanta-Murphy, attended the conference. The total cost of the trip was as follows:

Registration: \$2,500	Airfare: \$487-\$526
Hotel: \$1,106 (\$289 not including taxes & fees)	Ground Transportation: \$145
Airport Parking: \$133	Daily Per Diem & Incidentals: \$66
Total Max Cost: \$4,674 per person	

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.

This expense will count against each traveler's \$10,000 California travel maximum.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Approve ratifying the attendance of Board Members at the SACRS Modern Investment Theory & Practice for Retirement Systems on July 22-24, 2019 in Berkeley, California and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy and determine whether this conference will count toward the number limits of Section 705.00.A.1.



REGISTER **TODAY!**



MODERN INVESTMENT THEORY & PRACTICE for Retirement Systems

SACRS PUBLIC PENSION
INVESTMENT MANAGEMENT PROGRAM 2019



Berkeley Executive
UNIVERSITY OF CALIFORNIA Education

July 22-24, 2019



Program Schedule*

Much has changed in finance in the last 50 years; this three-day program will bring you to the frontier of current investment theory and practice. The program is presented on the beautiful and dynamic campus of UC Berkeley and is taught by the world renowned Finance faculty from UC Berkeley's Haas School of Business.

MONDAY July 22, 2019	TUESDAY July 23, 2019	WEDNESDAY July 24, 2019
Registration and Breakfast Claremont Hotel ▶ Lobby Lounge 7:00am – 8:00am	Breakfast Claremont Hotel ▶ Lobby Lounge 7:00am – 8:00am	Breakfast Claremont Hotel ▶ Lobby Lounge 7:00am – 8:00am
8:00am Depart Hotel to UC Berkeley Bus leaves at 8:15am ▶ Haas, S480 Classroom	8:00am Depart Hotel to UC Berkeley Bus leaves at 8:15am ▶ Haas, S480 Classroom	8:00am Depart Hotel to UC Berkeley Bus leaves at 8:15am ▶ Haas, S480 Classroom
Long Term Planning: How Predictable are Asset Returns? 9:00am – 10:30am	Real Estate in Pension Portfolio Strategy 9:00am – 10:30am	Fiduciary Duties: What is New? 9:00am – 10:30am
10:30am Break, Group Photo	10:30am Break	10:30am Break
The Role of Fixed Income in Pension Portfolio Strategy 11:00am – 12:30pm	Private Equity Case: How to Structure the Investment 11:00am – 12:30pm	ESG: Reporting and Returns 11:00am – 12:30pm
12:30pm – 1:30pm Lunch	12:30pm – 1:30pm Lunch	12:30pm – 1:30pm Lunch
Advanced Portfolio Analysis with Risk Factors 1:30pm – 3:00pm	Pension Fund Accounting: How to value Liabilities? 1:30pm – 3:00pm	Asset Allocation Exercise 1:30pm – 3:00pm
3:00pm Break	3:00pm Break	3:00pm Break
Asset Allocation Case: Investing in a Volatile World 3:30pm – 5:00pm	The Rise of Defined Contribution Plans: What You Need to Know 3:30pm – 5:00pm	Becoming a More Effective Leader 3:30pm – 4:30pm
		Program Wrap up and Certificate Distribution 4:30pm – 5:00pm
Daily Synthesis and Adjourn 5:00pm – 5:15pm	Daily Synthesis and Adjourn 5:00pm – 5:15pm	Final Evaluations/Certificates 5:00pm – 5:15pm
Reception at Claremont Hotel 5:30pm – 6:30pm ▶ Lanai Room	Reception at Claremont Hotel 5:30pm – 6:30pm ▶ Lanai Room	Adjourn and Depart to Hotel 5:15pm

* AGENDA SUBJECT TO CHANGE



SACRS Class of 2018

Exceptional Educational Opportunity

SACRS Public Pension Investment Management Program 2019

Are you ready for an immersive, profoundly impactful learning experience? Here's your chance, as you join fellow public pension trustees and retirement staff for SACRS' Public Pension Investment Management Program 2019, taking place July 22–24. Entitled "Modern Investment Theory and Practice for Retirement Systems," the program is presented in partnership with the UC Berkeley Executive Education at the Haas School of Business. This exclusive three day program is designed for SACRS trustees and staff that aspire to better understand current investment theory and practice.

The SACRS Public Pension Investment Management Program blends the expertise of the University of California, Berkeley-Haas School of Business's distinguished faculty with a network of industry experts to teach the fundamentals of public pension management. As the spotlight on public pensions grows hotter, trustees and staff are increasingly challenged to grapple with alternative investments, policy and governance changes, cost pressures, and much more. After completing this program, attendees will understand the larger context and history of public pension funds and will have enhanced skills and knowledge to improve decision-making.

Over the course of the three day program, attendees will have the opportunity to explore the predictability of asset returns, review the role of fixed income in the pension portfolio, take a look at how real estate fits into the pension portfolio mix, delve into private equity's new landscape, study the new math of hedge funds, and more. For the complete program see the facing page.

Located in one of the most stimulating business environments in the world, the Berkeley campus is at the intersection of business and academia. Berkeley-Haas is renowned for developing innovative business leaders—individuals who redefine the business landscape by putting new ideas into action in all areas of their organizations.

This is such a rich opportunity for extended learning and presented so conveniently in a concise package, maximizing your time and effort. Education is the cornerstone of SACRS' mission. The UC Berkeley Executive Education staff along with the SACRS Affiliate team is committed to the continual development and delivery of content that is current, innovative, results-driven, and responds to the needs of public pension trustees and staff. Attendees in this program will not only gain new insight and knowledge, but also will add to the core strengths of our organization—the range of expertise and the diversity of perspective found in our public pension community.

We urge you to consider participating.

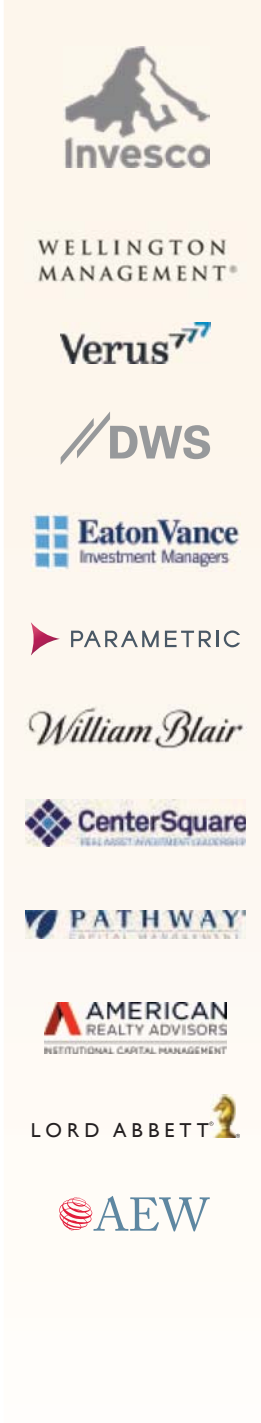
Sincerely,

Dan McAllister

Dan McAllister
 SACRS President, San Diego County
 Treasurer-Tax Collector and
 San Diego County Employees Retirement
 Association Trustee

Sulema H. Peterson

Sulema H. Peterson
 SACRS Administrator





Berkeley Executive Education
UNIVERSITY OF CALIFORNIA

GREGORY LABLANC



GREGORY LABLANC has been a lecturer at UC Berkeley since 2004, teaching courses in Finance, Accounting, Law, and Strategy in the Haas School, the Law School (Boalt Hall) and the department of Economics. Prior to joining the Berkeley faculty, he studied Economics, Business, and Law at the Wharton School of the University of Pennsylvania, George Mason University Law School, Duke Law School, and Berkeley Law (Boalt Hall). He has previously taught Finance, Management, Law and Economics at the Wharton School, Duke University and the University of Virginia and has been a consultant in the fields of IP litigation and competitive intelligence. His research focuses on the impact of tax policy on organizational design, capital formation, and innovation. He has received several teaching awards and has previously been involved in executive education programs at the Wharton School and Darden School.

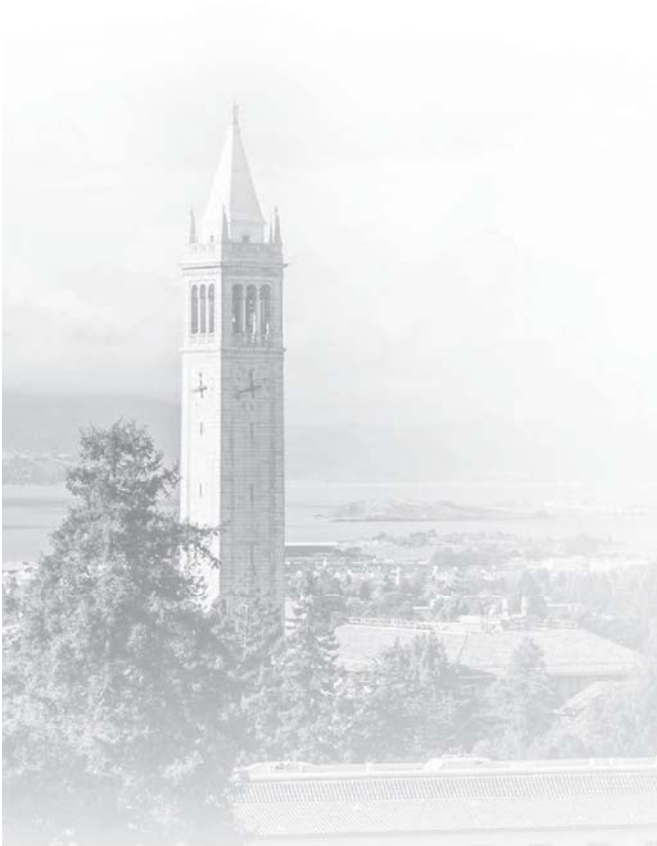
JOHN O'BRIEN



JOHN O'BRIEN is Adjunct Professor and Academic Advisor to the Master's in Financial Engineering (MFE) program at the Haas School of Business. Prior to joining Haas in 2000, Mr. O'Brien was Managing Director at Credit Suisse Asset Management responsible for the performance measurement and risk management functions.

Prior to Credit Suisse, Mr. O'Brien was co-founder, Chairman and CEO of Leland O'Brien Rubinstein (LOR) Associates, and Chairman of the Capital Market Fund, and the S&P 500 SuperTrust – the first exchange traded fund (ETF). Prior to LOR, Mr. O'Brien co-founded Wilshire Associates (originally operated as O'Brien Associates), and co-developed the Wilshire 5000 common stock index (originally named and published as the O'Brien 5000 Index).

Mr. O'Brien has received various awards, including the Financial Analyst's Graham and Dodd Scroll Award, the Matthew R. McArthur Award from the Investment Management Consultants Association for lifetime contributions to investment consulting. Mr. O'Brien was named among Fortune Magazine's ten Businessmen of the Year in 1987. Mr. O'Brien holds a S.B. in economics from MIT, and an M.S. in operations research from UCLA. He served as a Lieutenant in the United States Air Force.



THOMAS GILBERT

THOMAS GILBERT graduated from the Finance Ph.D. Program at the Haas School of Business in May 2008. Thomas is currently an Assistant Professor of Finance and Business Economics at the Michael G. Foster School of Business, University of Washington. His research lies in the area of information aggregation and the role of macroeconomic announcements on stock prices. Since 2003, he has taught parts of the Certified Investment Management Analyst program (CIMA®) and the Berkeley Finance Series within the Finance Executive Programs at the Haas School of Business. He has also taught in the Undergraduate, Full-Time MBA, and Evening & Weekend MBA programs at Haas, for which he won the Best Graduate Student Instructor Award in 2005, 2006, and 2007. He holds a Masters in Finance from U.C. Berkeley and a Masters in Physics from Imperial College (United Kingdom).

GRAHAM SCHMIDT,
Cheiron

GRAHAM SCHMIDT (Associate- SOA, Member-AAA, Fellow-CCA) served as the Senior Vice President of EFI Actuaries for ten years before joining Cheiron as a consulting actuary upon the merger of EFI and Cheiron in 2013. Graham is a frequent speaker at public employer conferences, on topics including actuarial funding policies, asset-liability management and GASB-related issues. In recent years, he has spoken at national meetings sponsored by NCPERS, the Society of Actuaries, the Academy of Actuaries and other regional organizations, such as SACRS and CALAPRS.

Graham is the SACRS-appointed representative to the California Actuarial Advisory Panel (CAAP), and is also a member of the Academy of Actuaries Public Plans Subcommittee and the Conference of Consulting Actuaries Public Plans Committee, the primary actuarial committees dealing with public sector retirement issues in the US.

BENJAMIN LAZARUS,
Parametric

MR. LAZARUS joined the firm in 2004*. He is responsible for developing, coordinating, and executing the business development and client services plan for Parametric unique family of products with emphasis on the Western region of the United States and Canada. In addition, Ben works on developing and managing new partnerships for Parametric and has presented on the use of derivatives at different industry events. From 2015 to 2016, he was the Senior Vice President of US Sales at Nuveen Investments in Minneapolis, Minnesota. Ben earned a B.A. in Psychology from the University of California, San Diego and an MBA in Marketing and Strategic Management from the University of Minnesota. He is a CFA® charterholder and a member of the CFA Society of Minnesota. **Reflects the year employee was hired by The Clifton Group, which was acquired by Parametric Portfolio Associates® LLC on December 31, 2012.*

TERI NOBLE,
Pathway

MS. NOBLE joined Pathway in 2017 and is a senior vice president in the California office. She is responsible for client servicing and business development in the United States.

Prior to joining Pathway, Ms. Noble served as senior vice president, client portfolio manager, for American Realty Advisors, and before that, she served as senior vice president at BNY ConvergeEx. At both firms, she focused on managing and cultivating consultant and institutional relationships. Ms. Noble earned a BA from the University of California, Davis, and an MBA from St. Mary's College of California and holds Financial Industry Regulatory Authority (FINRA) Series 7, 63, and 65 licenses. She is involved in several national and regional organizations and serves as an affiliate committee member of the State Association of County Retirement Systems (SACRS) and as a committee member of Women in Institutional Investments Network (WIIIN).

DELIA M. ROGES,
Invesco



DELIA M. ROGES, Invesco is a member of the Invesco US Institutional Sales and Service Team. As managing director, she is responsible for relationship management and new business generation for institutional investors in public

funds in the western United States. Ms. Roges has been in the institutional investment management business since 1991.

Prior to joining Invesco in 2011, she was a senior member of a boutique investment banking and private placement firm focused on securing capital for private equity and real estate general partnerships. She served previously as a Senior Vice President at Trust Company of the West where she was responsible for advising institutional clients and developing product solutions for new business development. Ms. Roges serves on the Board of Regents to Loyola Marymount University and on the Board of Visitors at the School of Education at LMU. She earned an MBA at the University of Southern California and a Bachelors in Business Administration from Loyola Marymount University.

KRISTIN V. SHOFNER,
Fidelity Institutional Asset Mgmt.



KRISTIN SHOFNER is Senior Vice President, Business Development at Fidelity Institutional Asset Mgmt. In this role, she leads the development of relationships with public pension plans.

Prior to joining Fidelity in 2013, Kristin was a Director of Institutional Sales and Marketing at Lord Abbett & Co, Inc since June 2003. Her previous positions include serving as a manager of Institutional Sales and Client Services from 2000 to 2003 and as a manager research associate from 1998 to 2000 at Asset Strategy Consulting/InvestorForce, Inc. She has been in the industry since 1998. Kristin earned her bachelor of arts degree in history and sociology from the University of California at Santa Barbara.

EDWARD J. HOFFMAN,
Verus



MR. HOFFMAN brings over 20 years of experience to his clients, providing strategic investment advice to ensure that clients meet their long-term investment objectives. He serves as lead consultant to both public and Taft-Hartley

benefits plans.

Before joining Verus (previously known as Wurts & Associates) in 2011, Mr. Hoffman served institutional clients at Legg Mason and Prudential. In addition to his client service responsibilities at Legg Mason, he served on the asset management division operating committee and Legg Mason Funds valuation committee, led corporate development initiatives including several related to the 2005 acquisition of Citigroup’s asset management division, and managed a variety of product development initiatives. Today, his work in risk-based advisory services provides an additional and valuable perspective to his non-discretionary clients.

Mr. Hoffman earned a bachelor of science (BS) in industrial management with college and university honors from Carnegie Mellon University, where he earned membership into Beta Gamma Sigma and Mortar Board honor societies. He earned a master’s degree in business administration (MBA) from the Harvard Business School. He has earned the Chartered Financial Analyst (CFA) designation and is certified as a Financial Risk Manager (FRM). He is also a member of the CFA Society of Los Angeles and the Global Association of Risk Professionals (GARP).

“Yes, I feel that all staff and board members should take advantage of this course. This course has been a refresher and update on many of the concepts used at board meeting level.”

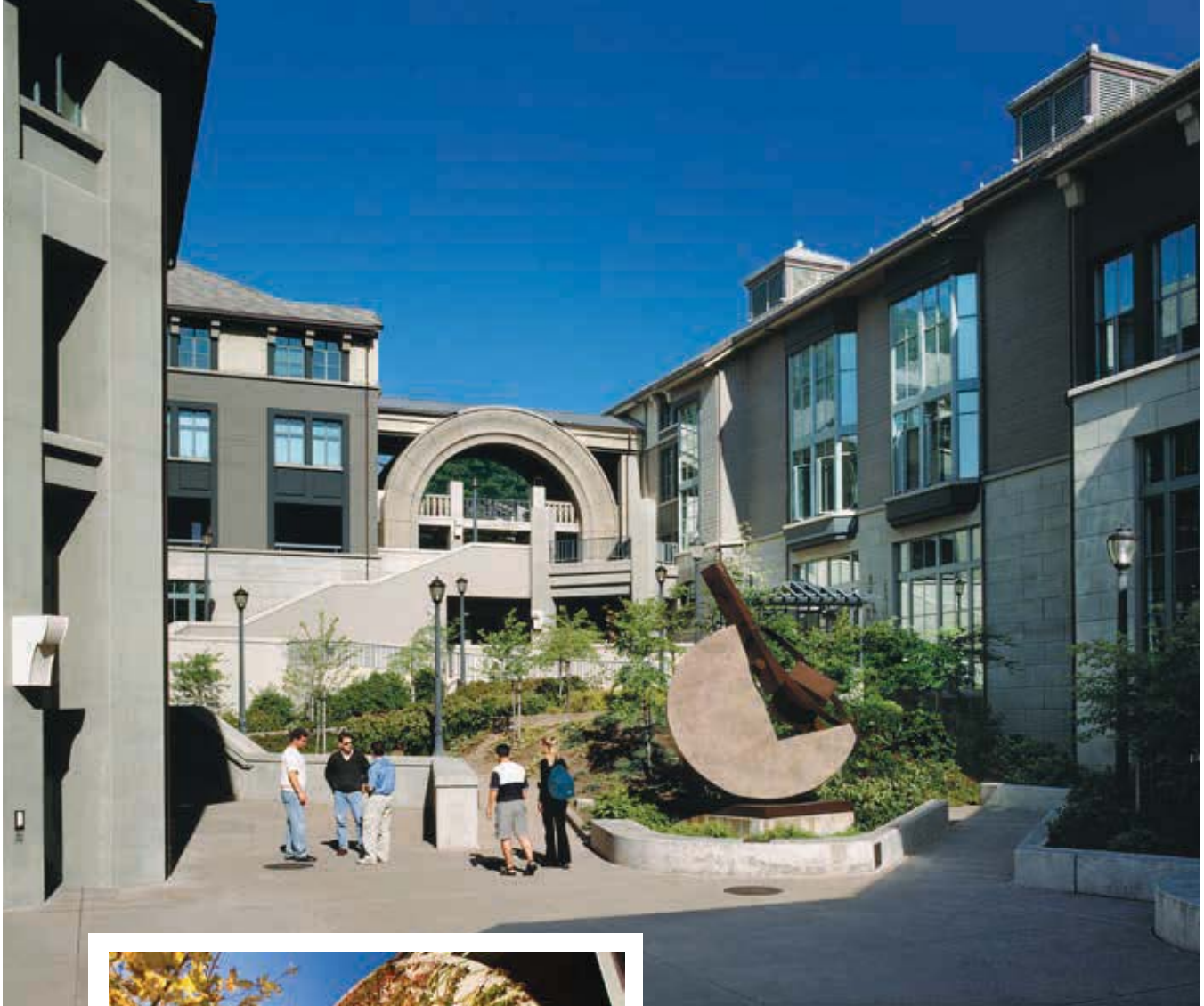
*— Sharon Naramore,
Contra Costa County Employees
Retirement Association*



“Good content, worth your time.”

— Ben Lazarus, Parametric





“Successful Retirement Plan Managers recognize innovation as an opportunity to maximize the creation of value.”

The strength of the Berkeley-Haas School of Business is expressed in its motto, “Leading through Innovation.” Successful Retirement Plan Managers recognize innovation as an opportunity to maximize the creation of value. This program focuses on individual, team, and organizational levels of innovative potential.

The Public Pension Investment Management Program is carefully designed to give participants the tools, knowledge and networks they need to master their particular challenges. Bringing perspective from their own Retirement Plans to the program, and exposed to that of their peers, participants have the opportunity to further define and develop their knowledge and objectives under the guidance of the same faculty who teach in Berkeley-Haas’s renowned Masters of Financial Engineering program, including top finance experts John O’Brien, Thomas Gilbert and Greg LeBlanc.

ATTENDEE INFORMATION

PLEASE COMPLETE ONE REGISTRATION PER ATTENDEE AND RETURN TO SACRS.

Name: _____
(Print exactly for name badge)

Organization: _____ Position Title: _____

Address (No P.O. Boxes Please): _____

City/State/Zip: _____

Business Telephone: _____ Fax: _____

Home Telephone: _____ Email address: _____

List any special needs you may require during your stay:

(Dietary, Handicap Accessible, etc.) _____

Emergency Contact Name: _____ Emergency Phone: _____

HOTEL ACCOMMODATIONS

Arrival Date: _____ Departure Date: _____

KING DOUBLE BED

BILLING INFORMATION

CREDIT CARD BILL ME

SEND INVOICE TO THE FOLLOWING INDIVIDUAL

Name: _____

Address (No P.O. Boxes Please): _____

City/State/Zip: _____

Telephone: _____ Fax: _____

MEMBERSHIP INFORMATION

Type of Member: _____ Name of County or Organization: _____

Principal Activity of the Organization (e.g. Retirement, Marketing, Consulting, Non-Profit): _____

Organization Type: Other Government Non-Profit Public Private



Program Registration

Registration online at sacrs.org
JULY 22–24, 2019

All program activities will take place on the campus of **UC Berkeley Executive Education**. The host hotel is the **Claremont Club & Spa, a Fairmont Hotel**. Price for the SACRS Investment Management Program is \$2500 per person. Registration fees cover registration, training materials, meals (breakfast, lunch and light receptions) and daily transportation to and from the Hotel Claremont Club & Spa/UC Berkeley. Hotel accommodations are separate (see page 11).

PROGRAM LOCATION

UC Berkeley Executive Education
2220 Piedmont Ave., Berkeley, CA 94720-1900

In order to receive a refund, you must cancel your registration in writing by July 1, 2019. After July 1, 2019, no refunds will be permitted.

PARTICIPATION IS LIMITED.

Register early by visiting sacrs.org. To submit your registration, complete the enclosed form and:

MAIL TO: **SACRS**
C/O Sulema Peterson
1415 L Street, Suite 1000
Sacramento, CA 95814

OR E-MAIL TO: sulema@sacrs.org

OR VISIT: sacrs.org and submit online



Hotel Accommodations

Claremont Club & Spa, a Fairmont Hotel
 41 Tunnel Road
 Berkeley, CA 94705
 Tel: (510) 843-3000

Accommodations will be made for confirmed attendees at the **Claremont Club & Spa, a Fairmont Hotel** located just minutes away from UC Berkeley in the beautiful Berkeley Hills. Shuttle service between the hotel and UC Berkeley will be provided. **SACRS room rate is \$289 per room (not including tax)**. Overnight parking is available at \$20.00 per day per vehicle. Additionally, the hotel charges guests a \$29.00 (plus tax) resort fee per room/per day. This fee is to cover use of the computers and internet in the business center, high speed internet access in guest room, access to the private club & fitness center and all fitness classes, local calls, newspaper delivery and in-room coffee.

Cancellation with no penalties is 72 hours prior to arrival. **All hotel reservations will be made through SACRS. Please do not call the hotel directly to make reservations.** To reserve your hotel accommodations, contact Sulema H. Peterson, SACRS Administrator at the following:

sulema@sacrs.org or (916) 441-1850.

An informal and collegial atmosphere develops at the SACRS UC Berkeley Program. Program faculty and participants enjoy lunch-time meals together, when topics from daily discussions are often reinforced, vetted and simplified. During the evening, participants share dinner together as a group, taking in Berkeley's local restaurants within walking distance from the hotel.



August 29, 2019

TO: Each Member
Board of Retirement

FOR: Board of Retirement Meeting of September 12, 2019

SUBJECT: Travel Ratification: CALAPRS Principles of Pension Management –
August 26-29, 2019 in Malibu, CA

The CALAPRS Principles of Pension Management took place on August 26-29, 2019 in Malibu, California. The four-day program covered a unique training program exclusively for California public retirement system Board members. The program agenda is attached.

The main conference highlights included the following:

- Public Pension Policy Issues
- Complexities Involved in Administering Public Pension Plans
- Alternative Solutions to Common Problems

At its August meetings, the Boards approved a revised Travel and Education Policy. Per Section 705.00 A.2., educational conferences where the total cost of attendance is no more than \$2,000 are pre-approved for attendance and reimbursement. The conference meets LACERA's policy on an average of five (5) hours of substantive educational content per day; however, exceeds the total cost of attendance of no more than \$2,000 and therefore needs Board approval. One Board member, JP Harris, attended the conference. The total cost of the trip was as follows:

Tuition: \$3,000 (Includes lodging, meals, and materials)

Mileage: \$40

Total Max Cost: \$3,040 per person

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.

This expense will count against each traveler's \$10,000 California travel maximum.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Approve ratifying the attendance of Board Members at the CALAPRS Principles of Pension Management on August 26-29, 2019 in Malibu, California and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy and determine whether this conference will count toward the number limits of Section 705.00.A.1.

SCHEDULE



*All of the following activities will be held at the
Villa Graziadio Executive Center – Pepperdine University
24255 Pacific Coast Highway, Malibu, CA 90263*

Monday - August 26, 2019

- 6:00PM Reception & Dinner
- 7:30PM **Introductions and Course Overview**
Julie Wyne, Chief Executive Officer, Sonoma CERA

Tuesday – August 27, 2019

- 8:00-9:30AM **100: What's the Big Deal About Being A Fiduciary?**
Chris W. Waddell, Senior Attorney, Olson, Hagel & Fishburn, LLP
Carl Nelson, Executive Secretary, San Luis Obispo County Pension Trust
- 9:30-10:00AM Networking Break
- 10:00-11:45AM **101: How Should a Board Function?**
Dr. James Wilbanks, Administrator, Mendocino CERA
- 11:45AM-12:45PM Lunch
- 12:45-2:00PM **102: What Benefits Do We Provide/What is the Board's Role?**
Annette St. Urbain, Retired Administrator
Tracy Towner, Trustee, Ventura CERA
- 2:00-2:20PM Break
- 2:20-4:00PM **103: What Are the Key Issues in Disability Retirement?**
Julie Wyne, Chief Executive Officer, Sonoma CERA
Thomas J. Wicke, Esq., Senior Partner, Lewis, Marenstein, Wicke, Sherwin & Lee, LLP
- 4:00- 4:45PM Break
- 4:45PM Meet Bus for Off-site Dinner
- 5:30PM Reception & Dinner
- 6:30-8:00PM **104: Disability Hearing: Case Study**
Julie Wyne



Wednesday – August 28, 2019

- 8:00-11:15AM **105: How Should We Manage Our Pension Liabilities?**
Paul Angelo, FSA, Senior Vice President & Actuary, Segal Consulting
- 11:15-11:30AM Break
- 11:30-12:30PM **106: Investment Basics**
Scott Whalen, Executive Vice President, Verus Investments
Tim Price, Chief Investment Officer, Contra Costa County ERA
- 12:30-1:30PM Lunch
- 1:30-2:30PM 106 (Cont'd)
- 2:30-2:45PM Break
- 2:45-4:30PM **107: How Should We Manage Our Investment Program?**
Tim Price, Chief Investment Officer, Contra Costa County ERA
Scott Whalen, Executive Vice President, Verus Investments
- 4:30-5:35PM Break
- 5:45PM Dinner
- 6:30-8:00PM **108: Case Study: Who Are Our Stakeholders/What Are Our Roles?**
Dr. James Wilbanks, Administrator, Mendocino CERA
Dave Nelsen, Chief Executive Officer, Alameda CERA

Thursday – August 29, 2019

- 8:00-10:00AM **109: AB1234 Ethics Training**
Ashley K. Dunning, Partner, Nossaman LLP
- 10:10-11:30AM **110: Course Summary**
Annette St. Urbain, Retired Administrator
Carl Nelson, Executive Secretary, San Luis Obispo County Pension Trust
- 11:30AM Certificate Luncheon and Final Course Evaluation

CALAPRS Curriculum Committee:

Julie Wyne (Dean), Dave Nelsen, Carl Nelson, Robert Theller, Dr. James Wilbanks, and Alison Trejo

August 27, 2019

TO: Each Member,
Board of Retirement

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: September 4, 2019 Board of Retirement Meeting

SUBJECT: Potential Legislation to List the Board of Retirement's Responsibilities

RECOMMENDATION

That the Board of Retirement (Board) consider and provide guidance to staff regarding whether to pursue legislation to add a statute to the County Employees Retirement Law of 1937 (CERL) that lists and clearly states the Board's responsibilities in a single provision.

LEGAL AUTHORITY

The Board of Retirement's Legislative Policy standards support proposals that provide clarification, technical updates, or conforming changes to CERL. (Legislative Policy, page 6.) Legislation to consolidate a list of the Board's responsibilities in a single statutory provision falls within this provision of the policy. In addition, pursuit of such legislation is within the Board's responsibility for management of the system under Government Code Sections 31520 and 31520.1, and it is within the Board's plenary administrative authority under Article XVI, Section 17 of the California Constitution.

DISCUSSION

This matter is presented to the Board at the request of Trustee Pryor, made at the July 11, 2019 Board of Retirement meeting in compliance with Section II(6) of the Board's Regulations.

Currently, CERL describes the Board of Retirement's areas of responsibility in numerous sections throughout the statute. There is no single provision that lists those responsibilities. Mr. Pryor believes it would be advantageous and eliminate confusion as to the responsibilities of the Board of Retirement and the Board of Investments for CERL to include a single statute listing all of the Board's responsibilities. The proposed statute would not supplant or modify the existing detailed sections throughout CERL, require a restructuring of CERL, or change the substance of CERL. The proposal would not change the authority already granted to the Boards; it would not address the Board of

Each Member, Board of Retirement
Re: Potential Legislation to List the Board of Retirement's Responsibilities
August 27, 2019
Page 2

Investments. Further, the provision would not require the support of other CERL systems because, in that LACERA is the only system with a Board of Retirement and a Board of Investments, the provision would be framed as a LACERA-only statute.

Memoranda previously provided to the Boards by Chief Counsel and outside fiduciary counsel describing in detail both Boards' responsibilities are attached as Exhibits A and B, respectively. The law has not changed since those memos were written. The proposed statute would include the list of Board of Retirement responsibilities stated in these memos.

If the Board directs staff to move ahead with legislation, staff will inform the State Association of County Retirement Systems (SACRS) Legislative Committee as a courtesy.

CONCLUSION

Based on the information above, staff requests the Board's direction as to whether to pursue legislation to add a statute to CERL that lists and clearly states the Board's responsibilities in a single provision.

Attachments

c: JJ Popowich
Jon Grabel
Barry Lew
Richard Bendall
Bernie Buenaflor
Allan Cochran
Cassandra Smith
Derwin Brown

EXHIBIT A

March 27, 2018 Chief Counsel Memo

FOR INFORMATION ONLY

March 27, 2018

TO: Each Member
Board of Retirement
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: April 4, 2018 Joint Board of Retirement and Board of Investments Meeting

SUBJECT: Joint and Separate Responsibilities of the Boards

At the March 15, 2018 Board of Retirement (BOR) meeting, certain BOR members requested a legal analysis of the joint and separate responsibilities of the BOR and the Board of Investments (BOI) (together, Boards) in order to facilitate a clear understanding and compliance with applicable law.

LEGAL AUTHORITY

The responsibilities of the Boards are enumerated in Article XVI, Section 17 of the California Constitution, the County Employees Retirement Law of 1937 (CERL), Cal. Gov't Code §§ 31450, *et seq.*, the California Public Employees' Pension Reform Act of 2013 (PEPRA), Cal. Gov't Code §§ 7522, *et seq.*, and the Internal Revenue Code, 26 U.S.C. §§ 401(a), *et seq.*

The Boards' overarching plenary authority and fiduciary responsibilities are addressed in Article XVI, Section 17 of the Constitution. Article XVI, Section 17 applies generally to all California public pension boards. The Constitution does not change the division of responsibilities between the Boards as established in CERL.

Specific operational responsibilities of the Boards are set forth in CERL and PEPRA, which describe the duties of LACERA's Boards in detail.

LACERA is the only California public pension system that has separate boards for administration and investments (although a number of California charter cities have established separate pension funds and boards for safety and general members).

DISCUSSION

A. Constitution.

Under Article XVI, Section 17 of the Constitution, "the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for

investment of moneys and administration of the system.” The Constitution only uses the singular term “retirement board,” but it does not create that board. Rather, the Constitution confers duties on governing board(s) otherwise established by plan sponsor agencies under the laws that provide for their respective plans. For example, the Public Employees’ Retirement Law, Cal. Gov’t Code §§ 20000, *et seq.* (PERL), establishes the Board of CalPERS; the Teachers’ Retirement Law, Cal. Ed. Code §§ 22000, *et seq.*, establishes the Board of CalSTRS. So, too, CERL authorizes the twenty California counties adopting the CERL to establish the retirement boards for their respective county systems. For Los Angeles County, CERL authorized the County to establish two boards for jointly governing a single retirement system, and the County exercised that authority to create the BOI. Because of the unique authority granted by CERL, both LACERA Boards have constitutional fiduciary obligations that are important to the performance of their coordinated governance of the retirement system. The Boards both have the same constitutional mission and the same fiduciary duties of prudence and loyalty. It is important to review these fiduciary duties because they have a direct bearing on how the Boards should interact with each other in considering their joint and separate operational responsibilities under CERL.

Article XVI, Section 17 provides for the following duties, which apply to both the BOR and the BOI:

- “The retirement board . . . shall have the sole and exclusive fiduciary responsibility over the assets” of the system. (Section 17(a).)
- “The retirement board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries.” (Section 17(a).)
- Fund assets “are trust funds and shall be held for the exclusive purposes of providing benefits to participants . . . and their beneficiaries and defraying reasonable expenses of administering the system.” (Section 17(a).)
- Trustees “shall 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.” This is the duty of loyalty. (Section 17(b); *see also* CERL, Section 31595(a).)
- Trustees “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.” This is the duty of prudence. (Section 17(b).)

In addition, Article XVI, Section 17 includes two duties that apply to the BOI, although the BOI is not mentioned by name:

- Trustees “shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.” (Section 17(d); see *also* CERL, Section 31595(c).)
- The board, “consistent with the exclusive fiduciary responsibilities vested in it, shall have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the public pension or retirement system.” (Section 17(e).)

The BOR and BOI share the same constitutional fiduciary duties in furtherance of the same purpose. The trustees of the boards are co-fiduciaries of the retirement system. The Boards must work together to achieve the purpose of the fund. The need to work together is a constitutional requirement that follows from the duty of prudence because any reasonable trustee in a like position must cooperate fully with their trustees on the other board. Joint effort also follows from the duty of loyalty because the interests of the members and their beneficiaries could be impaired if there are jurisdictional disagreements between the Boards. The Boards must respect clear lines drawn in CERL as to their separate and joint authorities. The Boards should also be flexible and collaborative in addressing ambiguities in the law as to board authority where they exist in CERL and PEPRA and in addressing special circumstances that may prudently require joint action or joint communication.

B. CERL and PEPRA.

1. Background.

a. BOR.

Section 31520 of CERL provides, “Except as otherwise delegated to the board of investments and except for statutory duties of the county treasurer,¹ the management of the retirement system is vested in the board of retirement” Section 31520 provides for a five-member board of retirement. However, where a system (like LACERA) provides for safety member contributions and retirement, Section 31520.1 provides for a nine-

¹ CERL provides that the Boards may delegate certain responsibilities, such as the holding and investment of assets, to the treasurer. The Boards have not exercised this authority.

member board of retirement, with an alternate safety member. The nine members include four elected by the members (two by general members, one by safety members, and one by retired members), four appointed by the board of supervisors, and the county treasurer, sitting ex officio. Section 31520.5 provides for a retired member alternate to the board of retirement.

LACERA has had its Board of Retirement since the fund's formation in 1938.

b. BOI.

Section 31520.2 provides that, in any county with over \$800 million in assets, the board of supervisors may establish a nine-member board of investments. The membership of the board of investments follows the same pattern as described above for the board of retirement, except that there are no alternate members.

LACERA has had a Board of Investments since 1972, shortly after the Board of Supervisors voted to authorize it. LACERA is the only CERL system with a board of investments. Under Section 31520.2(b), "The board of investments shall be responsible for all investments of the retirement system."

2. Definition of "Board."

The responsibilities of the BOR and BOI are contained in various CERL and PEPRA provisions. Sometimes, the statutes are clear and specific as to which board is given a particular responsibility. Other provisions simply use the term "board" or are vague as to whether they apply to the BOR, the BOI, or both. Section 31459.1 provides a definition of "board" which is applicable only to LACERA, as follows:

(a) In a county in which a board of investments has been established pursuant to Section 31520.2:

(1) As used in Sections 31453, 31453.5, 31454, 31454.1, 31454.5, 31472, 31588.1, 31589.1, 31591, 31592.3, 31594, 31595.1, 31595.9, 31596, 31596.1, 31601.1, 31607, 31610, 31611, 31612, 31613, 31616, 31618, 31621.11, 31625, 31639.26, 31784, and 31872, "board" means board of investments.

(2) As used in the first paragraph of Section 31592.2 and the first paragraph and subdivision (c) of the second paragraph of Section 31595, "board" means a board of investments.

(3) Sections 31521, 31522, 31522.1, 31522.2, 31523, 31524, 31525, 31528, 31529, 31529.5, 31535.1, 31580.2, 31614, 31680, and 31680.1,

apply to both the board of retirement and board of investments, and “board” means either or both the board of retirement and board of investments.

(4) Subdivision (a) of Section 31526 and subdivisions (a) and (b) of the second paragraph of Section 31595 apply to both the board of retirement and board of investments, and “board” means either or both the board of retirement and board of investments.

(b) In Article 17 (commencing with Section 31880) of this chapter, “board” means the Board of Administration of the Public Employees’ Retirement System.

(c) In all other cases, “board” means the board of retirement.

(d) This section shall apply only in a county of the first class, as defined in Section 28020, as amended by Chapter 1204 of the Statutes of 1971, and Section 28022, as amended by Chapter 43 of the Statutes of 1961.

The specific CERL sections mentioned in Section 31459.1 are discussed in detail in the next section of this memo. Section 31459.1 does not list all provisions of CERL that specifically mention the board of investments. Other provisions must be interpreted in developing a list of the Boards’ responsibilities. In addition, it is important to note that Section 31459.1 is not itself a grant of authority to either board; it is a definitional section to assist in interpreting some but not all of the substantive provisions of CERL that describe specific areas of board responsibility.

3. Responsibilities and Authorities of the Boards.

As quoted above, Section 31520 states that “the management of the retirement system is vested in the board of retirement,” and Section 31520.2(b) provides that “The board of investments shall be responsible for all investments of the retirement system.” However, these statements are so general that they do not provide much practical guidance in understanding how the many specific functions of managing a public retirement system are to be handled by the Boards.

Understanding of the detailed allocation of responsibilities is found in the definition quoted above from Section 31459.1 and in other provisions of CERL that specifically mention one or both of the Boards. Based on Section 31459.1 and the rest of CERL, certain responsibilities belong to both the BOI and the BOR, certain responsibilities belong to the BOI, and everything else that is not specifically identified belongs to the BOR. The next three subsections of this memo list specific responsibilities that fall into each category. CERL is a long and complex statute, over 360 pages in length. There may be specific separate responsibilities of the BOR or BOI that are not listed below. However, the lists below include major responsibilities and authorities of the Boards.

a. Joint Responsibilities and Authorities of the BOR and BOI.

Under CERL, there are two specific responsibilities and authorities that require joint action of both the BOR and the BOI:

- i. Appointment of personnel.* (Sections 31522.1, 31522.2, 31522.4.) These provisions provide that “the board of retirement and both the board of retirement and board of investment may appoint” the retirement administrator and other staff. Since LACERA has both the BOR and BOI, the statutory language giving appointing authority to “both” the BOR and the BOI governs. Appointing authority includes the power to approve organizational staffing needs, classifications and classification changes, evaluation, compensation adjustments, and discipline. Accordingly, appointment of staff is a statutory joint responsibility of the Boards.

Long ago, the Boards determined to retain joint appointing authority over the Chief Executive Officer (CEO) and delegate appointing authority for all other positions, other than the Chief Audit Executive,² to the CEO. This structure is reflected in County Salary Ordinance provisions, as required by CERL.³

The Salary Ordinance provides, “The person appointed by the Boards of Retirement and Investments to act as retirement administrator pursuant to Government Code Section 31522.2, shall be known as the Chief Executive Officer.” (Ordinance 6.127.020(A).) The Salary Ordinance defines “Appointing Authority” for the CEO as “the board of retirement and the board of investments jointly” and for staff as the “retirement administrator.” (Ordinance 6.127.040(B)(1).)

² The Boards have determined that they are the appointing authority for the Chief Audit Executive (CAE) with respect to appointment, discipline, dismissal, and/or removal. The Audit Committee is the CAE’s appointing authority with respect to performance management and salary adjustments. The CAE reports to the CEO for administrative purposes. The role of the Boards, the Audit Committee, and CEO are fully described in the Audit Committee Charter. Note that changes to the Salary Ordinance to implement the system described in this footnote, as approved by the Boards in January 2017, are pending approval by the Board of Supervisors as of the date of this memo.

³ This structure is not unique to LACERA. A similar arrangement exists in the City of San José, which has separate boards to administer its Police and Fire Department Retirement Plan and its Federated City Employees’ Retirement System. By City Charter (Section 810.1(a)), however, the two boards have the authority to “jointly appoint the chief executive officer and the chief investment officer.”

The CEO's compensation "may be determined by written agreement between the boards of retirement and investments and such designated person." (Ordinance 6.127.030(B)(1); see *also* Ordinance 6.127.040(C).) The CEO's salary may be adjusted "by the boards of retirement and investments," even if it falls outside designated Salary Ranges. (Ordinance 6.127.030(B)(3).) The Boards jointly may authorize additional compensation to the CEO for "exceptional or extraordinary service." (Ordinance 6.127.030(B)(2).) The County's Table of Classes of Positions with Salary Schedule and Level does not state the CEO's compensation; instead, it refers back to the Board's joint compensation setting authority under Ordinance 6.127.020(A). (Ordinance 6.127.050, Note N37.)

Under the Ordinance, salary adjustments and performance management for LACERA staff are the responsibility of the CEO as Appointing Authority under Chapter 127 of the Ordinance.

The Boards also have the independent authority, by joint resolution, to create a Performance Compensation Program for LACERA employees. (Ordinance 6.127.030(C).)

The Boards may, by joint action, request a change in the Ordinance. However, at present, the structure for personnel is as described above. The Civil Services Rules are consistent, where applicable.

- ii. *Budget approval.* (Section 31580.2.) This statute provides that, where "the board of retirement, or the board of retirement and the board of investments, have appointed personnel . . . , the respective board or boards shall annually adopt a budget covering the entire expense of administration of the retirement system which expense shall be charged against the earnings of the retirement fund." At LACERA, since the Boards jointly appoint personnel under CERL as discussed above, the responsibility and authority to adopt a budget belongs as a matter of law under Section 31580.2 to both Boards acting jointly. This is in fact the way LACERA conducts its budget process.

Although appointment of personnel and budget approval are the only two specified areas of joint Board action under CERL and PEPR, there may be other important issues that flow from the specified areas or otherwise reasonably should be handled by both Boards. Examples include: litigation that presents significant organizational risks; union contracts; legislation that affects LACERA's overall governance structure; changes in LACERA's

Mission, Values, or Vision; joint committees such as the Audit Committee;⁴ policies that affect both Boards, such as the Audit Committee Charter, Education and Travel Policy, Legislative Policy, Code of Ethical Conduct, Conflict of Interest Code, and similar policies that cross board lines; and engagement of fiduciary counsel to advise both Boards. As noted above, a spirit of cooperation, collaboration, and flexibility is legally required among the Boards as a matter of their co-fiduciary duties in addressing other issues of joint interest.

b. BOI Responsibilities and Authorities.

CERL is generally structured so that the responsibilities and powers of the BOI are specifically identified. Any responsibilities and powers not given to the BOI belong to the BOR. Despite this structure, there are still some ambiguities because Section 31459.1 is not complete and other CERL and PEPR provisions are also ambiguous. Responsibilities and authorities that the BOI, and its trustees, may separately exercise as identified in governing law include the following:

- i. All investments.* (Sections 7514.2, 31520.2(b), 31594, 31595, 31595.1, 31595.9, 31601.1, 31602, 31603.) The BOI “shall be responsible for all investments of the retirement system.” (Section 31520.2(b).) The statutory authority is very broad. Investments may be made “in any form or type of investment deemed prudent” in compliance with the BOI’s fiduciary duties. (Section 31494.) Note that investments in real property require approval by at least six votes, except that nine votes are required if the Board of Supervisors or County Board of Education has a material interest. (Section 31601.1.) Investments in in-state infrastructure projects are specifically addressed by statute. (Section 7514.2.)
- ii. Diversification of investments.* (Section 31595(c).) The BOI is required to “diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.” (*Id.*) This same language appears in Article XVI, Section 17(d).

⁴ The responsibilities and authorities of the Audit Committee include oversight of Internal Audit, oversight of the CAE (see footnote 2), oversight of and recommendations regarding selection of the External Auditor, monitoring of the financial reporting process, monitoring management’s system of internal controls and compliance, and conflicts and ethics. These responsibilities are fully defined in the Audit Committee Charter approved by both Boards.

- iii. Delegation of investment authority. (Sections 31595, 31595.1, 31596.) The BOI has the authority and discretion to “invest, or delegate the authority to invest, the assets of the fund.” (Section 31595.) One party to whom the BOI may delegate authority is the treasurer. (Sections 31595.1, 31596.)
- iv. Actuarial investigations, assumptions, and valuations. (Sections 31453, 31453.6, 31454, 31454.1, 31515.1.) The BOI has sole authority under CERL over actuarial matters related to the pension fund. Actuarial issues are also recognized in the Constitution, which provides that board (as to LACERA, the BOI) “shall have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the public pension or retirement system.” (Article XVI, Section 17(e).)
- v. Retirement benefit funding policy. (Sections 7522.52, 31591.) The BOI sets the funding policy for LACERA, which includes the funding goal, annual implementation, allocation of actuarial assets, and the valuation cycle.
- vi. Recommendation of interest rates on deposits. (Sections 31453, 31454, 31472, 31591.) Based on actuarial investigation, valuation, and recommendations, the BOI recommends to the Board of Supervisors changes in the interest rate on deposits.
- vii. Recommendation of member contribution rates. (Sections 31453, 31454, 31621.11, 31625, 31639.26, 31872.) Based on actuarial input, the BOI recommends to the Board of Supervisors the rates of member contributions.
- viii. Recommendation of employer contribution rates and appropriations. (Sections 31453, 31453.5, 31454, 31454.5, 31495.) Similarly, the BOI recommends to the Board of Supervisors employer contributions rates and appropriations based on actuarial findings.
- ix. Transfer of excess interest. (Section 31592.2(a).) The BOI has authority, when the surplus interest in excess of the amount credited to contributions and reserves exceeds 1% of total assets, to transfer such surplus into a county advance reserve for the payment of benefits.
- x. Selection of custodian. (Section 31596.) The BOI is responsible to select LACERA’s custodian.

- xi. Investment, actuarial, custodial, and investment legal expenses. (Section 31596.1) The BOI manages expenses of investment, the fund's actuary, the custodian, and investment counsel, all of which are then charged against investment earnings or fund assets as the BOI determines.
- xii. Adopt BOI regulations. (Sections 31525, 31526(a).) The BOI is required to adopt board regulations providing for election of officers, their terms, meetings, and all other matters relating to the administrative procedure of the board.
- xiii. Interest on unpaid installments of death benefit. (Section 31784.) The BOI determines the rate at which interest is paid to a person who elects to receive a death benefit over time.
- xiv. Certain Plan E actions. (Sections 31488, 31491(f) and (g), 31492(b) and (c).) The interest and mortality tables adopted by the BOI are used for calculation of the early retirement adjustment factors that may be employed under Plan E. (Section 31491(f).) The BOI also adjusts primary insurance amounts for Plan E based on the advice of the actuary. (Section 31491(g).) In addition, the BOI approves the actuarial equivalence of a Plan E member's election for an increased survivor allowance. (Section 31492(c).)
- xv. Filling of BOI vacancies. (Section 31523.1.) The BOI is required to cause an election to be held at the earliest possible date for any vacancy in the elected positions.
- xvi. Separation from County service. (Section 31524.) Separation from County service of an elected member vacates the trustee's office.
- xvii. 24 hours of trustee education. (Section 31522.8.) BOI trustees are required to obtain 24 hours of education every two years on the subjects listed in Section 31522.8.
- xviii. Conflict and revolving door limits. (Section 31528.) Members of the BOI may not have a personal interest, direct or indirect, in the making of any investment, the profit or losses on any investments, or the sale of any investment, or act as agent for others in the use of trust funds. BOI members also may not, for a period of two years after leaving office, act as an agent or attorney for or otherwise represent for compensation any person, except the County, before the BOI, BOR, or staff by personal appearance or any oral or written communication for the purpose of influencing LACERA administrative or legislative

action or concerning a contract, grant, or purchase or sale of good or property. Beyond Section 31528, the BOI has authority to regulate conflicts that may arise in the conduct of its affairs and the matters under its authority.

- xix. Authority to obtain legal representation. (Sections 31529, 31529.1, 31529.5, 31529.6, 31529.9, 31607.) The BOI may retain outside counsel to act as counsel for the board or assist in the performance of its responsibilities.
- xx. Securities and investment-related litigation. Authorization and oversight of securities and other investment-related litigation is the responsibility of the BOI because the issues involve matters within the broad investment responsibility of that board.
- xxi. Issuance of subpoenas. (Section 31535.1) The BOI has the authority to issue subpoenas in connection with its areas of responsibility.
- xxii. OPEB trust investments and trust administration. (Sections 31694.1, 31694.3, 31694.5.) The BOI may invest Other Post-Employment Benefit (OPEB) trust assets contributed by participating employers. The BOI is trustee under the County, Court, and Master OPEB Trust Agreements with responsibility for trust investment and administration.
- xxiii. Approval of travel. The BOI has the responsibility under the Education and Travel Policy to approve travel for its trustees according to the terms of the policy.
- xxiv. Committees. Under the BOI Regulations, the BOI Chair may appoint such standing and ad hoc committees as he or she deems necessary to accomplish the BOI's responsibilities. The BOI as a whole also has authority to establish committees.

The BOI has the authority to perform and manage their specific responsibilities as listed above, adopt policies and procedures, retain other consultants and vendors, and take other reasonable and necessary actions related to their specifically assigned responsibilities. The BOI's authorities and responsibilities are further addressed in the BOI's Regulations (or Bylaws), Board Charter, Powers Reserved Defined, Powers Reserved and Delegated Authorities, the Powers and Duties of Investments Board Members, Investment Policy Statement, Corporate Governance Committee Charter, Corporate Governance Principles and Policy, Domestic Proxy Voting Guidelines, and other existing policies and procedures. The BOI must manage its meetings and affairs so as to comply with the Brown Act, Cal. Gov't Code 54950, *et seq.*

c. BOR Responsibilities and Authorities.

Under Section 31520, “the management of the retirement system is vested in the” BOR, except for those responsibilities specifically assigned to both Boards or the BOI. Accordingly, the short answer to the question of the BOR’s responsibilities and authorities is that the BOR separately can do anything, required under CERL, PEPRA, and the Constitution to manage the system, that is not specifically listed in paragraph 3(a) (joint BOR and BOI responsibilities) and paragraph 3(b) (BOI responsibilities). However, to provide a more helpful response, the responsibilities and authorities that may be separately exercised by the BOR include the following:

- i. Pension benefits administration upon service retirement.* (Section 31670.) The BOR approves all service retirements and administers all issues and processes under CERL and PEPRA related to delivery and support of pension benefits, including Member Services, Benefits, and Quality Assurance.
- ii. Compensation earnable and pensionable compensation.* (Sections 7522.34, 31461.) The BOR makes determinations as to whether pay codes are compensation earnable under CERL. The BOR also acts upon pensionable compensation recommendations under PEPRA, although there is less board discretion under PEPRA than there is under CERL because PEPRA does not specifically reference a board determination.
- iii. Disability retirement benefits administration.* (Sections 31530, 31720 *et seq.*) The BOR approves all disability retirements. In that role, the BOR administers Disability Retirement Services, engages physicians, manages the board’s medical advisor, decides applications, appoints referees to conduct appeal hearings, receives and acts upon referee reports, sets rules for disability applications and hearings, and makes such other decisions and performs such other oversight as required for delivery of disability retirement benefits. Member Services, Benefits, and Quality Assurance may also be necessary, from time to time, to support the administration of disability retirement.
- iv. All other benefits and benefit-related issues.* All other benefits and benefit-related issues under CERL and PEPRA, including, for example, survivor benefits, death benefits, investigation of benefits questions, felony forfeiture, and reciprocity, are within the BOR’s authority.

- v. Collections. The BOR oversees collection issues, including underpayment of contributions and overpayment of benefits.
- vi. Administrative appeals. The BOR has established and oversees an administrative appeals process, and hears and decides member appeals with regard to plan administration issues. The administrative appeals process adopted by the BOR provides due process to members with disputes.
- vii. Procedure for assessing and determining whether an element of compensation was paid to enhance benefits. (Section 31542.) The BOR is required to implement a procedure to address potential “pension spiking.” If the BOR determines that compensation was paid to enhance a member’s benefit, the member or employer may present evidence that the compensation was not paid for that purpose and request the BOR to reverse its decision. This requirement was implemented in part through the administrative appeals process described in (vi) above.
- viii. LACERA operations. All LACERA operational issues are addressed by the BOR, other than those assigned to the Boards jointly or to the BOI as described in the preceding sections of this memo. The BOR’s operational responsibilities are broad, except as limited, and include such important matters as privacy, Public Records Act requests, member communications, and all issues not specifically provided to be performed elsewhere.
- ix. Financial and accounting services. (Section 31593.) Aside from financial, actuarial, and auditing responsibilities of the BOI and the Audit Committee as explained above, the BOR monitors and supervises the Financial and Accounting Services Division and related financial reporting compliance issues and approves retention of LACERA’s external financial auditor based on a recommendation from the Audit Committee.
- x. Personnel issues. The personnel function, which includes Human Resources, is part of the management of the system, and is therefore under the jurisdiction of the Board of Retirement. Personnel issues includes employment claims and litigation. This responsibility excludes the CEO and the CAE, which report jointly to both Boards as noted above. It also excludes classification, compensation, and union contracts (although negotiations will be overseen by the BOR), which are joint board responsibilities. In addition, it is reasonable to

acknowledge that both Boards have an interest in significant personnel issues concerning senior management, such as the Chief Counsel, who regularly advise the BOR. Accordingly, while the BOR will have oversight responsibility for most personnel issues, certain personnel issues may appropriately be addressed by both Boards working together or by the BOI alone.

- x. Aids to benefits administration.* The BOR's broad authority over benefits, including service retirements, disability retirements, and other benefits, encompasses the ability to procure consultants and whatever other aids are necessary for the effective performance of that work.
- xii. Tax compliance issues.* The BOR oversees tax qualification issues and monitors that LACERA remains in compliance with applicable requirements of the Internal Revenue Code. The BOR also monitors compliance with other tax laws, such as state and federal withholding requirements for member and beneficiary payments.
- xiii. Adopt BOR regulations.* (Sections 31525, 31526.) The BOR is required to adopt board regulations providing for election of officers, their terms, meetings, and all other matters relating to the administrative procedure of the board.
- xiv. Filling of BOR vacancies.* (Section 31523.) The BOR is required to cause an election to be held at the earliest possible date for any vacancy in the elected positions.
- xv. Separation from County service.* (Section 31524.) Separation from County service of an elected member vacates the trustee's office.
- xvi. 24 hours of trustee education.* (Section 31522.8.) BOR trustees are required to obtain 24 hours of education every two years on the subjects listed in Section 31522.8.
- xvii. Conflict and revolving door limits.* (Section 31528.) Members of the BOR may not have a personal interest, direct or indirect, in the making of any investment, the profit or losses on any investments, or the sale of any investment, or act as agent for others in the use of trust funds. BOR members also may not, for a period of two years after leaving office, act as an agent or attorney for or otherwise represent for compensation any person, except the County, before the BOI, BOR, or staff by personal appearance or any oral or written communication for the purpose of influencing LACERA administrative or legislative action or concerning a contract, grant, or purchase or sale of goods or

property. Beyond Section 31528, the BOR has authority to regulate conflicts that may arise in the conduct of its affairs and the matters under its authority.

- xviii. Authority to obtain legal representation. (Sections 31529, 31529.1, 31529.5, 31529.6, 31529.9.) The BOR may retain outside counsel to act as counsel for the board or assist in the performance of its responsibilities.
- xix. Litigation related to LACERA benefits, operations, and management. All non-investment related litigation is managed by the BOR, with the possible exception that there may be limited, extraordinary situations where good governance and fiduciary duty suggests that the best case management will be performed by both Boards.
- xx. Issuance of subpoenas. (Section 31535.1) The BOR has the authority to issue subpoenas in connection with its areas of responsibility.
- xxi. Administration of the OPEB program. (Sections 31691, 31694.) The BOR administers the retiree healthcare program under the 1982 Agreement, as amended, with the County and under separate agreements with participating districts.
- xxii. Approval of travel. The BOR has the responsibility under the Education and Travel Policy to approve travel for its trustees according to the terms of the policy.
- xxiii. Committees. Under the BOR Regulations, the BOR Chair may appoint such standing and ad hoc committees as he or she deems necessary to accomplish the BOR's responsibilities. The BOR as a whole also has the authority to establish committees.

The BOR also has the authority to perform and manage their specific responsibilities as listed above, adopt policies and procedures, and take other reasonable and necessary actions related to their specifically assigned responsibilities. The BOR's authorities and responsibilities are further addressed in the BOR's Regulations, Board Charter, Committee Charters, the Power and Duties of Retirement Board Members, Policies and Procedures for Handling Disability Applications, Procedures for Disability Retirement Hearings, and other existing policies and procedures. The BOR must manage its meetings and affairs to comply with the Brown Act, Cal. Gov't Code 54950, *et seq.*

///

CONCLUSION

This summary of the Boards' responsibilities is based on the current state of the law. It is also important to repeat that, while this memo is intended to be comprehensive, there may be specific responsibilities of the Boards that are not mentioned with particularity. To the extent there are ambiguities in the law or the Boards would like to change existing practice, LACERA can seek legislative changes. The Boards, separately or jointly depending on the subject matter, also have the discretion to adopt additional policies and procedures to clarify their respective responsibilities.

c:	Robert Hill	Vincent Lim	Leilani Ignacio
	James Brekk	Ted Granger	Fern Billingsy
	John Popowich	John McClelland	Johanna Fontenot
	Bernie Buenaflor	Christopher Wagner	Frank Boyd
	Jon Grabel	Vache Mahseredjian	Michael Herrera
	Beulah Auten	Ted Wright	Christine Roseland
	Richard Bendall	Jude Perez	John Harrington
	Allan Cochran	Jim Rice	Jill Rawal
	Vanessa Gonzalez	Scott Zdrasil	Cheryl Lu
	Ricki Contreras	Quoc Nguyen	Bonnie Nolley
	Derwin Brown	Leisha Collins	Linda Ghazarian
	Cassandra Smith	Harvey Leiderman	

EXHIBIT B

June 15, 2018 Fiduciary Counsel Memo

From: Harvey L. Leiderman
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***CONFIDENTIAL AND PRIVILEGED
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To: Members of the Board of Retirement and Board of Investments
Los Angeles County Employees Retirement Association
c/o Steven P. Rice, Chief Counsel

Date: June 15, 2018

Subject: Boards' Responsibilities

It came to our attention yesterday that some members of the Boards had requested that we, as Fiduciary Counsel, provide an analysis of the law and policies establishing the respective responsibilities of the two Boards, separate and apart from the analysis presented to the Boards during the joint meeting held on April 4, 2018. This Memorandum addresses that request.

Chief Counsel submitted a Memorandum to the Boards, dated March 27, 2018, regarding the "Joint and Separate Responsibilities of the Boards," for the April 4th joint meeting (copy attached.) Prior to submitting that Memorandum, Chief Counsel afforded us an opportunity to review and comment on its content, which we did; our comments and suggestions were incorporated into the final Memorandum presented to the Boards. At the April 4, 2018 meeting, we accompanied Chief Counsel in presenting the Memorandum to the Boards and responding to Board member questions and comments. At the conclusion of the meeting counsel was directed to incorporate the Memorandum into the Board Charters.

Although not expressly stated in the Chief Counsel's Memorandum, we fully agree with the legal analysis and conclusions found in the Memorandum. The respective responsibilities of the two Boards are detailed extensively in the Memorandum, sourced to their statutory bases, and are consistent with the common law of trusts (particularly the law relating to the fiduciary obligations of co-trustees.) Where the law may not be crystal clear in its direction, the Boards have established reasonable policies and procedures to accommodate their respective duties and implement the intent of the law.

In sum, we believe that the March 27, 2018 Memorandum accurately states the current status of the law establishing the respective powers and duties of the Boards, and here confirm our agreement with its analysis and conclusions.

If we can provide further guidance to the Boards please let us know.

August 27, 2019

TO: Each Member,
Board of Retirement

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: September 4, 2019 Board of Retirement Meeting

SUBJECT: Review of Teleconference Meeting Policy

RECOMMENDATION

That the Board of Retirement review its current Teleconference Meeting Policy and the Board of Investments' Policy and determine whether to revise the current Policy.

LEGAL AUTHORITY

The Board of Retirement has plenary authority over administration of the system (Cal. Const., art. XVI, § 17), which includes the ability to formulate policies, such as the Teleconference Meeting Policy, to facilitate and manage the conduct of the Board's business.

DISCUSSION

The Board of Retirement approved a Teleconference Meeting Policy at its May 1, 2019 meeting. The Policy provides that teleconference meetings may be held under "unusual and material circumstances." The Policy provides that the decision to hold a teleconference meeting may be made on Board Member request followed by full Board action or by Chair determination if there is not enough time for Board action. The Board of Retirement Policy is attached as Exhibit A.

The Board of Investments, at its August 14, 2019 meeting, adopted a different Teleconference Meeting Policy, which provides that a Board Member has a right to a teleconference meeting if a Board meeting is called on less than 20 days' notice and if a Member will be out of state or has health-related concerns. The Policy also provides that a teleconference meeting may be held on Chair determination or full Board action. The Board of Investments Policy is attached as Exhibit B.

Chair Bernstein requested that the Board of Retirement be provided with a copy of the Board of Investments Policy so that the Board can discuss whether to maintain or revise its current Policy.

Each Member, Board of Retirement
Re: Review of Teleconference Meeting Policy
August 27, 2019
Page 2

CONCLUSION

Staff requests that the Board of Retirement review its current Teleconference Meeting Policy and the Board of Investments' Policy and determine whether to revise the current Policy.

c: JJ Popowich

EXHIBIT A

Current Board of Retirement Policy

BOARD OF RETIREMENT
TELECONFERENCE MEETING POLICY

A. Statement of Purpose.

In order for Members of the Board of Retirement to participate most effectively in Board and committee meetings, the Board finds that members should be personally present. Personal attendance provides Members with the most effective means to interact with each other, staff, members, and other presenters, enhances receipt of information, deliberations, decision-making, and public transparency, and furthers the performance of each Member's fiduciary duty and the fiduciary duty of the Board as a whole. The Board finds that attendance at Board and committee meetings should generally take precedence over any other LACERA business by Members.

The regular Board meeting schedule is set according to the Board's Regulations, providing for regular monthly meetings on the first Wednesday and the Thursday after the second Wednesday of every month. This schedule, unless changed by Board action, provides certainty to Members in planning to attend Board and committee meetings. Changes in the regular schedule are by vote of the Board, thereby providing an opportunity for Member's to adjust their schedules to attend Board and committee meetings. Special meetings may occasionally be noticed without Board vote.

When Members are absent from any Board or committee meeting, they do not have a right to participate via teleconference, subject to Section C.5 below. However, the Ralph M. Brown Act, Government Code Section 54953(b), permits teleconference meetings in accordance with its terms. The purpose of the policy is to set forth a policy concerning the use of teleconference meetings by the Board of Retirement and its separate committees.

B. Definition.

For purposes of this policy, "teleconference" has the same meaning set forth in Government Code Section 54953(b)(4), which is "a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both."

C. Teleconference Meeting of the Board of Retirement.

1. *When A Teleconference Meeting May Be Held.*

Teleconference meetings of the Board of Retirement shall not be held except in unusual and material circumstances, which are defined to include, but are not limited to, health, family, or other personal issues and any meeting that will involve discussion and/or action on matters of sufficient importance to LACERA that participation by teleconference must be allowed to avoid risk to

LACERA or to the performance of the fiduciary duty of the Board and its trustees, including personnel and vendor issues, breach of security, breach of privacy, and fraud, claims and litigation, and emergencies and business continuity. Ordinary personal trustee convenience is not sufficient justification by itself for a teleconference meeting.

2. *Member Request, and Advance Board Action.*

Members shall plan in advance to determine if they will be absent from a meeting. If a Member will be absent from a future Board meeting for reasons that meet the criteria of Section C.1 or knows of an absence by another Member or Members, the Member may agendize a request for a future teleconference meeting for advance Board discussion and action by contacting the Executive Board Assistant to the Board in writing no later than noon of the fifth working day prior to any regularly scheduled or special meeting of the Board and specify the reason for the request within the meaning of Section C.1 and the proposed teleconference method and location. A timely request in accordance with the preceding sentence shall be agendized for Board discussion and action at the next Board meeting. If the Board approves the request, the requested future meeting shall be noticed as a teleconference meeting.

3. *Chair Determination.*

If, for good reason, there genuinely and reasonably is not enough time to agendize a teleconference meeting request for advance discussion and action by the full Board under Section C.2, the Chair of the Board, or the Vice Chair if the meeting concerns the Chair, may determine to agendize a teleconference meeting subject to the criteria in Section C.1 and decide the teleconference method and location. The Chair or Vice Chair shall act fairly and consistently in making such decisions.

4. *Meeting Procedure.*

If a teleconference meeting is approved, it shall be agendized and conducted in accordance with the provisions of Government Code Section 54953(b) and all other applicable provisions of the Brown Act and other law, including but not limited to:

- a. Each teleconference location shall be identified in the notice and agenda for the meeting
- b. Each teleconference location shall be accessible to the public, including compliance with all applicable access, communication, and other relevant requirements of Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in

implementation thereof, in the same manner as such requirements are complied with for a meeting at LACERA's offices. A teleconference location may be located anywhere in the world. Arrangements shall be made such that all proceedings are fully audible by speaker at the teleconference location to all persons who attend at that location.

- c. The agenda for the teleconference meeting shall be posted at all teleconference locations.
- d. The agenda shall provide an opportunity for members of the public to address the Board directly at each teleconference location on any subject matter within LACERA's jurisdiction, subject to Government Code Section 54954.3.
- e. During the teleconference meeting, at least a quorum of the members of the Board shall participate from locations in Los Angeles County.
- f. All votes at a teleconference meeting shall be by rollcall.
- g. Bilingual services required by the Dymally-Alatorre Bilingual Services Act, California Government Code Sections 7290 - 7299.8, will be provided at the teleconference meeting location in the same manner as such requirements are complied with for a meeting at LACERA's offices.

5. *Disability.*

In the event of Board Member disability, efforts shall be made to accommodate the Member if they desire to attend by teleconference, provided that the procedures for the meeting stated in Section C.4, including that the teleconference location be accessible to the public, must still be followed.

D. Teleconference Meetings of Board of Retirement Committee Meetings.

Teleconference meetings shall not be held for meetings of standing committees of the Board of Retirement.

E. Exclusions.

This policy does not apply to meetings of joint committees of the Board of Retirement and Board of Investments, which are subject to the terms of each joint committee's charter.

F. Review.

This policy shall be reviewed by the Board of Retirement at least every three years.

Approved by the Board of Retirement: May 1, 2019

EXHIBIT B

Current Board of Investments Policy

BOARD OF INVESTMENTS
TELECONFERENCE MEETING POLICY

A. Statement of Purpose.

In order for Members of the Board of Investments to participate most effectively in Board and committee meetings, the Board finds that members should be personally present. Personal attendance provides Members with the most effective means to interact with each other, staff, and other presenters, enhances receipt of information, deliberations, and decision-making, and furthers the performance of each Member's fiduciary duty and the fiduciary duty of the Board as a whole. The Board finds that attendance at Board and committee meetings should take precedence over any other LACERA business by Members.

The regular Board meeting schedule is set according to the Board's Bylaws, providing for regular monthly meetings on the second Wednesday of every month. This schedule, unless changed by Board action, provides certainty to Members in planning to attend Board and committee meetings. Changes in the regular schedule are by vote of the Board, thereby providing an opportunity for Members to adjust their schedules to attend Board meetings. Special meetings may occasionally be noticed without Board vote.

Notwithstanding the preference for Members to personally attend meetings, the Board finds that there are limited circumstances when it is appropriate to permit teleconference meetings in accordance with the Ralph M. Brown Act, Government Code Section 54953(b), as described in this policy.

B. Definition.

For purposes of this policy, "teleconference" has the meaning set forth in Government Code Section 54953(b)(4), which is "a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both."

C. Teleconference Meeting of the Board of Investments.

1. *Less than 20 Days' Notice.*

Teleconference meetings shall be allowed for all meetings set on less than 20 days' notice at the request of any Member who will be out of state or due to health-related concerns. A teleconference venue that meets the requirements of the Brown Act shall be provided by LACERA at its expense, only if necessary.

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2. Chair Determination.

The Chair of the Board, or the Vice Chair if the meeting concerns the Chair, may determine to agendize a teleconference meeting under any circumstances in their discretion.

3. Member Request, and Board Action.

A Member may agendize, in accordance with the Board's Bylaws, a request to hold any meeting by teleconference for action by the full Board, provided that the request must be presented for action no later than the Board meeting immediately preceding the meeting for which a teleconference meeting is proposed to be held.

4. Meeting Procedure.

If a teleconference meeting is approved, it shall be agendized and conducted in accordance with the provisions of Government Code Section 54953(b) and all other applicable provisions of the Brown Act or other law, including but not limited to:

- a. Each teleconference location shall be identified in the notice and agenda for the meeting.
- b. Each teleconference location shall be accessible to the public in accordance with the protections and prohibitions of Section 202 of the Americans with Disabilities Act (42 U.S.C. § 12132). A teleconference location may be located anywhere in the world.
- c. The agenda for the teleconference meeting shall be posted at all teleconference locations.
- d. The agenda shall provide an opportunity for members of the public to hear the proceedings and address the Board directly at each teleconference location on any subject matter within LACERA's jurisdiction, subject to Government Code Section 54954.3.
- e. During the teleconference meeting, at least a quorum of the members of the Board shall participate from locations in Los Angeles County.
- f. All votes at a teleconference meeting shall be by rollcall.
- g. Bilingual services required by the Dymally-Alatorre Bilingual Services Act, California Government Code Sections 7290 - 7299.8, will be provided at the

teleconference meeting location in the same manner as such requirements are complied with for a meeting at LACERA's offices.

D. Board of Investments Committee Meetings.

Teleconference meetings shall not be held for meetings of standing committees of the Board of Investments.

E. Exclusions.

This policy does not apply to meetings of joint committees of the Board of Retirement and Board of Investments, which are subject to the terms of each joint committee's charter.

F. Review.

This policy shall be reviewed by the Board of Investments at least every three years.

Approved by the Board of Investments: August 14, 2019

August 28, 2019

TO: Each Member,
Board of Retirement

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: September 4, 2019 Board of Retirement Meeting

SUBJECT: Critical Need Appointment of Jan Tran to Support Systems Projects

RECOMMENDATION

That the Board of Retirement (1) approve the critical need appointment of retired LACERA employee Jan Tran under Government Code Section 7522.56(f)(1) for up to 960 hours, or equivalent, in the 2019-20 fiscal year to support Systems projects, and (2) authorize staff to take the steps necessary with the County of Los Angeles to implement the appointment at a rate of pay pursuant to Section 7522.56(d) consistent with her final salary as an employee.

LEGAL AUTHORITY

Government Code Section 7522.56(c) provides that an agency, such as the Board of Retirement, may appoint a retired employee, without reinstatement from retirement, “because the retired person has skills needed to perform work of limited duration.” Under Section 7522.56(f)(1), if the retiree has not been retired for at least 180 days, the appointment must be “approved by the governing body of the employer in a public meeting. The appointment may not be placed on a consent calendar.” Here, Ms. Tran has been retired less than 180 days, and therefore, the Board of Retirement, as the governing body of LACERA, must approve the appointment.

Section 7522.56(d) provides that appointments “shall not exceed a total . . . of 960 hours or other equivalent, in a calendar or fiscal year.” This section further provides that “[t]he rate of pay for the employment shall not be less than the minimum, nor exceed the maximum, paid by the employer to other employees performing comparable duties, divided by 173.333 to equal an hourly rate.”

DISCUSSION

At the time of her retirement on June 1, 2019, Jan Tran was an Information Technology Specialist II, Class Code 0802, in the Systems Division. She had over 40 years of service with the County.

Since Ms. Tran's retirement, several important and pressing LACERA systems needs have arisen that cannot be most effectively addressed only with existing resources. These needs and Ms. Tran's skills provide cause under Government Code Section 7522.56(f)(1) for the Board to appoint her as a 960-hour employee.

Specifically, the critical need under Section 7522.56(f)(1) is as follows:

Ms. Tran has 27 years of LACERA institutional knowledge and was the designer of LACERA's benefits calculation logic. Her background with calculations and business rules makes her uniquely qualified to assist LACERA with matters related to benefits operations. Further, Ms. Tran has extensive experience working with the County, actuaries, benefit payments, and other member-related areas. The Systems Division anticipates three key, pressing areas where it will utilize Ms. Tran's knowledge and experience: (1) the electronic exchange of eligibility information with our health insurance carriers Blue Cross and Kaiser and a redesign of the annual statistics program; (2) transition of "batch" benefit calculation engines to a real-time calculation system; and (3) evaluation and updating of LACERA's member mailing strategies, including checks, direct deposit receipts, and 1099-Rs.

In addition, because IT problems can arise unpredictably and failure can bear significant implications, including impact to member benefits, Ms. Tran's specialized knowledge and expertise allows her to serve as an emergency consultant should any such issues arise. Ms. Tran was the programming architect for the systems that drive the benefit payments to members, survivors, legal splits, and deduction recipients. Without her support, the payment processes may be impacted if one of the programs encounters an unexpected failure.

The purpose of returning Ms. Tran on a 120-day service is to help manage risks to our member operations as well as allow us to expeditiously commence the projects described above in our currently resource-challenged landscape and in the face of recent developments and important needs. Ms. Tran will also help further transition her knowledge to LACERA's permanent, full-time staff.

The work described above is within the duties and requires the skill of an Information Technology Specialist II, Class Code 0802, which is the position Ms. Tran held when she retired. A copy of the job description is attached. Accordingly, staff proposes that her rate of pay be determined based on an amount at or about her salary at the time of her retirement, which was \$13,376.56, converted to an hourly rate using the formula quoted

above from Government Code Section 7522.56(d). The salary range for this position is \$11,367.55 to \$14,910.36, and therefore, the proposed rate of pay for Ms. Tran is based on a salary slightly above the midpoint, which staff believes is reasonable given Ms. Tran's many years of LACERA experience. Staff requests the Board direct staff to work with the County to implement Ms. Tran's appointment at this rate of pay.

CONCLUSION

Based on the foregoing information, staff recommends that the Board of Retirement (1) approve the critical need appointment of retired LACERA employee Jan Tran under Government Code Section 7522.56(f)(1) for up to 960 hours, or equivalent, in the 2019-20 fiscal year to support Systems projects, and (2) authorize staff to take the steps necessary with the County of Los Angeles to implement the appointment at a rate of pay pursuant to Section 7522.56(d) consistent with her final salary as an employee.

Attachment

c: Board of Investments
JJ Popowich
Jon Grabel
James Brekk
Cassandra Smith
Derwin Brown
Bernardo Buenaflor
Annette Cleary



Information Technology Specialist II, LACERA

Class Code:
0802

Bargaining Unit: Non-represented (exempt)

LACERA
Established Date: Jun 6, 2018
Revision Date: Nov 19, 2018

SALARY RANGE

\$11,367.55 - \$14,910.36 Monthly
\$136,410.60 - \$178,924.32 Annually

DEFINITION:

Under managerial review, acts as a consultant, technical expert, system architect, or senior project manager or may manage a very large and complex database environment.

POSITION INFORMATION:

Positions allocable to this class provide expert technology consultation to senior management, serve as the enterprise architect, or manage large, complex enterprise or Information Technology (IT) projects. In the technology consultant role, incumbents provide expert technical consultation across a broad range of IT disciplines and advise management on the application of IT to the organization's goals and strategies. In the enterprise architect role, incumbents are responsible for establishing and updating the overall systems architecture for the department, including interfaces with external entities and reviewing system plans to ensure that projects conform to the established architecture. In the project management role, incumbents manage highly complex strategic enterprise IT projects. Incumbents must possess expert knowledge of the IT field and apply advanced methodologies, principles, and concepts. Positions may also be assigned to manage or engineer the organizational IT systems.

EXAMPLES OF ESSENTIAL JOB FUNCTIONS:

The following examples are intended to describe the general nature and level of work performed by persons assigned to each classification. Depending on the assignment, duties may include, but are not limited to the following:

Provides expert consultant support to Executive Management and Division Managers, and makes recommendations for the solution of problems in various disciplines of IT.

Develops technology goals, standards, strategies, and plans.

Develops and documents enterprise system architecture for LACERA.

Reviews systems proposals for conformance to standards and integration with the documented enterprise systems architecture.

Manages the design, development, engineering, administration, implementation, troubleshooting, and maintenance of LACERA's enterprise systems

Establishes standards for and reviews technical specifications in requests for proposal or requests for quote on contracts for outside vendor purchases.

Leads large IT projects and applies appropriate solutions to highly complex systems, hardware, software, networking, programming and/or applications problems.

Develops enterprise information systems plans.

Makes decisions on major upgrades and architectural changes to support changing capacity requirements.

Reviews proposed systems designs to ensure that design criteria are compatible with enterprise development plans and provide the flexibility required by foreseeable future developments in systems requirements.

Consults with senior management and project development teams and advises them of alternatives available in system design.

May supervise or lead other IT Staff Members as required.

Perform other related duties as assigned.

REQUIREMENTS:

TRAINING AND EXPERIENCE:

Two (2) years of experience, within the last three (3) years, at the level of Information Technology Specialist I, LACERA, or Data Systems Supervisor II, LACERA.

LICENSE:

A valid California Class C Driver License or the ability to utilize an alternative method of transportation when needed to carry out job-related essential functions.

PHYSICAL CLASS:

2 - Light

ADDITIONAL INFORMATION:

SPECIALTY REQUIREMENTS:

Specialized examinations may include:

Specialty / *Add

Application Development:

Two (2) years of the required experience must have been in application development using standard systems development methodology and techniques for resolving business problems. Experience must include systems design, database management, development of online data entry and data inquiry capability, and defining techniques to be used for backup, restart, recovery, data security, file structuring, and optimum processing techniques; and communications network analysis, design, planning, and performance tuning.

Database Administration:

Two (2) years of the required experience must have been administering and maintaining complex databases. Responsibilities include backup, recovery, capacity planning; installation and configuration of database management software, including upgrades, patches and third party tools; establishing policies; implementation of database security for applications, including creating database users, designing and assigning roles, and granting and denying database privileges.

Operating Systems:

Two (2) years of the required experience must have been in a large IT organization providing technical leadership for complex operating systems and associated software and hardware on high-end servers (ex. Wintel clusters, midrange servers or mainframes) hosting critical applications in a high-availability environment. These environments use formal change management and problem resolution procedures and include comprehensive backup and recovery solutions.

Project Management:

Two (2) years of the required experience must have been acquired as a project manager responsible for the acquisition or development and/or implementation of large business computer systems. Such experience must include management of application specification and design, data base design, and applications programming or management of application specification, system selection and acquisition, systems implementation, systems and acceptance testing, user training, customer relations, future phase planning, project administration, review and evaluation of work products and resolution of technical data processing problems arising in connection with such project management.

Network:

Two (2) years of the required experience must have been performing highly specialized and complex network design and analysis. Such experience must include providing leadership for complex network and associated software and hardware in a high-availability environment, including planning, designing, analysis, and overall project management of network related issues.


Information Systems Analysis:

Two (2) years of the required experience must have been performing highly specialized and complex information systems analysis and design tasks. These include acting as a consultant or specialist in IT strategic planning, business automation planning, business process improvement, and/or application development, and providing leadership and overall project management for systems development projects.



August 26, 2019

TO: Each Member
Board of Retirement

FROM: JJ Popowich 
Assistant Executive Officer

FOR: September 4, 2019 Board of Retirement Meeting

SUBJECT: ISSUANCE OF REQUESTS FOR PROPOSAL FOR PRINTING AND MAILING SERVICES

RECOMMENDATION

That the Board of Retirement approve the issuance of:

1. A Request for Proposal (RFP) to printing and mailing service for all LACERA member benefit checks and 1099-Rs;
2. Approve the attached RFP draft; and
3. Approve the RFP Evaluation Process

EXECUTIVE SUMMARY

LACERA's current vendor contract with Proforma was originally signed in July 2004 with a term set to end on June 30, 2007, after which it reverted to a year-to-year contract. The contract is set to expire on June 30, 2020. For several years now, LACERA has had an informal policy that contracts should not exceed a term of five years with an option to extend the contract for two additional years before a new bidding process is conducted. This informal policy is being included in the new Procurement Policy that is in development.

The current Proforma contract is therefore due for a review and LACERA should conduct an RFP for vendor selection. Our goal had been to conduct an RFP in late

Each Member, Board of Retirement

August 26, 2019

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Re: Issuance of Requests for Proposal for Printing and Mailing Services

2019 so that we can either renew the current vendor selection on the merits of their services and contract, or select a new vendor.

Recent events have elevated the need to reexamine our options for these services. Therefore, staff is requesting authorization to issue a Request for Proposal (RFP), seeking a qualified printing and mailing vendor to print and mail all LACERA Automated Deposit Receipts, benefit checks, 1099R and other assorted mass mailing projects as needed. Staff plans to issue the RFP in September, with vendor interviews and selection to occur by November 2019.

LEGAL JUSTIFICATION

The Board of Retirement has plenary authority and a fiduciary duty under Article XVI, Section 17 of the California Constitution to administer the plan, giving precedence to the interests of members and their beneficiaries. The Board has the authority to select such vendors as are needed to assist the performance of their duties. The Request for Proposals (RFP) which are the subject of this memo are in keeping with this legal authority given the mission critical duty to pay members and provide members information about their benefits in a safe, secure, and timely manner.

DISCUSSION

LACERA generates approximately 66,000 monthly Automated Deposit Receipts (ADR) and 2,600 member and survivor benefit checks on a monthly basis. Both which increase on a monthly basis as members retire. Additionally, we mail approximately 78,000 1099-R statements annually. LACERA also has the need to occasionally conduct mass mailings to different segments of our member population.

LACERA has been in a continuous business relationship with Proforma since 2004. During that, time both LACERA and Proforma have evolved and our needs and operations have changed. For example, Proforma serves as a "printing broker" and actually sub-contracts the printing and mailing work, and over the years, the sub-contractor that Proforma uses has changed. The most recent change being a merger; which lead to the printing operations moving from California to Texas.

It is a procurement industry best practice to conduct an open bidding process every five years to ensure that the organization is getting the best service at the best available cost. LACERA does not base vendor selection solely on cost but on

Each Member, Board of Retirement

August 26, 2019

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Re: Issuance of Requests for Proposal for Printing and Mailing Services

weighted criteria that includes a company's financial wellbeing, structure, culture, ability to meet technical requirements of the service requested, customer service, and cost. LACERA has not done this in many years for these printing services and it is time that we did.

LACERA had been planning to conduct a vendor selection process for these services in late 2019. This would have allowed LACERA to either enter into a new contract with Proforma or select a new vendor by the end of the year and work with the vendor to ensure a smooth transition at the end of the current contract term with Proforma (June 2020).

As stated above, recent events have caused management to move up our timeline for this vendor selection process. While, we have generally been satisfied with Proforma over the duration of contract, a few recent events have demonstrated the need to re-evaluate the relationship.

- In November of 2018, a printing error caused the perforation on the checks to be misaligned. This resulted in many members requesting replacement checks because separating the check from the check stub interfered with the ability of banks to read the bank and routing numbers printed on the bottom of the checks.
- In March 2019, LACERA received reports from several members in the southern part of Los Angeles County that they had not received their February monthly retirement benefit checks on time. A subsequent investigation indicated that the checks had been delayed in transport by the USPS between Texas and California. A delay that would not have occurred had the printer been located in California.
- In July of 2019, there was a catastrophic delay in printing and mailing member benefit checks. Checks that were scheduled to be printed and mailed by July 2019 were not printed and mailed until August 5, 2019. This caused 2,475 members to receive their checks over two weeks late. The impact on our member's wellbeing and the impact on LACERA's operations were severe.
- Additionally, we have received sporadic reports from members who have received unsealed envelopes and more recently, envelopes stuck together. This has caused individual hardships on members and potential privacy risks.

Each Member, Board of Retirement

August 26, 2019

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Re: Issuance of Requests for Proposal for Printing and Mailing Services

LACERA's mission is first and foremost in everything we do. We must be able to securely deliver member checks and ADR's on time. Anything less is unacceptable.

A cross-functional team consisting of Systems, Benefits, Communications, Member Services, and the Legal Office has developed a RFP for these services. The attached proposed RFP outlines the services, expectations, and technical requirements we need in a printing and mailing vendor. We will not review the RFP in detail in this memo. However, we do wish to call attention to some of the requirements that have resulted from recent events.

1. The selected vendor will be required to have a presence in California, preferably within Los Angeles County or within 50 miles of Los Angeles County. This should reduce delays in transporting the mail from out of state to local post offices.
2. While the vendor must have a presence within the area described above, the vendor must have a disaster recovery plan that allows for printing outside of southern California.
3. LACERA will require more quality control and oversight during the mailing process to ensure that any delays in printing or mailing are identified immediately so we can take appropriate action.

SUMMARY

Therefore, considering best practices and recent events, the management team has determined that it is time to conduct a new vendor selection process sooner rather than later. We feel this is an appropriate time to move the item directly to the Board's attention in order to expedite the process. This will allow LACERA to continue to ensure we have the capability to provide timely member payments and benefit information.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD

Approve the issuance of:

1. A Request for Proposal (RFP) to printing and mailing service for all LACERA member benefit checks and 1099-Rs;

Each Member, Board of Retirement


August 26, 2019

Page 5 of 5

Re: Issuance of Requests for Proposal for Printing and Mailing Services

2. Approve the attached RFP draft; and
3. Approve the RFP Evaluation Process

REVIEWED AND APPROVED

A handwritten signature in blue ink that reads "Steven P. Rice". The signature is written in a cursive style with a horizontal line underneath it.

Steven P. Rice
Chief Counsel

Attachment

JJP:jjp

SEPTEMBER 9, 2019



REQUEST FOR PROPOSAL
CHECK AND 1099-R PRINTING AND MAILING SERVICES

ROXANA CASTILLO, INTERIM ASSISTANT
INFORMATION MANAGER
626.564.6000/RCASTILLO@LACERA.COM
300 NORTH LAKE AVENUE, SUITE 750
PASADENA, CA 91101

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**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
REQUEST FOR PROPOSAL (RFP)
CHECK AND 1099-R PRINTING AND MAILING SERVICES
SEPTEMBER 9, 2019**

1. INTRODUCTION

1.1. Purpose of Request

The Los Angeles County Employees Retirement Association (LACERA), a \$58.4 billion public pension fund, is seeking proposals from qualified Firms (as defined in Section 1.6 below) to provide check printing and mailing services. Qualified Firms are invited to respond to this RFP.

1.2. Instructions for Response

Respondents to this RFP must submit the following for delivery **no later than 5:00 PM PDT on October 14, 2019** to the Project Manager specified in Section 1.3. below:

- One original unbound and five bound copies of the written response to this RFP. Exhibit B specifies the services that LACERA seeks.
- One unbound copy marked “REDACTED”, if applicable (See Section 5, Notice to Respondents Regarding the Public Records Act and Ralph M. Brown Act). The redacted copy should exclude all material from your proposal that you wish to disclose to LACERA but that you believe in good faith is exempt from disclosure under the California Public Records Act, Cal. Government Code Section 6250, et seq. Redactions should appear as blacked out material or blank page(s) with the word “REDACTED” or “PROPRIETARY” inserted. LACERA will comply with its legal obligations under the Public Records Act with respect to disclosure of redacted material. See Section IV below.
- An electronic copy of both the original and the redacted response in PDF format saved on separate DVDs, each labeled accordingly.
- Submittals shall be double sided with text in at least 10-point font, but no larger than 12-point font. Submittals shall address all RFP sections in the same order presented and be responsive to each section. Optional material such as brochures or company information may be included as an attachment but will not be counted as responsive to this RFP and will not be used in scoring.

Responses received after the specified deadline may be considered for evaluation solely at the discretion of LACERA. In addition, LACERA reserves the right to request additional information or clarifications from respondents, or to allow corrections of errors or omissions.

1.3. Contacts with LACERA Personnel

Contacts with LACERA personnel regarding this RFP, and all inquiries and requests for information shall be directed to the Point of Contact identified below:

Roxana Castillo
Interim Assistant Information Manager
LACERA

Gateway Plaza
300 North Lake Avenue, Suite 750
Pasadena, CA 91101-4199

Email: rcastillo@lacera.com
Phone: 626-564-6000 ext. 4478

1.4. Intent to Respond

If your firm chooses to respond to this RFP, please submit the Intent to Respond, Exhibit A, via email to Roxana Castillo, by 5:00 p.m. PDT, September 23, 2019. Failure to submit your Intent to Respond may disqualify your firm from submitting a response to this RFP.

1.5. RFP Questions

All questions, inquiries, and requests for additional information concerning this RFP should be directed to the Point of Contact, either by mail or email no later than September 30, 2019. LACERA's responses to written requests for clarification, or additional information, will be provided to all firms that have submitted an Intent to Respond posted to LACERA's website in the RFP page.

1.6. Quiet Period

Upon publication of this RFP, there shall be a quiet period to ensure that the RFP process is efficient, diligent, and fair. The quiet period is a "no contact period" and is intended to establish guidelines by which Trustees and staff will communicate with any Firm that intends to or actually does submit a response to the RFP ("Firm"). Questions concerning the quiet period should be directed to LACERA's Legal Office.

The quiet period shall continue until a final selection is made or the process is otherwise terminated. During the quiet period, all Trustees and staff, except for designated LACERA contact persons, shall refrain from communicating with Firms.

During the quiet period, no Trustee or staff member shall accept meals, travel, lodging, entertainment, or any other good or service of value from any Firm. If any Trustee or staff member is contacted by a Firm during the quiet period about a matter relating to the pending selection, the Trustee or staff member shall refer the Firm to the Project Manager and report the contact to the Chief Counsel.

The quiet period does not prevent Board-approved meetings or communications by staff with an incumbent contractor that is also a bidding Firm, so long as their communication is strictly limited to matters necessary in connection with the contractor's existing scope of work.

The quiet period does not prevent Board-approved meetings and communications by staff with any bidding Firm to the extent such communication is necessary as part of a due diligence process or necessary in connection with other LACERA business. Other than due diligence, discussion related to the pending selection is not permitted during these activities. A Firm may be disqualified from a search process for a willful violation of this policy.

1.7. RFP Scoring and Selection Criteria

RFPs will be scored according to Exhibit D, Selection Criteria. LACERA staff may select Firms based upon the selection criteria or utilizing a combination of onsite interviews and reference verification.

The highest scoring Firms may be invited to an interview by LACERA’s Board(s). Firms will be offered the opportunity to present their materials to the Board(s) for questions.

1.8. RFP Important Dates

The following table provides a tentative schedule of important dates and deadlines for this RFP. All dates are subject to modification by LACERA without notice.

Event	Date
RFP release date	September 9, 2019
Intent to Respond closing date	September 23, 2019
Written questions from Firms due date	September 30, 2019
LACERA’s response to Firms’ questions	October 7, 2019
RFP due date	October 14, 2019
Selection of Firm	November 6, 2019
Commencement of work	Upon contract execution

2. BACKGROUND INFORMATION

LACERA is a tax-qualified defined benefit public pension fund established to administer retirement, disability, and death benefits for the employees of the County of Los Angeles and other participating agencies pursuant to the County Employees Retirement Law of 1937 (CERL) (California Government Code Section 31450, et seq.), the California Public Employees’ Pension Reform Act of 2013 (PEPRA) (California Government Code Section 7522, et seq.), LACERA’s Bylaws and Board Policies, and other applicable California law. LACERA also administers the County’s medical and dental retiree health benefits program.

LACERA operates as an independent governmental entity separate and distinct from Los Angeles County and the other participating agencies. LACERA has approximately

166,000 members, including 104,000 active members and 62,000 retired members. About 51,000 and 52,000 retired members and survivors participate in the medical and/or dental retiree healthcare programs, respectively. In addition to benefits administration, the fund invests \$58.4 billion in assets to support payment of the promised pension benefits as well as additional sums to support the retiree healthcare program.

The Firm selection from this RFP will be recommended to LACERA's Board of Retirement (BOR). The BOR has responsibility over administration of pension and healthcare benefits and other fund administrative issues. The BOR comprises four Trustees elected by the general, safety, and retired members, four Trustees appointed by the County's Board of Supervisors, and the sitting County Treasurer and Tax Collector as an ex officio Trustee. The BOR also has two alternate Trustees, one elected by safety members and one elected by retired members.

The Boards and their trustees have fiduciary duties as defined in Article XVI, Section 17 of the California Constitution and CERL, with duties owed to the plan members and their beneficiaries taking precedence over any other duties.

LACERA is inviting vendors to submit proposals to print, image, assemble, and mail monthly benefit payments ("checks"), direct deposit notices, 1099-R forms, and short-run refund payments to LACERA's retiree and beneficiary population.

3. SCOPE OF SERVICES

The selected Vendor(s) must have at least five years of experience providing printing and mailing services to other public agencies or financial institutions. Vendor must comply with all USPS policies and standards related to barcoding and presort services, establish efficient and reliable turnarounds, provide quality printing and handling, offer a cost-effective program, and have flexibility in accommodating changes in new workflow and delivery methods. The detailed scope of work for this engagement is outlined in Exhibit B. The primary objectives are to provide LACERA with:

1. Data handling and transfer by using encrypted data file transfer via dedicated lines to the Vendor with immediate and automatic file receipt and processed file feedback
2. Check security by using printed stock that features: artificial watermark, void pantograph, preprinted warning border, micro-printing on signature line, thermochromic ink, and a prismatic iridescent blend on the face
3. Project management where a compulsory local representative from the Vendor is assigned as liaison to ensure a successful payroll production process

4. MINIMUM QUALIFICATIONS

All respondents must clearly demonstrate and document in the proposal the following minimum qualifications:

1. Vendor will have a facility and perform all services within 50 miles of Los Angeles County.
2. Expertise in printing and mailing checks, direct deposit notices, and tax forms
3. Demonstrates appropriate capabilities, security, and procedures in proper handling (including disposal) of data, both hard and soft copies
4. Demonstrates appropriate disaster recovery plans
5. Ability to add seeds to mailing
6. Expertise in producing batch PDF files
7. Expertise in mass email delivery
8. Onsite USPS representative

5. NOTICE TO RESPONDENTS REGARDING THE PUBLIC RECORDS ACT AND RALPH M. BROWN ACT

The information you submit in response to this RFP will be subject to public disclosure pursuant to the California Public Records Act (Cal. Gov. Code Section 6250, et seq., the "Act") in the sole discretion of LACERA based on its interpretation of its legal obligations under the Act. The Act provides generally that all records relating to a public agency's business are open to public inspection and copying, unless specifically exempted under one of several exemptions set forth in the Act. In addition, if LACERA staff chooses to recommend your Firm to the Board of Retirement for hiring, such recommendation and the relevant proposal(s) will appear on a publicly posted agenda for a public meeting of the Board of Retirement in accordance with the Ralph M. Brown Act (Cal. Gov. Code Section 54950, et seq.), and parts or all of your proposal may be included in the agenda packet that is available to the public generally. If it is included in the agenda packet, your proposal will not be exempt from disclosure under the Act.

If you believe that any portion of your response to this RFP that is provided to LACERA for its review is exempt from public disclosure under the Act and should not be included as part of the agenda packet, you must mark such portion "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," make it readily separable from the balance of your response and offer a brief explanation for the exemption under the Act. Responses marked "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY" in their entirety will not be honored, and LACERA will not deny disclosure of all or any portion of responses so marked. By submitting a response with material marked "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY" you represent you have a good faith belief that the material is exempt from disclosure under the Act; however, such designations will not be conclusive or bind LACERA. You may be required to justify in writing why such material should not, upon request, be disclosed by LACERA under the Act and should

not be included in the agenda packet. Fee and pricing proposals are not considered "TRADE SECRET," "CONFIDENTIAL," OR "PROPRIETARY". LACERA may also in its sole discretion produce any information in your RPF response, including information marked "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY," in response to a Public Records Act request if LACERA believes it is required by law to do so.

If a request is made pursuant to the Act for materials you have marked "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY," and LACERA agrees that the material requested is not subject to disclosure under the Act, LACERA will either notify you so you can seek a protective order at your own cost and expense, or LACERA will not disclose those materials. If LACERA denies public disclosure, then by submitting your proposal you agree to reimburse LACERA for, and to indemnify, defend, and hold harmless LACERA, its officers, fiduciaries, employees, and agents from and against any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs, and expenses including, without limitation, attorneys' fees, expenses, and court costs of any nature whatsoever (collectively, "Claims") arising from, in connection with or relating to LACERA's nondisclosure. By submitting your proposal, you also agree to indemnify, defend, and hold LACERA harmless from and against any and all Claims arising from, in connection with, or relating to LACERA's public disclosure of any such designated portions of your response if LACERA reasonably determines disclosure is required by law, or if disclosure is ordered by a court of competent jurisdiction.

Nothing in this RFP requires LACERA to withhold any documents from production under the Public Records Act.

6. NOTICE TO RESPONDENTS REGARDING LACERA DATA PROTECTION

LACERA, its consultants, vendors, and contractors have a duty to protect all LACERA data, including without limitation, information related to members and beneficiaries, finances, systems, and operations.

Depending upon the scope of work, the finalist selected through this procurement may have access to sensitive information protected by LACERA's internal policies, state law, and federal law. In such a case, by submitting a proposal, respondent agrees to subject itself to certain contractual terms designed to protect such information, including without limitation cyber liability insurance, SOC-2 reports (or, in the alternative, a *Security Controls Report* as per Exhibit G), systems penetration testing, and HIPAA Business Associate agreements, as the case may be.

7. RESPONSES BECOME LACERA PROPERTY

The information you submit in response to this RFP will become the exclusive property of LACERA. Your response will not be returned to you, and LACERA will not be liable for and will not reimburse you for any costs your Firm incurs in connection with the preparation or submission of any proposal.

8. CONTRACT NEGOTIATIONS

Upon Board approval, staff will enter into contract negotiations with the approved Firm(s). LACERA may terminate negotiations, at its sole discretion, if it believes a satisfactory agreement cannot be negotiated. LACERA reserves the right to award a contract based upon proposals received; you should not rely upon the opportunity to alter your proposal (e.g., services to be provided, fees, etc.) during contract negotiations.

The final contract must allow LACERA to terminate a) for its convenience, b) if funds are not appropriated for the services to be provided, and c) for default.

The general form of the contract LACERA intends to use for this engagement is attached as Exhibit E. By submitting a proposal without comment on the general form contract, Firm agrees to each term in the contract, and will not seek any modifications to the contract. LACERA has the right to change, or negotiate contract terms different than those in Exhibit E in our sole discretion.

If a Firm objects to a term in the general form contract, or wishes to modify or add terms, the Firm's proposal must identify each objection, and propose language for each modification and additional term sought, including the rationale for the change. LACERA reserves the right to make changes to the contract prior to execution, including material changes.

9. RESERVATIONS BY LACERA

LACERA reserves the right to cancel this RFP, in whole or in part, any time before the closing date.

LACERA is not liable and will not reimburse you for any costs your Firm incurs in connection with the preparation or submission of any proposal.

If you submit a response to this RFP, LACERA reserves the right to make such investigations as it deems necessary to determine your ability to furnish the required services, and you agree to furnish all such information for this purpose as LACERA may request.

LACERA also reserves the right to reject the proposal of anyone who is not currently in a position to perform the contract, or who has previously failed to perform similar contracts properly, or in a timely manner.

LACERA reserves the right to reject, in whole or in part, any and all proposals received; waive minor irregularities; negotiate in any manner necessary to best serve the public interest, and make a whole award, multiple awards, partial award, or no award.

LACERA reserves the right to award a contract, if at all, to the Firm or Firms that, in LACERA's sole discretion and judgment, will provide the best match to the requirements of the RFP and the needs of LACERA, which may not be the proposal offering the lowest fees.

LACERA reserves the right to request additional documentation or information from Firm. Requested information may vary by Firm. LACERA may ask questions of any Firm to seek clarification of a proposal or to ensure the Firm understands the scope of the work or other terms of the RFP. LACERA reserves the right to terminate or modify this RFP.

LACERA reserves the right to submit the final agreement between LACERA and the Firm to the BOR, BOI, or both, as applicable, for approval.

This RFP is not an offer of a contract. Acceptance of a proposal does not commit LACERA to award a contract to any Firm, even if the Firm satisfied all requirements stated in this RFP. Publication of this RFP does not limit LACERA's right to negotiate for the services described in this RFP. If deemed by LACERA to be in its best interests, LACERA may negotiate for the services described in this RFP with a party that did not submit a proposal. LACERA reserves the right to choose to not enter into an agreement with any of the Bidders to this RFP.

**EXHIBIT A
INTENT TO RESPOND AND
MINIMUM QUALIFICATIONS CERTIFICATION**

Intent to Respond

If you choose to respond to this RFP please submit this form to Roxana Castillo via email no later than 4:00 p.m., September 23, 2019 PDT. Failure to submit your Intent to Respond may disqualify your firm from submitting a proposal.

LACERA's responses to written requests for clarification or additional information will be provided to all firms that have submitted an Intent to Respond.

To:	Roxana Castillo	From:	
Co.:	LACERA – Systems	Title:	
Phone:	626-564-6000 ext. [4478]	Co.:	
Email:	rcastillo@lacera.com	Phone:	
Re:	Intent to Respond	Email:	
		Date:	

Our firm intends to submit a response for LACERA's RFP for Check and 1099-R Printing and Mailing Services.

Please forward inquiries to the following contact:

Name: _____

Title: _____

Company: _____

Mailing Address: _____

Telephone: _____

Facsimile: _____

Email Address: _____

MINIMUM QUALIFICATIONS CERTIFICATION

All Firms are required to sign and return this attachment, along with written evidence of how you meet each qualification. The undersigned hereby certifies that the Firm submitting this response fulfills the minimum qualifications outlined below, as well as the requirements contained in the RFP.

Minimum Qualifications include:

1. California-based printing and mailing (Southern California preferred) with location near USPS sectional center
2. Demonstrates appropriate capabilities, security, and procedures in proper handling (including disposal) of data, both hard and soft copies
3. Demonstrates appropriate disaster recovery plans
4. Expertise in printing and mailing checks, direct deposit receipt notices, and tax forms
5. Ability to add seeds to mailing
6. Expertise in producing batch PDF files
7. Expertise in mass email delivery
8. Onsite USPS representative

The undersigned hereby certifies that he/she is an individual authorized to bind the Firm contractually, and said signature authorizes verification of this information.

Authorized Signature

Date

Name and Title (please print)

Name of Firm

EXHIBIT B STATEMENT OF WORK

BACKGROUND

LACERA produces approximately 68,600 direct deposit notices and payroll checks for retired employees on or before the 30th of each month. All checks/notices/forms are to be printed, mailed, and a PDF file created. USPS Move Update Certification is required. Vendor is required to standardize the mailing address to postal standards to ensure delivery. Mailing to be sorted into three populations: “foreign,” “counter checks,” and “domestic.” Domestic population should be mailed at discounted bulk rates.

TYPE	FREQUENCY	VOLUME	TASK REQUIRED
Checks	Monthly	2,600	Print and mail
Direct deposit receipts	Monthly	66,000	Print, mail, and create PDF
1099-Rs	Annual (by 1/31/yyyy)	78,000	Print, mail, and create PDF
Ad hoc mass mailing	Ad hoc	Between 1,000 and 66,000	Print, mail, and create PDF
Ad hoc check printing (special refunds, etc.)	Ad hoc	Between 1,000 and 66,000	Print and mail
USPS Move Update Certification	Every 3 to 5 years	N/A	Produce USPS Move Update file for certification

PRINTING REQUIREMENTS

Vendor shall be responsible for the procurement and maintenance of all form stock, including checks, direct deposit notices, 1099-R forms and envelopes. In addition, Vendor shall be responsible for the procurement and maintenance of all printers, imaging software, and ancillary equipment used in the production of documents for LACERA.

Vendor shall present design for all forms to LACERA for approval.

Data is available for FTP transmission on the designated payroll dates. All data will be provided with an accompanying report for auditing purposes. Vendor must have complete telecommunications capabilities, including FTP set-up, so that either media or FTP method of data receipt can be utilized.

Vendor shall have the ability to print all intelligent inserts and envelopes in accordance with the templates and specifications provided by LACERA. Print an optical character recognition scan line on check stubs and/or documents based on requirements set forth by LACERA.

Vendor must perform quality testing 24 hours prior to each production run. During this inspection test, a significant number of forms are to be processed to assure compliance with the agreed upon quality standards. LACERA reserves the right to request to see these test forms at any time during the week of payroll.

Data is to be processed as follows: a) audit the record counts and print an audit report, b) assign form control numbers for special pulls, quality testing and auditing, and c) create report of counts by location for both payroll checks and direct deposits.

Security is a strict requirement of the check printing process. All blank check stock must be secured in a locked vault until the time of production. This vault must be restricted to no more than five employees. During each run, no visitors or unauthorized personnel should be allowed in the area of production without strict adherence to standard security measures.

Every consecutively numbered form must be fully accounted for by Vendor. An audit sheet must be used throughout the production to log any samples due to quality checking or jamming. At the end of the run, the number of forms used minus the samples *must* equal the number of live checks. If there is any variance, it is the Vendor's responsibility to review each check by hand to find the problem.

Each sample taken must be marked "VOID" and kept onsite at vendor's location for a period of two years and made available upon request.

Payroll stock must be used in numerical sequence, no exceptions.

Imaging must be toner quality with a minimum of 300 x 300 DPI.

All imaging must meet Federal Reserve Board MICR specs. All MICR must be thoroughly tested with our designated bank, which must submit written approval of test forms. Tested forms must read equal to or greater than a 99.9% rate.

Vendor is entirely responsible for IRS 1099-R form changes and seeking LACERA's signoff on such changes.

Special pulls may be requested from time to time. It is the responsibility of the Vendor to handle these special arrangements.

Materials for inserts may be provided by LACERA on an as needed basis. Vendor may be asked to be responsible for all litho printing of the inserts as well as inserting them (including LACERA-provided insert materials) within the specified time frame.

Once each segment of the payroll is audited and balanced, it can be released for inserting.

Several audits should take place to ensure that each mailing is 100 percent complete. Internal counters on the inserters, a complete hard copy audit report, as well as JETVision, or a competitive equivalent, should be utilized to read an automated consecutive number and absolutely guarantee that there are no double-stuffed mail packages. All responding vendors should clarify their proposed auditing procedures in their returned bid.

SORTING AND MAILING

The vendor shall guarantee 100 percent compliance with all applicable USPS policies and standards related to barcoding, presort services, and delivery to the USPS. The delivery of all print jobs to the USPS must be completed by the deadlines established by LACERA.

The vendor shall provide the following:

- Presorted mail, combined with the most current standard barcode to ensure the lowest first-class postage available
- Barcoding to provide the ability to track individual pieces of mail as requested by LACERA
- Forwarding and address correction service via NCOALink®
- Reports on change of addresses, undeliverable mail, and address corrections via a data file, or some similar service which acceptable to LACERA
- County quality control monitoring

On an ongoing basis, the vendor's performance will be compared to the contract standards. LACERA may use a variety of inspection methods to evaluate the vendor's performance. The methods may include, but are not limited to:

- LACERA retiree complaints
- 100 percent inspection of completeness and quality of work on a periodic basis
- Reconciliation of daily recap reports (reconciled per piece count of all mail)
- Adherence to LACERA policies, procedures, rules, and regulations
- Adherence to USPS policies, procedures, rules, and regulations

Vendor must perform quality testing 72 hours prior to each production run to ensure compliance with LACERA's quality and folding/perforation requirements. Vendor shall provide LACERA with 100 print samples of the checks. Vendor will correct any formatting errors identified by LACERA prior to running the print job.

All mail pieces must be sorted using the most up-to-date CASS certified software for full ZIP+4 delivery point barcoded rates. No comingling of mail is allowed due to the sensitive nature of payroll. Instead, the file is fully CASS certified and delivered to the Post Office directly.

Once the payroll checks and direct deposits are inserted into their envelopes, they are to be metered and placed in U.S. Post Office mail trays. Completed payroll trays must be kept in a controlled secure area with limited access until mailing.

Use of California USPS office is mandatory, Southern California preferred.

Upon mailing, LACERA must receive (via email attachment): a) a copy of the audit report verifying count totals, and b) a copy of the control sheet showing accountability for all of the pre-printed stock.

AS-NEEDED MAIL JOBS

The vendor may be required to perform as-needed mail jobs throughout the contract term as directed by LACERA. However, LACERA does not guarantee a minimum or maximum of as-needed mail jobs. As-needed mail jobs may include other one-time or recurrent mail jobs. The as-needed mail jobs will be similar in scope to the ones under this contract. Pricing for as-needed mail jobs shall be in accordance with Exhibit C, Fee Schedule.

QUALITY CONTROL PLAN

The Vendor shall establish, maintain, and utilize a comprehensive quality control plan to assure LACERA, a consistently high level of service. The plan shall include, but may not be limited to the following:

- Internal control procedures to ensure that each mailing is 100 percent complete, maintained and updated as necessary and/or as requested by LACERA
- A record of employee training on said procedures and management's methods of monitoring compliance with internal procedures
- The activities to be monitored by the vendor, clarification if the monitoring will be scheduled or unscheduled, the minimum frequency, and the title of the individual(s) performing the monitoring
- A record of all audits/inspections conducted by the vendor and any corrective action taken, including the time a problem was identified, a clear description of the problem, and the time elapsed between the identification and completed corrected action
- The methods used by the vendor for identifying and preventing deficiencies in quality of service before the level of performance becomes unacceptable and not in compliance with this contract
- Security procedures approved by LACERA and maintained to ensure the protection of all mailing services documents, postage, and envelopes in the vendor's possession against theft, fire, water, or any other damage or loss by any cause
- A file maintained by the vendor of all the inspections conducted by LACERA and, if necessary, the corrective action taken. This file shall be made available, upon request by LACERA throughout the term of the contract.

VENDOR'S PERSONNEL

The vendor shall assign a sufficient number of employees to perform the required work.

Personnel assigned by the vendor to perform the required services shall at all times be employees of the vendor. The vendor shall have the sole right to hire, suspend, discipline, or discharge them. However, any employee of the vendor assigned to this contract who in the opinion of LACERA is unsatisfactory shall immediately be removed with cause from servicing the contract.

The vendor's Contract Manager/Alternate Contract Manager must have a minimum of three years documented experience providing services similar to those requested in the contract; be a full-time employee of the vendor; and be able to fluently read, write, speak, and understand English.

The vendor's Contract Manager/Alternate Contract Manager shall have full authority to act for the vendor on all matters relating to the daily operations of the contract. The Contract Manager/Alternate Contract Manager shall be available during normal work hours, 8:00 a.m. to 5:00 p.m. Pacific Time (PT), Monday through Friday, for telephone contact and to meet with LACERA personnel designated to discuss the operation of the contract. During mail jobs, the Vendor's Contract Manager or Alternate Contract Manager shall be available by telephone 24 hours per day, seven days per week.

DATA PROCESSING:

Vendor must have a fully integrated processing system that does the following, in one automated process without manual intervention: a) receives LACERA's files, in any format and size, electronically, b) sends an immediate, real-time automatic email confirmation that the file has arrived, c) processes file immediately and, when complete (in less than 30 minutes), sends a second automatic email that contains the number of records, other file information, and a link to the Vendor's web page.

The Vendor's web page should show a minimum of 40 randomly selected records with a complete electronic image of all forms and variable data as will be printed on the high-speed laser printers. Vendor must be capable of storing all images to be used for archives and retrieval by LACERA staff.

For all stored images, LACERA requires the ability to electronically search and review the form and variable data presented on any account within the file as well as approve the payroll electronically. Online approval must generate automatic email confirmations of that approval to a predetermined email distribution list.

**EXHIBIT C
FEE SCHEDULE**

To be determined

**EXHIBIT D
SELECTION CRITERIA**

The selection criteria below and the weighting schedule of the evaluation factors is a guide only and does not bind or limit LACERA in any way in its selection of vendor(s).

	CRITERIA	WEIGHT
1	Ability and capacity of respondent team to provide services, without the use of any sub-contractors, as referred to in the RFP	30%
2	Respondent's organizational structure, business platform, culture, process, and approach to meeting LACERA's needs	30%
3	Resources, expertise, and experience of the respondent and assigned individuals (e.g. qualifications, experience, depth, and strength of respondent's team assigned to LACERA)	20%
4	References and background checks	10%
5	Fee Proposal	5%
6	Quality, clarity and responsiveness of proposal	5%

EXHIBIT E
AGREEMENT FOR SERVICES
CHECK AND 1099-R PRINTING AND DISTRIBUTION

This Contract for check and 1099-R printing and distribution (“Contract”) is made and entered into by and between Los Angeles County Employees Retirement Association (“LACERA”) and [NAME] (“Vendor”), and is effective as of the date shown in Section 5.

Recitals

LACERA seeks a Vendor with expertise in payroll check printing and mailing and form 1099-R printing and distribution.

Vendor represents that they possess the experience that LACERA seeks.

Agreement

1. Project Responsibility.

1.1 Vendor agrees to perform the services (“Services”) described in the Statement of Work (“Statement of Work”) attached to this Contract as Exhibit B.

1.2 Vendor will perform all Services within 50 miles of Los Angeles County.

1.3 Vendor’s services will meet the requirements and standards set forth in this Agreement. Vendor will promptly correct any errors or omissions in the provision of such services, at no cost or expense to LACERA, within two (2) business days after request by LACERA.

1.4 Vendor will be reasonably available during LACERA's normal working hours for telephone contact and to meet with LACERA personnel designated to discuss Vendor's performance.

2. Independent Contractor.

2.1 Vendor agrees to perform the Services as an independent contractor and agrees they will be acting at all times as such. Neither party intends, and this Contract may not to be construed, to create any relationship of agent, servant, employee, partnership, joint venture, or association between Vendor and LACERA. Vendor is not, and will not be deemed to be for any purpose (including, without limitation, Workers’ Compensation) an employee of Los Angeles County (the “County”). Vendor is not entitled to any rights, benefits, or privileges of County employees. Vendor is not eligible to participate in any insurance, savings, pension, or deferred compensation offered by LACERA or the County.

2.2 Vendor has no power or authority to assume or create any obligation or responsibility, express or implied, on behalf of LACERA or the County, or to bind LACERA or the County in any way whatsoever.

2.3 Vendor accepts full and complete responsibility for filing all tax returns and paying all taxes, which may be required or due for payments received from LACERA under this Contract. LACERA will memorialize payments for Vendor's services on a Form 1099.

2.4 Vendor represents and warrants that they comply with all applicable federal, state, and local laws, including without limitation, those laws respecting business licenses, withholding, reporting, and payment of taxes. Vendor further represents and warrants that they will report any income accruing to him from this Contract to the appropriate taxing authorities.

3. LACERA's Project Director.

LACERA's Project Director, or designee, has responsibility for determining whether the Services are performed to LACERA's satisfaction. LACERA's Project Director is Roxana Castillo, Interim Assistant Information Manager.

4. Indemnification and Insurance.

Vendor shall indemnify, defend and save harmless LACERA, its agents, officers and employees from and against any and all liability, damage, suit, cost of suit, or expense, including defense costs and attorney's fees, arising out of or connected with claims for damages of any nature whatsoever arising from or connected with Vendor's operations or its services, including, without limitation, claims for bodily injury, death, personal injury, or property damage, including damage to Vendor's property.

Without limiting Vendor's indemnification of LACERA, Vendor shall provide and maintain at its own expense during the term of this Contract the following policy or policies of insurance covering its operations hereunder. Such insurance shall be secured through a carrier satisfactory to LACERA and certificates evidencing such insurance shall be delivered to LACERA on or before the effective date of this Contract, and shall stipulate that LACERA is to be given at least thirty (30) days written notice in advance of any modification or cancellation of any policy of insurance.

4.1 Liability. Such insurance shall be primary in all instances and shall name Los Angeles County Employees Retirement Association as an additional insured, and shall include:

4.1.1 Comprehensive General Liability Insurance (excluding automobiles); Products and Completed Operations; for bodily injury and property damage, with combined single limit of \$1,000,000.00 each occurrence and an annual aggregate of at least \$2,000,000.

4.1.2 Automobile Liability Insurance for all owned and non-owned vehicles, with bodily injury and property damage combined single limit of \$300,000.00 each occurrence.

4.1.3 Professional Liability Insurance covering errors and omissions with combined single limit of \$1,000,000.00 each occurrence.

4.1.4 Cyber Liability Insurance, without limiting any of the obligations or liabilities of Vendor, it shall carry and maintain, at its own expense including any applicable deductibles or retention, cyber liability insurance with limits of not less than \$1,000,000 for each occurrence and an annual aggregate of \$2,000,000 covering claims involving privacy violations,

information theft, damage to or destruction of electronic information, intentional and/or unintentional release of private information, alteration of electronic information, extortion and network security.

4.2 Workers' Compensation. Vendor's employees shall be covered by Worker's Compensation insurance in an amount and form to meet all requirements of applicable Labor Codes of the State of California.

4.3 Certificates of Insurance. All surety certificates or affidavits of insurance, and cancellation of change notices affecting such insurance coverage, must be received via Registered Mail at:

Los Angeles County Employees Retirement Association
300 North Lake Avenue, Suite 750
Pasadena, CA 91101

Attn: Roxana Castillo
Systems Division

4.3.1 Such certificates or other evidence shall specifically identify this Agreement, and:

4.3.1.1 Clearly evidence all coverages required in this Agreement.

4.3.1.2 Contain the express condition that LACERA is to be given written notice by mail at least 45 days in advance of cancellation for all policies, or, alternatively, in the event the insurers that otherwise provide satisfactory insurance hereunder do not assume third-party notification provisions, Vendor hereby agrees to notify LACERA at least 45 days in advance of any cancellation of any of the policies provided for herein.

4.3.1.3 Include copies of the additional insured endorsement to the commercial general liability policy, adding that LACERA, its trustees, officers and employees as insureds for all activities arising from this Agreement.

5. Term.

The term of this Contract begins upon contract execution (the "Start Date"), and unless terminated for convenience, ends June 30, 2022. Thereafter, this Agreement automatically renews for periods of one year each under the same terms, conditions and compensation, unless either party delivers its written request for changes or desire not to further extend the term not less than thirty (30) days, if the notice is from LACERA, and not less than one hundred eighty (180) days, if the notice is from Vendor, prior to the end of the then current term of the Agreement.

6. Non-Exclusive Services.

This Contract is not exclusive. LACERA may hire multiple entities to perform the services of this agreement. Vendor has the right to perform services for others during the term of this Contract, but Vendor agrees not to engage in any business, work or services of any kind under

contract, or otherwise, for any person, organization or agency, which in the opinion of LACERA is detrimental to the interests of LACERA or that would materially interfere with the performance of the Services. Vendor agrees to disclose such information regarding business, work or services they perform on behalf of any person, organization or agency as LACERA may reasonably require verifying Vendor's compliance with this Section.

7. Compensation.

LACERA agrees to pay Vendor according to the Fee Schedule attached as Attachment B for performing the Services. Vendor is not entitled to any compensation other than that specified in this Contract.

8. Invoices.

Vendor agrees to submit invoices to LACERA's Project Director, in arrears, by the tenth day of each calendar month for Services performed during the previous calendar month. Each invoice must a) describe in detail the Services performed and expenses incurred by Vendor during the invoice period, b) show the cumulative charges year-to-date (based on a fiscal year beginning July 1) for all Services and expenses, and c) include such other information as LACERA may reasonably request. Each invoice will be payable within thirty days of receipt by LACERA. If LACERA's Project Director disputes any portion of an invoice, however, LACERA will pay the undisputed portion only and notify Vendor in writing of the disputed portion. Vendor and LACERA agree to act in good faith to resolve such disputes.

9. Contract Not Assignable.

Vendor may not assign any of its rights, duties, or obligations under this Contract without the prior written consent of LACERA, which LACERA may grant or withhold in its sole discretion.

10. Confidentiality.

Vendor understands that, during the performance of this agreement, it will have access to confidential and proprietary LACERA information, policies and procedures, benefits, business practices, and technology concerning LACERA's operations, as well as sensitive confidential member information and business critical non-member information (collectively, "Confidential Information"). For clarity, Confidential Information includes all information of any and every kind provided to Vendor, regardless of whether it may previously have been disclosed by LACERA or others in other contexts, in that LACERA needs to know to whom, when, where, and how all of its information has been disseminated and reserves to itself the right to determine to whom, when, where, and how such information is released. Confidential Information further includes all information related in any way to LACERA provided to Vendor.

Confidential Information may be provided to Vendor or generated or stored by Vendor in written, electronic, verbal, and all others forms. Vendor understands and agrees that:

(a) Vendor shall not disclose Confidential Information to any person within its organization except those persons required to perform the services of the Agreement.

(b) Vendor shall not disclose Confidential Information to any third party without LACERA's advance written approval.

(c) Vendor's agreement not to disclose Confidential Information includes an agreement not to disclose information even on a no-names basis.

(d) Vendor will use best efforts, including but not limited to the highest level of care Vendor accords to its own most sensitive information and the most sensitive information of its other clients, to secure and maintain the confidential nature of the Confidential Information.

(e) Vendor will not use the Confidential Information for any purpose other than to perform the services required by this Agreement. This confidentiality provision will survive the termination of the agreement.

11. Nondiscrimination.

Vendor hereby promises and agrees that it will comply with Subchapter VII of the Civil Rights Act of 1964, 43USC Section 2000e through 2000e (17), to the end that no person shall, on grounds of race, creed, color, sex, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract, or under any project, program or activity supported by this Contract.

Vendor shall take affirmative action to ensure that applicants and employees are treated in an unbiased manner without regard to their race, color, religion, sex, age, ancestry, or national origin, physical or mental handicap, marital status, or political affiliation. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

12. Compliance with Laws.

Vendor shall comply with all applicable federal, state and local laws, rules, regulations, ordinances, and directives, and all provisions required to be included in this Contract are incorporated by this reference. Vendor shall indemnify and hold LACERA harmless from any loss, damage or liability resulting from a violation by Vendor of any such laws, rules, regulations, ordinances, and directives.

13. Conflict of Interest.

No officer or employee of LACERA whose position enables him or her to influence the award of this Contract or any competing agreement, and no spouse or economic dependent of such officer or employee shall be employed in any capacity or in any way remunerated by Vendor, or have any direct or indirect financial interest in this Contract or in Vendor.

14. Modifications.

Any modification to this Contract must be in writing, signed by Vendor and LACERA, to be effective.

15. Termination for Default.

Services performed under this Contract may be terminated in whole or in part by LACERA providing to Vendor a written Notice of Default if 1) Vendor fails to perform the services within the time specified in this Contract or any extension approved by LACERA, 2) Vendor fails to perform any other covenant or condition of this Contract, or 3) Vendor fails to make progress so as to endanger its performance under this Contract.

Vendor shall have ten (10) calendar days from the date of the Notice of Default in which to cure the Default(s), however, in its sole discretion, LACERA may extend this period or authorize a longer period for cure.

Without limitation of any additional rights or remedies to which it may be entitled, if LACERA terminates all or part of the services for Vendor's Default, LACERA, in its sole discretion, may procure replacement services and Vendor shall be liable for all excess costs incurred by LACERA in connection with those replacement services, as determined by LACERA in its sole discretion.

If it is determined that Vendor was not in Default under the provisions of this Contract, or that the Default was excusable, then the rights and obligations of the parties shall be the same as if the Notice of Termination had been issued under Section 16. Termination for Convenience.

16. Termination for Convenience.

Services performed under this Contract may be terminated in whole or in part at any time LACERA or Vendor deems that termination is in its best interest. LACERA or Vendor shall terminate services by delivering a written Termination Notice which specifies the extent to which services are terminated and the effective termination date.

After receiving a Termination Notice under this section, and unless otherwise expressly directed by LACERA, Vendor shall take all necessary steps and shall stop services on the date and to the extent specified in the Termination Notice and shall complete services not so terminated.

17. Entire Contract.

This document (including Attachments A through G) constitutes the final, complete, and exclusive statement of the terms of the Contract between LACERA and Vendor for the services to be performed and supersedes all prior and contemporaneous understandings or Contracts of the parties. The provisions of this Contract are severable, and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions or parts thereof shall nevertheless be binding and enforceable and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid, legal and enforceable provision which comes closest to the intent of the parties.

18. Governing Law and Venue.

This Contract shall be governed by, and construed and enforced in accordance with the laws of the State of California without regard to principles of conflicts of laws. Should either party initiate a legal proceeding over any matter relating to or arising out of this Contract, such proceeding shall be filed and conducted in the state courts located in the County of Los Angeles, California, and all parties consent to such venue and the personal jurisdiction of all such courts.

19. Attorney's Fees.

In the event of litigation between the parties concerning this Contract, the prevailing party shall be entitled to recover reasonable costs and expenses incurred therein, including without limitation attorney's fees. These expenses shall be in addition to any other relief to which the prevailing party may be entitled and shall be included in and as part of the judgment or decision rendered in such proceeding.

20. Interpretation.

Vendor acknowledges they have been given the opportunity to have counsel of his own choosing to participate fully and equally in the review and negotiation of this Contract. The language in all parts of this Contract shall be construed in all cases according to its fair meaning, and not strictly for or against any party hereto. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Contract.

21. Waiver.

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Contract shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right or remedy shall be deemed a waiver of any other breach, failure, right or remedy, whether or not similar, or preceding or subsequent, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

Remainder of Page Intentionally Left Blank

IN WITNESS WHEREOF, Vendor has signed this Contract, and the Chief Counsel of LACERA has signed this Contract, effective as of the date indicated in Section 5.

LACERA:

[Vendor Name]:

Los Angeles County Employees
Retirement Association

By: _____
Steven Rice
LACERA Chief Counsel

[Vendor Title]

Address for notices:
Roxana Castillo
Interim Assistant Information Manager
LACERA
300 N. Lake Avenue, Suite 750
Pasadena, CA 91101

Address for notices:
[NAME]
[STREET]
[CITY, STATE, ZIP]

Approved as to form:

John Harrington
LACERA Staff Counsel

EXHIBIT F
PROPOSAL COVER PAGE AND CHECK LIST
(TO BE SUBMITTED IN FIRM'S LETTERHEAD)

Respondent Name:

Respondent Address:

By submitting this response, the undersigned hereby affirms and represents that they have reviewed the proposal requirements and have submitted a complete and accurate response to the best of their knowledge. By signing below, I hereby affirm that the respondent has reviewed the entire RFP and intends to comply with all requirements.

Respondent specifically acknowledges the following facts:

1. Respondent possesses the required technical expertise and has sufficient capacity to provide the services outlined in the RFP.
2. Respondent has no unresolved questions regarding the RFP and believes that there are no ambiguities in the scope of work.
3. The Fee Schedule Submitted in response to the RFP is for the entire scope of work and no extra charges or expenses will be paid by LACERA.
4. Respondent has completely disclosed to LACERA all facts bearing upon any possible interests, direct or indirect, that Respondent believes any member of LACERA, or other officer, agent or employee of LACERA presently has, or will have, in this contract, or in the performance thereof, or in any portion of the profits thereunder.
5. Materials contained in proposals and all correspondence and written questions submitted during the RFP process are subject to disclosure pursuant to the Act.
6. Respondent is not currently under investigation by any state or federal regulatory agency for any reason.
7. The signatory below is authorized to bind the respondent contractually.

EXHIBIT G IT SECURITY CONTROLS

Respondent shall provide an initial Security Controls Report in the form attached hereto prior to executing the agreement. All subsequent Security Controls Reports that are required after this first report shall be performed and submitted annually. The questionnaires are to focus on security as it applies to the technologies impacting services provided in relation the scope of work. If a control is found to be inadequate, respondent will develop a remediation plan within 30 days. Respondent will implement the plan and inform LACERA of the change within a mutually agreed upon and reasonable time.

The Security Controls Reports shall report in writing on the respondent's and any subcontractor's system(s) and the suitability of the design and operating effectiveness of controls, information functions, and/or processes applicable to the environment in which the respondent receives and maintains LACERA records, including the security requirements.

The scope of the Security Controls Report shall include work performed by any subcontractors that provide essential support to respondent for the information functions or processes for the services offered to LACERA under the agreement. Respondent shall ensure the audit includes all subcontractors operating in the performance of the scope. All Security Controls Reports, including those of respondent and any subcontractors, shall be performed at no additional expense to LACERA.

Respondent and any subcontractor shall provide to LACERA, within 30 calendar days of the issuance of each Security Controls Report, a documented corrective action plan that addresses each audit finding or exception contained therein. The corrective action plan shall identify in detail the required remedial action by respondent or subcontractor(s) along with the implementation date(s) for each remedial action.

If respondent or any subcontractor fails to obtain an annual Security Controls Report, LACERA shall have the right to retain an independent audit firm to perform such an audit engagement for such a report. The audit will include the controls, information functions, and processes utilized or provided by respondent and any relevant subcontractor under the contract. Respondent and any subcontractor agree to allow the independent audit firm to access its facilities for purposes of conducting this audit engagement. They will provide the necessary support and cooperation to the independent audit firm.

The independent audit firm will be engaged by LACERA's legal department and subject to the same confidentiality requirements provided for in this agreement, and any disclosure will be on a need-to-know basis only for the purpose of the Security Controls Report. LACERA will invoice respondent for the expense of the report(s), or deduct the cost from future payments to the respondent.

IT Security Controls - LACERA Environment

Control Section	Control Name	Control Description	Control Validation Test/ Review Performed	Control Validation Results
Access Control	Access control policy	An access control policy shall be established, documented, and reviewed based on business and information security requirements.		
	Access to networks and network services	Users shall only be provided with access to the network and network services that they have been specifically authorized to use.		
	User registration and de-registration	A formal user registration and de-registration process shall be implemented to enable assignment of access rights.		
	User access provisioning	A formal user access provisioning process shall be implemented to assign or revoke access rights for all user types to all systems and services.		
	Review of user access rights	Asset owners shall review users' access rights at regular intervals.		
	Removal or adjustment of access rights	The access rights of all employees and external party users to information and information processing facilities shall be removed upon termination of their employment, contract, or agreement, or adjusted upon change.		
	Use of password information	Users shall be required to follow consultant's practices in the use of password information.		
	Secure log-on procedures	Where required by the access control policy, access to systems and applications shall be controlled by a secure log-on procedure.		
	Password management	Password management systems shall be interactive and shall ensure quality passwords.		
Physical and Environmental Security	Physical security perimeter	Security perimeters shall be defined and used to protect areas that contain either sensitive, critical information or information processing facilities.		
	Physical entry controls	Secure areas shall be protected by appropriate entry controls to ensure that only authorized personnel are allowed access.		

	Protecting against external and environmental threats	Physical protection against natural disasters, malicious attacks, or accidents shall be designed and applied.		
	Supporting utilities	Equipment shall be protected from power failures and other disruptions caused by failures in supporting utilities.		
	Equipment maintenance	Equipment shall be correctly maintained to ensure its continued availability and integrity.		
Network Security Management	Network controls	Networks shall be managed and controlled to protect information in systems and applications.		
	Security of network services	Security mechanisms, service levels, and management requirements of all network services shall be identified and included in network services agreements, whether these services are provided in-house or outsourced.		
	Information transfer policies and procedures	Formal transfer policies, procedures, and controls shall be in place to protect the transfer of information through the use of all types of communication facilities.		
Operational	Documented operating procedures	Operating procedures shall be documented and made available to all users who need them.		
	Change management	Changes to consultant, business processes, information processing facilities and systems that affect information security shall be controlled.		
	Capacity management	The use of resources shall be monitored and tuned, and projections made of future capacity requirements to ensure the required system performance.		
	Controls against malware	Detection, prevention, and recovery controls to protect against malware shall be implemented, combined with appropriate user awareness.		
	Information backup	Backup copies of information, software, and system images shall be taken and tested regularly in accordance with an agreed backup policy.		
	Event logging	Event logs recording user activities, exceptions, faults, and information security events shall be produced, kept, and regularly reviewed.		
	Protection of log information	Logging facilities and log information shall be protected against tampering and unauthorized access.		

	Clock Synchronization	The clocks of all relevant information processing systems within an organization or security domain shall be synchronized to a single reference time source.		
	Management of technical vulnerabilities	Information about technical vulnerabilities of information systems being used shall be obtained in a timely fashion, consultant's exposure to such vulnerabilities evaluated and appropriate measures taken to address the associated risk.		
Information Security Incident Management	Responsibilities and procedures	Management responsibilities and procedures shall be established to ensure a quick, effective, and orderly response to information security incidents.		
	Reporting information security events	Information security events shall be reported through appropriate channels as quickly as possible.		
	Reporting information security weaknesses	Employees and contractors using consultant's information systems and services shall be required to note and report any observed or suspected information security weaknesses in systems or services.		
	Response to information security incidents	Information security incidents shall be responded to in accordance with the documented procedures.		
	Learning from information security incidents	Knowledge gained from analyzing and resolving information security incidents shall be used to reduce the likelihood or impact of future incidents.		

August 27, 2019

TO: Each Member,
Board of Retirement

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: September 4, 2019 Board of Retirement Meeting

SUBJECT: Update on Additional LACERA Positions and Salaries

At its August 7, 2019 administrative meeting, the Board of Retirement gave staff informal direction to discuss with the County certain previously disapproved positions and salaries. Discussions have taken place and are ongoing. Staff will report on the status.

c: JJ Popowich
Jon Grabel
John Nogales
Annette Cleary

**FOR INFORMATION ONLY**

August 20, 2019

TO: Each Member,
Board of Retirement

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

FOR: September 4, 2019 Board of Retirement Meeting

SUBJECT: **2020 STAR COLA PROGRAM**

Your Board's actuary, Milliman, Inc., confirmed in the attached memo staff's determination that there are no current retirees or beneficiaries eligible for additional Supplemental Targeted Adjustment for Retirees (STAR) Cost-of-Living-Adjustment (COLA) benefits for Program Year 2020 (Attachment 1).

For the calendar year ended in 2018, the Consumer Price Index (CPI) percentage increased 3.24%, which resulted in a 3.00% COLA award when rounded to the nearest one-half of one percent as prescribed by law. This means the COLA effective April 1, 2019 is equal to or more than the statutory COLA granted to all contributory members in Plans A–D, as well as plan members whose membership are governed by the Public Employees Pension Reform Act (PEPRA). For Plan A, the COLA award increase was equal to the maximum allowable by law, which resulted in no change to the COLA Accumulation account in 2019. For Plans B, C, and D, including PEPRA Plans C and G, the COLA award increase was greater than the maximum allowable by law, which resulted in an increase in the COLA Accumulation accounts in 2019. Although certain COLA Accumulation accounts increased, all eligible members in Plans A, B, C, and D, including PEPRA Plans C and G, continue to have COLA Accumulation accounts below the 20% threshold necessary for granting additional STAR benefits (Attachment 2).

Background**COLA**

Sections 31870 and 31870.1 of the Government Code provide for a maximum annual cost-of-living increase to be applied to retirement allowances, optional death allowances, or annual death allowances. These increases are 3.0% for Plan A retirees and survivors; 2.0% for Plans B, C, D, PEPRA Plans C and G; and up to 2.0% for certain Plan E retirees and survivors. These Government Code sections also provide for an accumulation of the annual percentage difference between the CPI and the maximum cost-of-living increase. The accumulated percentage carryover is known as the COLA Accumulation. Although

certain Plan E members are eligible for the statutory April 1st COLA, the law does not provide for a STAR COLA benefit.¹

COLA Accumulation Calculation

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

STAR COLA

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

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

On September 4, 2000, the California Governor signed into law a provision, Section 31874.3 of the Government Code, allowing the Board of Retirement to raise the purchasing power protection to a maximum of 80% and to provide the ability to make permanent the STAR Program using excess earnings.² This change provided the Board of Retirement the flexibility to continue the STAR Program as an ad-hoc benefit or the opportunity to make permanent the STAR Program using excess earnings. On October 9, 2008, except for Program Year 2005, the Board of Retirement made permanent the 2001 through 2009 STAR Programs at an 80% level. For Program Years 2010 through 2019, additional STAR benefits were not provided.

For STAR Program Years 2005 and 2010 through 2018, the growth in inflation was below or equivalent to the statutory COLA granted to contributory plan members, which provided

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

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

sufficient protection against the diminished purchasing power. All eligible members had COLA Accumulation accounts below the 20% threshold for providing additional STAR benefits. For STAR Program Year 2019, although there were increases in the COLA Accumulation accounts, which resulted from the 2017 CPI increase exceeding the maximum allowable COLA, the ending COLA Accumulation account balances remained at less than 20%. Existing STAR participants and their eligible beneficiaries continued receiving these benefits without further action by your Board.

Conclusion

In 2018, the CPI percentage increased 3.24%, which resulted in a 3.00% COLA award when rounded to the nearest one-half of one percent, as prescribed by law. This means the COLA effective April 1, 2019 was equal to or above the statutory COLA granted to all eligible plan members, which resulted in no change in members' COLA Accumulation account for Plan A and increases in members' COLA Accumulation accounts for Plans B, C, and D, including PEPRA Plans C and G. However, increases were minimal such that the COLA Accumulation account balances remained below the 20% threshold for providing additional STAR benefits for Program Year 2020. Non-contributory Plan E members are not eligible for STAR COLA benefits. Existing STAR participants and their eligible beneficiaries will continue receiving these benefits without further action by your Board.

SR:BSA:TG:ew
STAR 2020 BOR memo.doc

Attachments

REVIEWED AND APPROVED:



Steven Rice
Chief Counsel

8/20/19

Date



1301 Fifth Avenue
Suite 3800
Seattle, WA 98101-2605
USA

Tel +1 206 624 7940
Fax +1 206 623 3485

milliman.com

August 2, 2019

Mr. Steven Rice
Chief Counsel
LACERA
P. O. Box 7060
Pasadena, CA 91109-7060

Re: STAR COLA for 2020

Dear Steven:

Per our statement of work, we have reviewed the Supplemental Target Adjustment for Retirees (STAR) COLA program as of January 1, 2020. As of April 2019, all Accumulation Accounts remain less than 20.0% (the threshold for providing STAR benefits). Therefore, there are no retirees or beneficiaries eligible for a STAR COLA in 2020.

STAR COLA and the Accumulation Account

Under the STAR COLA, each retiree and beneficiary whose benefit has lost more than 20% of its value is eligible to receive, upon Board approval, an increased benefit payment effective January 1, 2020. The loss of value is measured by the Accumulation Account which is calculated by LACERA staff based on prior benefit payments and the increases in the Los Angeles-Riverside-Orange County, CA Consumer Price Index – All Urban Consumers.

For December 2017 to December 2018, the increase in CPI was 3.0% when rounded to the nearest one-half of one percent, as prescribed by law. This resulted in a 2019 COLA of 3.0% for Plan A retirees and 2.0% for all other eligible retirees, which is the maximum allowed COLA for each Plan. Since the increase in CPI is greater than the 2% COLA, all non-Plan A eligible members had an increase in their Accumulation Account in 2019, but the accumulation remained under 20% for all members. Note that Plan E members are not eligible for the STAR COLA.

Actuarial Certification

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

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

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



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

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

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

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

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

If you have any questions, please let us know.

Sincerely,

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

Nick Collier, ASA, EA, MAAA
Consulting Actuary

NC/CG/nlo

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

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

Craig Glyde, ASA, EA, MAAA
Consulting Actuary

STAR COLA
Percentages for 2020

Retirement Date	Plan A		Plans B, C, D		PEPRA Plans C and G**	
	April 2019 COLA Accumulation	2020 STAR % Increase	April 2019 COLA Accumulation	2020 STAR % Increase	April 2019 COLA Accumulation	2020 STAR % Increase
Before 4/1/77	6.5	*	-	-		
4/1/1977 - 3/31/1978	6.5	*	17.5	*		
4/1/1978 - 3/31/1979	6.5	*	17.5	*		
4/1/1979 - 3/31/1980	6.5	*	17.5	*		
4/1/1980 - 3/31/1981	6.5	*	17.5	*		
4/1/1981 - 3/31/1982	0.5	*	17.5	*		
4/1/1982 - 3/31/1983	0.5	*	17.5	*		
4/1/1983 - 3/31/1984	0.5	*	17.5	*		
4/1/1984 - 3/31/1985	0.5	*	17.5	*		
4/1/1985 - 3/31/1986	0.5	*	17.5	*		
4/1/1986 - 3/31/1987	0.5	*	17.5	*		
4/1/1987 - 3/31/1988	0.5	*	17.5	*		
4/1/1988 - 3/31/1989	0.5	*	17.5	*		
4/1/1989 - 3/31/1990	0.5	*	17.5	*		
4/1/1990 - 3/31/1991	0.5	*	14.9	*		
4/1/1991 - 3/31/1992	0.5	*	10.3	*		
4/1/1992 - 3/31/1993	0.5	*	9.7	*		
4/1/1993 - 3/31/1994	0.5	*	9.7	*		
4/1/1994 - 3/31/1995	0.5	*	9.7	*		
4/1/1995 - 3/31/1996	0.5	*	9.7	*		
4/1/1996 - 3/31/1997	0.5	*	9.7	*		
4/1/1997 - 3/31/1998	0.5	*	9.7	*		
4/1/1998 - 3/31/1999	0.5	*	9.7	*		
4/1/1999 - 3/31/2000	0.5	*	9.7	*		
4/1/2000 - 3/31/2001	0.5	*	9.4	*		
4/1/2001 - 3/31/2002	0.5	*	7.7	*		
4/1/2002 - 3/31/2003	0.5	*	7.6	*		
4/1/2003 - 3/31/2004	0.5	*	5.9	*		
4/1/2004 - 3/31/2005	0.5	*	5.9	*		
4/1/2005 - 3/31/2006	0.5	*	3.5	*		
4/1/2006 - 3/31/2007	0.5	*	2.5	*		
4/1/2007 - 3/31/2008	0.5	*	2.5	*		
4/1/2008 - 3/31/2009	0.5	*	2.5	*		
4/1/2009 - 3/31/2010	0.5	*	2.5	*		
4/1/2010 - 3/31/2011	0.5	*	2.5	*		
4/1/2011 - 3/31/2012	0.5	*	2.5	*		
4/1/2012 - 3/31/2013	0.5	*	2.5	*	2.5	*
4/1/2013 - 3/31/2014	0.5	*	2.5	*	2.5	*
4/1/2014 - 3/31/2015	0.5	*	2.5	*	2.5	*
4/1/2015 - 3/31/2016	0.5	*	2.5	*	2.5	*
4/1/2016 - 3/31/2017	0.5	*	2.5	*	2.5	*
4/1/2017 - 3/31/2018	0.5	*	2.5	*	2.5	*
4/1/2018 - 3/31/2019	0.0	*	1.0	*	1.0	*

* Not eligible for STAR increase in 2020.

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



FOR INFORMATION ONLY

July 25, 2019

TO: Each Member,
Board of Investments

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

FOR: August 14, 2019 – Board of Investments Meeting

SUBJECT: Semi-Annual Interest Crediting for Reserves as of June 30, 2019 (UNAUDITED)

Pursuant to the County Employees Retirement Law Section 31591, regular interest shall be credited semi-annually on June 30 and December 31 to all contributions in the retirement fund, which have been on deposit six months immediately prior to such date at an interest rate of 2.5% per annum, until otherwise determined by your Board.

The semi-annual interest crediting rate applicable for June 30, 2019, was 3.625% (i.e., 7.25% annual rate). You may recall that in December 2016, your Board approved a reduction in the assumed actuarial earnings rate from 7.50% to 7.25%. The new rate was implemented with your Board's adoption of the June 30, 2016 actuarial valuation. To provide ample time for both the plan sponsor and LACERA to prepare for the rate change implementation, the new 7.25% rate became effective July 1, 2017, which was also when the corresponding employer and employee contribution rates as recommended in the June 30, 2016 valuation report, took effect. Going forward, this annual rate of 7.25% will remain in effect unless your Board adopts a different rate.

The Retirement Benefit Funding Policy stipulates that interest credits for Reserve accounts are allocated in the same priority order as the allocation of actuarial assets. Such interest credits are granted based on Realized Earnings for the period. The allocation of Realized Earnings is performed twice each year on June 30 and December 31.

As of June 30, 2019, there were sufficient Realized Earnings to meet the required interest credit rate of 3.625% applied to Priority 1, the Member Reserve. Inasmuch as there was no Advanced Employer Reserve balance at July 1, 2018, the remaining Realized Earnings were applied to Priority 3, Employer Reserve. The table below depicts the actual interest credit allocations for the six-month period ended June 30, 2019.

Priority Order	Reserve Account	Interest Credit Rate Applied
1	Member	3.625%
2	Advanced Employer Contributions	N/A
3	Employer	2.144%

Please note the financial data presented in this report is **unaudited**. Plante Moran is expected to issue the audited financial report in mid-October, in time for the October 31st filing deadline with the Los Angeles County Board of Supervisors.

REVIEWED AND APPROVED:

Steven Rice
Chief Counsel

Interest Credit Rate June 2019 (unaudited)_V1.doc
SR:BSA:tg:mh

c: Board of Retirement, LACERA
Sachi A. Hamai, CEO, Los Angeles County

**FOR INFORMATION ONLY**

August 28, 2019

TO: Each Member
Board of Retirement
Board of Investments

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

JA
For

SUBJECT: MONTHLY EDUCATION & TRAVEL REPORT – JULY 2019

Attached, for your review, are the Board and Staff Education & Travel Reports as of July 2019. These reports include travel (i.e., completed and canceled) during Fiscal Year 2019-2020.

REVIEWED AND APPROVED:

Steven P. Rice
Chief Counsel

BA/IS/krh

Attachment

c: J. Popowich
K. Hines



**BOARD EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2019 - 2020
JULY 2019**

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
Alan Bernstein			
A 1	Edu - PPI 2019 Summer Roundtable - Chicago IL	07/10/2019 - 07/12/2019	Attended
Vivian Gray			
A 1	Edu - SACRS Public Pension Investment Management Program - Berkeley CA	07/22/2019 - 07/24/2019	Attended
B -	Admin - SACRS Program Committee and SACRS Board of Directors Meeting - Sacramento CA	07/15/2019 - 07/16/2019	Attended
-	Admin - SACRS Legislative Committee - Sacramento CA	07/19/2019 - 07/19/2019	Attended
Wayne Moore			
A 1	Edu - PPI 2019 Summer Roundtable - Chicago IL	07/10/2019 - 07/12/2019	Attended
Gina Sanchez			
A 1	Edu - Oxford Impact Measurement Program - Oxford, United Kingdom	07/15/2019 - 07/19/2019	Attended
Gina Zapanta-Murphy			
A 1	Edu - SACRS Public Pension Investment Management Program - Berkeley CA	07/22/2019 - 07/24/2019	Attended

Category Legend:

- A - Pre-Approved/Board Approved
- B - Educational conferences/administrative meetings in CA where total cost is no more than \$2,000 or Board approved not to count against authorized limit
- C - Second of two conferences and/or meetings counted as one conference per Section 705.00 A.1. of the Travel Policy
- X - Canceled events for which expenses have been incurred.

**STAFF EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2019 - 2020
JULY 2019**

Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Benefits				
Sylvia Botros	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
Financial & Accounting Services				
Ana Chang	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
Esther Chang	1	Edu - Association of Government Accountants (AGA) 2019 Professional Development Training (PDT) - New Orleans LA	07/21/2019 - 07/24/2019	Attended
Chona Labtic-Austin	1	Edu - Association of Government Accountants (AGA) 2019 Professional Development Training (PDT) - New Orleans LA	07/21/2019 - 07/24/2019	Attended
Felisa Valdepenas	1	Edu - Association of Government Accountants (AGA) 2019 Professional Development Training (PDT) - New Orleans LA	07/21/2019 - 07/24/2019	Attended
Edward Wong	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
Internal Audit				
Nathan Amick	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
Richard Bendall	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
Leisha Collins	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
Kristina Sun	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
Gabriel Tafoya	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
Summy Voong	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
Investments				
David Chu	1	Admin - GGV Capital Limited Partner Advisory Committee Roundtable and Private Limited Partner Reception - San Francisco CA	07/25/2019 - 07/25/2019	Attended
QA & Metrics				
Derwin Brown	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
Flora Zhu	1	Edu - ATD Certificate Program - Train the Trainer - Orlando FL	07/08/2019 - 07/10/2019	Attended
Retiree Healthcare				
Tionna Fredericks	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended



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**

FOR INFORMATION ONLY

August 26, 2019

TO: Each Member
Board of Retirement
Board of Investments

FROM: Barry W. Lew
Legislative Affairs Officer

FOR: September 4, 2019 Board of Retirement Meeting
September 11, 2019 Board of Investments Meeting

SUBJECT: **Monthly Status Report on Legislation**

Attached is the monthly report on the status of legislation that staff is monitoring or on which LACERA has adopted a position.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

LACERA Legislative Report

cc: Steven P. Rice
John Popowich
Jon Gabel
Anthony J. Roda, Williams & Jensen
Joe Ackler, Ackler & Associates

LACERA Legislative Report
2019-2020 Legislative Session
Status as of August 26, 2019

File name: CERL-PEPRA-2019

CA AB 472	AUTHOR: TITLE: INTRODUCED: SUMMARY:	Voepel [R] Public Employees' Retirement 02/11/2019 Makes nonsubstantive changes to existing law which prescribes limits on service after retirement without reinstatement into the applicable retirement system. STATUS: 02/11/2019 Staff_Action:	INTRODUCED. Monitoring
CA AB 664	AUTHOR: TITLE: INTRODUCED: LAST AMEND: SUMMARY:	Cooper [D] County Employees' Retirement: Permanent Incapacity 02/15/2019 03/13/2019 Requires, for purposes of determining permanent incapacity of certain members employed as peace officers in Sacramento County, that those members be evaluated by the retirement system to determine if they can perform all of the usual and customary duties of a peace officer. Requires the Board of Retirement to develop a method of tracking the costs of providing permanent disability retirement to the members who become eligible for disability retirement. STATUS: 06/26/2019	In SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT: Not heard. Comments: In 2017, the Board of Retirement adopted a Neutral position on AB 283 (Cooper), a similar bill by the same author. BOR_Position: Oppose 06/05/2019, Support 05/01/2019 IBLC_Recommendation: Support 04/11/2019 Staff_Recommendation: Watch
CA AB 979	AUTHOR: TITLE: INTRODUCED: SUMMARY:	Reyes [D] Judge's Retirement System II: Deferred Retirement 02/21/2019 Authorizes a judge who is a member of the Judge's Retirement system to retire upon attaining both 63 years of age and 15 or more years of service, or when a judge who has accrued at least 5 years of service and who has not received specified discipline is defeated for reelection. STATUS: 04/24/2019	In ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Not heard. Comments: AB 979 proposes structural changes to the retirement eligibility provisions for judges and a different employee contribution percentage than that which is currently prescribed in PEPRA. Staff_Action: Monitoring
CA AB 1198	AUTHOR: TITLE:	Stone [D] Public Employees' Retirement: Pension Reform	

INTRODUCED: 02/21/2019

LAST AMEND: 03/21/2019

SUMMARY:

Excepts transit workers hired before a specified date, from the Public Employees' Pension Reform Act, or PEPRA, by removing the federal district court contingency language from the provision excepting certain transit workers from PEPRA.

STATUS:

04/24/2019 In ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Not heard.

Comments:

The bill affects those retirement systems whose members include transit workers and whether they are subject to PEPRA.

Staff_Action: Monitoring

CA SB 430

AUTHOR: Wieckowski [D]

TITLE: Public Employees Retirement Benefits: Judges

INTRODUCED: 02/21/2019

LAST AMEND: 05/17/2019

SUMMARY:

Relates to the State Public Employees' Pension Reform Act of 2013. Grants a judge who was elected to office in a specific year the option of making a one-time, irrevocable election to have a membership status prior to a certain date in the Judges' Retirement System II for service accrued after a certain date.

STATUS:

06/26/2019 In ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Not heard.

Staff_Action: Monitoring

CA SB 783

AUTHOR: Labor, Public Employment & Retirement Cmt

TITLE: County Employees Retirement Law of 1937

INTRODUCED: 03/07/2019

SUMMARY:

Corrects several erroneous and obsolete cross references within the County Employees Retirement Law of 1937.

STATUS:

05/16/2019 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

Comments:

The SACRS Legislative Committee is in the process of considering other housekeeping proposals that may be included in this clean-up bill.

Staff_Action: Monitoring

File name: Federal-2019

US HR 141

SPONSOR: Davis R [R]

TITLE: Government Pension Offset Repeal

INTRODUCED: 01/03/2019

SUMMARY:

Amends Title II of the Social Security Act; repeals the Government pension offset and windfall elimination provisions.

STATUS:

01/31/2019 In HOUSE Committee on WAYS AND MEANS: Referred to

BOR_Position: Subcommittee on SOCIAL SECURITY.
Support 04/11/2019
IBLC_Recommendation: Support 03/14/2019
Staff_Recommendation: Support

US HR 1994

SPONSOR: Neal [D]
TITLE: Retirement Savings
INTRODUCED: 03/29/2019
SUMMARY:

Amends the Internal Revenue Code; encourages retirement savings.

STATUS:

05/23/2019 In HOUSE. Considered under the provisions of Rules
Committee Resolution H. Res. 389.

05/23/2019 In HOUSE. Passed HOUSE. *****To SENATE. (417-3)

Comments:

Also known as the SECURE Act, the bill would increase the age for required
minimum distributions from 70 1/2 to 72, which would require conforming
amendments to CERL.

Staff_Action: Monitoring

US HR 3934

SPONSOR: Brady K [R]
TITLE: Windfall Elimination Provision Replacement
INTRODUCED: 07/24/2019
SUMMARY:

Amends Title II of the Social Security Act; replaces the windfall elimination
provision with a formula equalizing benefits for certain individuals with
non-covered employment.

STATUS:

07/24/2019 INTRODUCED.

07/24/2019 To HOUSE Committee on WAYS AND MEANS.

Staff_Action: Monitoring

US S 521

SPONSOR: Brown S [D]
TITLE: Government Pension Offset Repeal
INTRODUCED: 02/14/2019
SUMMARY:

Amends Title II of the Social Security Act; repeals the Government pension
offset and windfall elimination provisions.

STATUS:

02/14/2019 INTRODUCED.

02/14/2019 In SENATE. Read second time.

02/14/2019 To SENATE Committee on FINANCE.

BOR_Position: Support 04/11/2019

IBLC_Recommendation: Support 03/14/2019

Staff_Recommendation: Support

File name: Other-2019

CA AB 199

AUTHOR: Calderon I [D]
TITLE: California Online Notary Act of 2019
INTRODUCED: 01/10/2019
SUMMARY:

Allows a notary public or an applicant for appointment as a notary public to
register with the Secretary of State to be an online notary public by submitting

an application for registration that meets certain requirements. Authorizes an online notary public to perform notarial acts, and online notarizations by means of audio-video communication. Establishes various requirements applicable to an online notary public.

STATUS:

04/23/2019 In ASSEMBLY Committee on JUDICIARY: Not heard.
BOR_Position: Oppose 08/07/2019
IBLC_Recommendation: Support 07/11/2019
Staff_Recommendation: Support

CA AB 287

AUTHOR: Voepel [R]
TITLE: Public Employees' Retirement: Annual Audits
INTRODUCED: 01/28/2019
SUMMARY:

Requires each state and local pension or retirement system to post a concise annual audit of the investments and earnings of the system on that system's internet website no later than the ninetieth day following the audit's completion.

STATUS:

02/07/2019 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.
BOR_Position: Support 05/01/2019
IBLC_Recommendation: Support 04/11/2019
Staff_Recommendation: Neutral

CA AB 1212

AUTHOR: Levine [D]
TITLE: Public Employees' Retirement: Pension Fund
INTRODUCED: 02/21/2019
LAST AMEND: 08/12/2019
SUMMARY:

Requires a state agency that is responsible for infrastructure projects to produce a list of priority infrastructure projects for funding consideration by the retirement boards, as described, and to provide it to them. Requires a state agency also to provide further project information to a board upon request. Defines a state agency for these purposes as the Department of Transportation and the Department of Water Resources.

STATUS:

08/20/2019 In SENATE. Read second time. To third reading.
Staff_Action: Monitoring

CA AB 1332

AUTHOR: Bonta [D]
TITLE: Sanctuary State Contracting and Investment Act
INTRODUCED: 02/22/2019
LAST AMEND: 04/29/2019
SUMMARY:

Provides for the Sanctuary State Contracting and Investment Act. Requires the Department of Justice to publish a list on its internet website, based on specified criteria, of each person or entity that, in the opinion of the Department of Justice, is providing data broker, extreme vetting, or detention facilities support to any federal immigration agency. Prohibits an agency from entering into a contract with an entity that appears on the list except under certain circumstances.

STATUS:

05/16/2019 In ASSEMBLY Committee on APPROPRIATIONS: Held in

committee.

Comments:

As amended on 4/10/2019, the bill exempts contracts and agreements related to administration and investments of retirement benefits.

Staff_Action: Monitoring

CA AB 1400

AUTHOR: Kamlager-Dove [D]

TITLE: Employment Safety: Firefighting Equipment: Mechanics

INTRODUCED: 02/22/2019

LAST AMEND: 07/02/2019

SUMMARY:

Requires the Commission on Health and Safety and Workers' Compensation, in partnership with the County of Los Angeles and relevant labor organizations, to submit a study on the risk of exposure to carcinogenic materials and incidence of occupational cancer in mechanics who repair and clean firefighting vehicles in the County of Los Angeles.

STATUS:

08/12/2019 In SENATE Committee on APPROPRIATIONS: To Suspense File.

Comments:

As amended on 7/2/2019, the bill no longer relates to a cancer presumption but would require a study on exposure to carcinogens and incidence of occupational cancer as well as adoption of related regulations. The LA County Board of Supervisors removed its support of the bill and has taken no position.

BOR_Position: No_Position 08/07/2019

IBLC_Recommendation: Watch, Watch 07/11/2019

Staff_Recommendation: Watch

CA SB 343

AUTHOR: Pan [D]

TITLE: Healthcare Data Disclosure

INTRODUCED: 02/19/2019

LAST AMEND: 08/12/2019

SUMMARY:

Eliminates alternative reporting requirements for certain plans or insurers. Requires instead that those entities report information consistent with any other health care service plan, health insurer, or health facility, as appropriate. Eliminates the authorization for hospitals to report specified financial and utilization data to the Office of Statewide Health Planning and Development.

STATUS:

08/26/2019 In SENATE. SENATE concurred in ASSEMBLY amendments. To enrollment.

BOR_Position: Watch 08/07/2019

IBLC_Recommendation: No_Position 07/11/2019

Staff_Recommendation: No_Position

CA SJR 3

AUTHOR: Wilk [R]

TITLE: Social Security Act

INTRODUCED: 03/04/2019

SUMMARY:

Requests the Congress of the United States to enact, and the President to sign, legislation that would repeal the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act.

STATUS:

08/19/2019 Chaptered by Secretary of State.
08/19/2019 Resolution Chapter No. 2019-129
BOR_Position: Support 05/01/2019
Staff_Recommendation: Support

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FOR INFORMATION ONLY

August 27, 2019

TO: Each Member,
Board of Retirement

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: September 4, 2019 Board of Retirement Meeting

SUBJECT: Update on External Review of Education and Travel Expenses, the Education and Travel Policy, and Implementation Practices for FYs 2016, 2017, 2018, and 2019

At the August 7, 2019 meeting, the Board of Retirement authorized the Chief Counsel to issue a Request for Proposals (RFP) and select an external consultant to review LACERA's education and travel expenses, the Education and Travel Policy, and policy implementation practices during Fiscal Years 2016, 2017, 2018, and 2019 and present results and findings with 60 days.

An RFP was issued on August 12, 2019. LACERA received many thoughtful questions from potential proposers, and LACERA's answers were posted on August 16, 2019. Proposals were due on August 20, 2019.

Responses to the RFP received by the original due date indicated that the original approved schedule was aggressive. As a result, Chief Counsel decided to extend the RFP response date to September 16, 2019 and the project deadline to December 31, 2019.

Chief Counsel will report back at the October 2, 2019 Board meeting as to the status of the RFP and the project.

c: JJ Popowich
Jon Gabel
Richard Bendall
Beulah Auten
Ted Granger



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

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Attention: Public Records Act Requests
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